



Strategic Planning & Research Unit

For and on behalf of
Hampton Brook

The Plan for the Borough of Wellingborough Part 2 Examination
Response to Inspector's Questions Regarding Delivery

Prepared by
**Strategic Planning Research Unit
DLP Planning Limited**

Date: May 2018



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0.0 Executive Summary

0.1 The Strategic Planning Research Unit (SPRU) of DLP Planning Limited (DLP) have been instructed by Hampton Brook to comment upon the Borough Council of Wellingborough's (BCW) response to the Inspector's request for the Council to prepare a note to respond directly to a series of specific questions raised at the end of the examination.

0.2 These questions required the following:

- a. Further information on Route 2 of WEAST, specifically;
 - i. Sources for funding – LEP, Highways, Developer?
 - ii. What is the cost for delivering Route 2?
 - iii. The identification of any funding shortfalls
 - iv. Further information on railway crossing
 - v. Demonstration that Route 2 could be completed by 2021
- b. WNORTH is seen to be taking off faster in the PBW Trajectory than WEAST.
 - i. Why is this, especially as WNORTH is currently further behind in construction terms?
 - ii. What are the infrastructure costs of the development?
 - iii. What are the funding sources?
- c. Further text/information required on the Monitoring of the Plan

0.3 The Council's responses to these questions are set out in the following examination documents;

- a. M5-5-BCW – Wellingborough east
- b. M5-6-BCW – Stanton Cross, Wellingborough
- c. M8—1-BCW A509/Wellingborough Development Link Phase 1 (Isham Bypass)

1.0 M5-5-BCW – WELLINGBOROUGH EAST (STANTON CROSS)

a) Route 2: Sources for funding – LEP, Highways, Developer?

- 1.1 The Council confirm that this route is to be funded entirely by the developer.
- 1.2 This statement does not confirm that these funds are **available** and **deliverable**.

b) The scheme cost for delivering Route 2

- 1.3 The council have not provided costings for Route 2 although costings have been provided for the Isham Bypass.
- 1.4 Route 2 is not presently listed an infrastructure project in Appendix A of the IDP (INF1).

c) The identification of any funding shortfalls

- 1.5 The Council have stated that the full costs will be met by the developer.
- 1.6 As demonstrated below the costs of Route 4 are likely to be substantial and will, according to the Council, be funded 100% by the developer with no 3rd party funding. Route 4 is required to be constructed prior to 300th occupation.
- 1.7 Route 2 must be completed before the 726 occupation – it is therefore to be funded by the sale of some 425 dwellings.
- 1.8 The capital receipts from the sale of 724 homes will not be sufficient to fund the infrastructure of route 4 and route 2
- 1.9 In respect of the available evidence the costs of all the infrastructure are published in the S106 Agreement for Stanton Cross - WP/15/00605/VAR -Section 73 application - See Annex 8.
- 1.10 The Forecast Development Costs -1Q 2016 issued on 21/3/16, shown below will now have increased due to inflation.

Table 1 Schedule of costs for Routes 2 and 4

Route 4	Estimated Cost
Build Cost	£1,374,000
Network Rail Contract	£20,664,054
Bridge Structures commuted sums	£779,591
Service Diversions	£433,000
Contingency	£69,000
Total	£23,319,645
Route 2	
Build Cost	£24,234,000
Bridge Structures commuted sums	£1,262,551
Service Diversions	£400,000
Contingency	£1,212,000
Total	£27,108,551

- 1.11 This suggests that the total combined cost of Routes 2 and 4 is approximately **£50.5m**

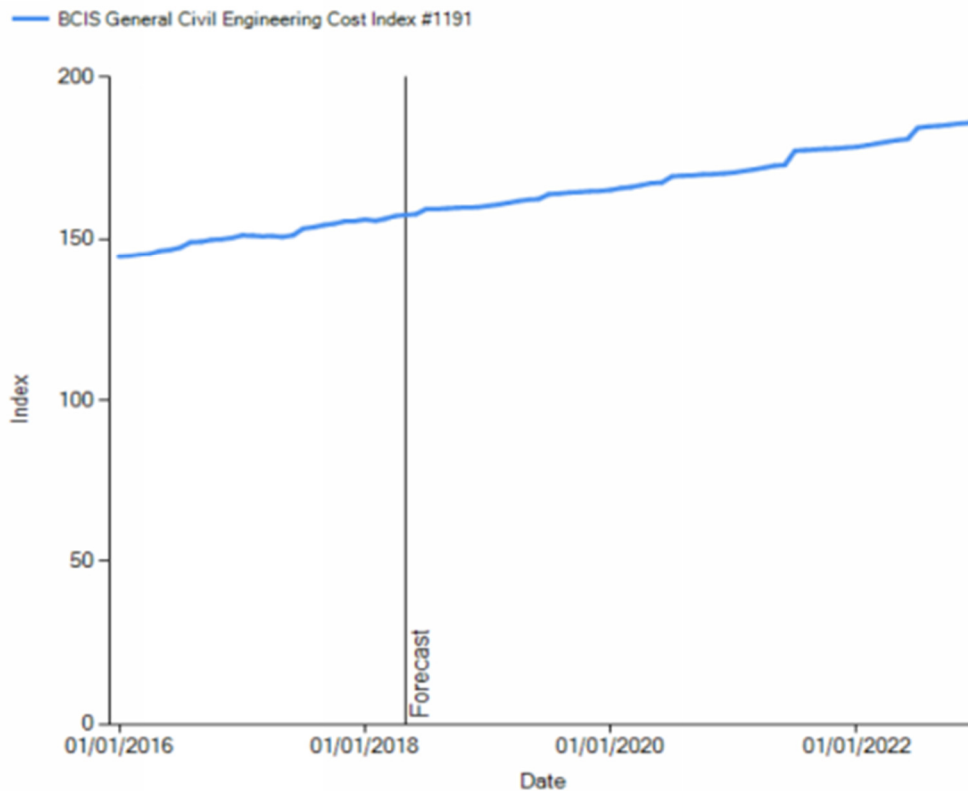
1.12 According to the Building Costs Index Service the costs reported by Bovis in Q1 2016 will have an increase of 15% to be applied for Q1 2020 when the majority of Route 2 works are due to commence according to Bovis programme.

Table 2 BCIS General Civil Engineering Cost Index

BCIS General Civil Engineering Cost Index

<u>Quarter</u>	<u>Year</u>	<u>Index</u>
Q1	2016	144.5
Q1	2020	165.8
Change in period:		15%

Index value over time



1.13 The impact of this set out in the table below:

Table 3 Updated Schedule of costs for Route 2

Route 2	BCIS Index 15% uplift
Build Cost	£27,869,100
Bridge Structures commuted sums	£1,451,933
Service Diversions	£460,000
Contingency	£1,393,800
Total	£31,174,831

- 1.14 As well as these listed costs there will be additional costs such as Design / Supervision, New Services, Land Acquisition, and Interest payments.
- 1.15 In addition to these costs there are also the S106 payments to be made as the development proceeds.
- 1.16 It should be noted that Route 2, as well as being more expensive than Route 4, is also much longer and just as complex.
- 1.17 The application WEAST Design Summary for Access Route 2 (WP/2004/0600) describes the Route as follows:

“Route 2, which will provide access from the southern part of the development to the A45 (T).

Connecting at the existing A45/ Turnells Mill Lane roundabout, which will have a direct impact on the A45.

From this modified junction it then continues in a north-easterly direction, following the existing alignment of Turnells Mill Lane to the existing roundabout junction with London Road, and then onto The Embankment.

Additional approach lanes will be constructed to supplement the capacity, within existing highway limits and adopting the slightly sub-standard alignment that presently exists. The Embankment will be up-graded by the addition of a second 7.3m wide carriageway to create requirements dictate.

A new roundabout junction with The Embankment will be constructed, with Route 2 continuing in an easterly direction.

The single two-way carriageway 7.3m wide will cross the line of a disused railway and the River Ise, skirting the existing lagoons and ponds, before turning north, crossing the existing Midland Main Line railway and joining Irthlingborough Road and linking into the development.”

- 1.18 The total length of the Route 2 works is 2.5km from the A45 junction through to the development
- 1.19 The embankment required to cross the River Nene / Ise flood plains will all be imported material and ground improvement beneath the embankments will be required.
- 1.20 Route 2 also passes through the Upper Nene Valley Gravel Pits Special Protection Area (Ramsar and SSSI). This places time constraints on the months that work may be undertaken.
- 1.21 Condition 28 of WP/15/00605/VAR restricts work within the SPA and specifies that work must NOT take place between November and February inclusive.
- 1.22 These timing constraints will also add to the cost of construction as machines and labour will either have to be redeployed or remain unproductive for this period.
- 1.23 By way of comparison, Route 4 is over a kilometre shorter at 1.4km long. It also had bridges over railway and River Ise, embankment across flood plain but this shorter route required external grant funding.
- 1.24 North Northamptonshire Joint Core Strategy: Stanton Cross Statement of Common Ground 5, October 2015, para 4.1.1 stated:

The Northamptonshire Enterprise Partnership (NEP) secured Growth Deal funding that provides a total new investment package of £67.3 million for the county.

This has provided part of the funding for the provision of the Midland Road (Route 4) bridge over the Midland Mainline into the centre of the development site.

Construction programme

Preliminary site clearance works May 2015

Commencement of works programmed for October 2015

Instruction of Phase 2 programmed for January 2016

House building to commence 1st Quarter 2016

Route 4 open to traffic programmed for September 2016

First occupation 3rd quarter 2016

- 1.25 Northamptonshire Growth Deal sets out Northamptonshire LEP invested £8.9m at Stanton Cross, and Central Government invested £9m at Stanton Cross.
- 1.26 In addition to these grants it is understood that there was also a loan of £35m from the Large Site Infrastructure Fund (Agreed through Homes England) which has been used to assist in delivering Routes 4 and 9 ((Define Matter 4 statement 2.1.1 page 4).
- 1.27 This makes a total funding contribution of £17.9m out of a total estimated cost (see Table 1 above) of £23.3m. This is a funding ratio of 78/22 in terms of public to private on a route that is cheaper, does not have timing constraints and delivers the first 300 dwellings on site.
- 1.28 Given this level of direct funding and loans it is very difficult to understand how the next 426 dwellings are going to fund the total £31m required for Route 2 this represents over £73,000 per dwelling. The fact that the Council have offered no response to this question reinforces further our concerns regarding the timely delivery of this important element of infrastructure and hence the future forecast levels of dwelling provision.

d) Route 2: Further info on railway crossing

- 1.29 The Council confirm that the railway crossing will be delivered by Network Rail and that at present this is expected to start towards the end of 2018 and be completed in 2019. We comment further on timing below.

e) Demonstration that Route 2 could be completed by 2021

- 1.30 Bovis have a track record of not delivering a programme as we have highlighted in our earlier submissions by reference to their submitted evidence to the JCS and to Section 78 planning inquiries.
- 1.31 In context it is appropriate to note that works on Route 4 were started in 2015 and are anticipated to be completed, according to the Council's statement in early 2019 i.e. 4 years. Given that Route 2 is considerably longer and more complex than Route 4, the programme that BCW has given of completion of Route 2 Stage 1 construction in 2019 and Stage 2 in mid-2021 a period of just 2 years seems unrealistic.
- 1.32 BCW statement says Stage 1 of Route 2 is to be constructed by Network Rail. Works include removal of Irthlingborough Road bridge in late 2018 and all phase 1 works to be

- completed in 2019. **There is no confirmation or evidence provided by Network Rail that they are committed to or can achieve this timetable.** Network Rail were also partners in delivering Route 4 and there is no evidence as to why the works required for Route 2 are any less onerous
- 1.33 In respect of timing the evidence on the present progress is a material consideration. It was reported in “New Civil Engineer” that Galliford Try had a £24m design and construct contract for the new roads and bridges, and that they arrived on site in October 2015 to start enabling works. Notwithstanding numerous press releases suggesting a start on site in 2015, the Route 4 works only actually commenced in August 2016 following grant of detail planning permission WP/16/00329/FUL (13 July 2016) for the redesigned bridge over the railway.
- 1.34 Route 4 according to BCW evidence is anticipated to be completed in early 2019, house building only commenced 1st Quarter 2018 and with first occupation now suggested as being in the 1st Quarter 2019 highlights that there was a further 2.5 year delay on anticipated programme.
- 1.35 This response has already highlighted that Route 2 is 1.1 km longer than Route 4, and that it has a considerable amount of works that affect the existing highways and rail tracks. Dealing with the existing highways and associated traffic was not an issue with Route 4 however with Route 2 it is considered that highway management will result in a longer build as it impacts on the primary routes off the A45 into Wellingborough.
- 1.36 Furthermore, this response has also highlighted that the crossing the River Nene / River Ise Flood plain will have its own restrictions, and the new Route 2 River Ise bridge crossing as a 2 span is twice the size of the Route 4 Ise bridge was a single span.
- 1.37 The lack of evidence of available funding plus the timescales associated with the provision of similar infrastructure clearly demonstrate that the Council’s forecasts regarding the delivery of housing associated with this infrastructure provision are unrealistic.

2.0 M5-6-BCW – WELLINGBOROUGH NORTH

a) Justification for enhanced rate of delivery compared to WEAST.

- 2.1 The Inspector has specifically asked the Council provide information to support their position that construction of dwellings at WNORTH would be taking off faster in the Council's trajectory than WEAST, particularly given that at present WNORTH currently appears to be further behind in construction terms.
- 2.2 The Council's response states that IWIMP is not a 'showstopper' for the plan, yet it is listed as being a 'high priority' infrastructure requirement in the IDP (INF1) but this does not really address the issue of how a site which has not yet broken ground can deliver at the forecast rates.
- 2.3 In terms of lead-in times and delivery, the Council's most recent response simply restates the position expressed at the examination; notably that they are totally reliant on the information provided by the promoter.
- 2.4 The email from MidTown Capital (M5 -2) highlights that the developer was still in the process of securing HCA funding for the site (email 22 March 2018). The later email on the same day suggests that they have "initial sales" in place with 3 developers for 600 dwellings but that further marketing of the remainder of the site will depend upon market demand.
- 2.5 It is important to note that the Council remain one of the largest land owners in this allocation and the release of the 66 acres under their control is required as part of Phase 1.
- 2.6 While the Council state that they expect a start on site no later than August 2018 to provide infrastructure, it is our understanding that there is no planning permission for the highway infrastructure. The application WP/18/00231/CND for details submitted pursuant to condition 29 (highway and access works) of planning permission ref: WP/2012/0525/XEIA was been submitted on 9 April 2018 and is awaiting determination.
- 2.7 This application is for the S278 access works on Niort Way and the highway infrastructure for Phase 1.
- 2.8 The delivery rates given in the email do not refer to any examples of other similar sites as quoted in the Council's response. **Notably it is not therefore the promoters of the site that are claiming such rates are based upon any such evidence.** In fact, the email contains no evidence at all to support these rates.
- 2.9 Likewise, the email provides no explanation as to how 25 dwellings maybe completed in 2019. This is different from the detailed timeline they provided for the JCS which certainly suggested a longer lead in time to deliver the first dwelling.
- 2.10 The email from the Homes England provides no evidence on lead-in times or delivery rates, it merely confirms the loan facility.
- 2.11 Therefore, while the Council makes reference to the lead-in time and forecast rate of delivery as being "*similar to schemes which the developer has been involved with in the past*". The developer actually makes no such claim.
- 2.12 In terms of schemes which the developer has been involved with in the past, SPRU's report on the delivery of SUE's Appendix 2 of the Regulation 19 submission includes a full analysis of lead in times sites of various sizes both locally and nationally. This

- evidence does not support the forecast level of growth especially from only 3 parcels with just 3 developers.
- 2.13 More importantly the SPRU report considers the rate of delivery of the strategic allocation at Priors Hall, Corby which was originally promoted by MidTown Capital. This averaged just 89 dwellings per annum in the first 7 years and although it experienced 176 completions in its 7th year this was in the context of 6 developers being present on site. How this experience supports the forecast of 250 dpa with just 3 developers is left unexplained.
- 2.14 As well as Priors Hall SUE completions rates for which we have referred to in our Regulation 19 objections, MidTown Capital Have also promoted Kettering East. This was identified in 2003 and an outline application was submitted in 2007 which was subsequently granted in 2010. It then took 4 years for work to start on site. While the first dwellings were considered to be delivered in 2014 there were just 30 recorded completions in the Kettering Annual Monitoring report for the year 2016/17. By December 2017 83 dwellings had been completed by David Wilson Homes (Minutes of the East Kettering liaison forum meeting held: 7th December 2017).
- 2.15 According to their website the completed housing schemes which MidTown Capital have experience of are not of the same scale and as such would not provide the experience that the SPRU team have in terms of the likely timescales associated with the promotion and build out of large strategic sites. The sites listed are:
- a. Kempston Mill, Bedford – 46 dwellings
 - b. Manor Court, Ascot – 6 dwellings
 - c. Old Tollgate Close, Bracknell – 7 dwellings
- 2.16 Development Plans are required to be based on a proportionate evidence base. The forecast levels of completions and lead in times relied upon by the Council are based solely upon unsubstantiated statements from the promoters of the two large SUE's who are experienced developers, who are aware of the factual challenge that we have made in our objections to their forecasts. The fact that their responses lack any comparative evidence is in itself telling.
- 2.17 The position that we have set out in our objections at Regulation 18 and 19 stages as well as in response to the Inspector's questions is evidence based, as a development plan should be, and so should be preferred in this instance.
- 2.18 There is however a further issue in that while Taylor Wimpey, Barratt /David Wilson and Lagan Homes are described as 'committed' house-builders they are described by the promoter as "initial sales". We understand Barratt are yet to formally sign any contract and the land their option relates to has only capacity for 250-300 dwellings. The land under option to Taylor Wimpey can only accommodate 400 dwellings.
- 2.19 Lagan Homes are a small/medium sized housebuilder and is therefore not likely to have capacity to build circa 50+ homes a year (i.e. 1 house per week) which would be required if 200 completions are to be realised in 2020/21 as envisaged by the Council's trajectory in HOU6.
- b) What are the infrastructure costs of the development?**
- 2.20 The Council provides no information in their response regarding the cost of infrastructure for WNORTH.

c) What are the funding sources?

- 2.21 It is clear that the allocation is not able to secure the funding its required and has now secured a loan from Homes England although the details of what is covered by the loan is not available.

3.0 M8-1-BCW A509/WELLINGBOROUGH DEVELOPMENT LINK PHASE 1 (ISHAM BYPASS)

- 3.1 Although not subject to a direct question from the Inspector, the Council has provided a further commentary on this piece of infrastructure.
- 3.2 It is noted that this scheme has had planning permission since May 2006, some 12 years - and the land is still yet to even be assembled.
- 3.3 Despite this considerable delay and the lack of evidence that the land has now been assembled the Council forecast works will start in October 2019 (i.e. in 18 months' time) with completion in April 2021 (3 years' time).
- 3.4 The Council have identified a £13.5m funding gap which has yet to be met. While this could come from Northamptonshire County Council it should be recognised that this is unlikely given their current financial position. Alternative sources of funding have not been identified.
- 3.5 It is also significant that there are plans to replace the County Council with 2 unitary authorities by 2020, following a Government review and as such the County are unlikely to provide the leadership in the delivery of this piece of infrastructure as identified in the IDP. The County is identified as the 'delivery lead' for a number of projects in the IDP
- 3.6 There are no 'third parties' named by the Council and as "*there are no developments in the plan directly reliant on its opening*", then securing developer funding via either section 106 contributions would not appear to be legal.
- 3.7 There is no CIL in place in BCW to fund this or any of the items in the IDP.
- 3.8 Whilst the Council argues the delivery of the bypass is not a 'showstopper', paragraph 182 of the Framework requires that plans must be 'Effective' i.e. that "*the plan should be deliverable over its plan period and based on effective joint working on cross boundary strategic priorities.*"

4.0 FURTHER TEXT/INFO REQUIRED ON THE MONITORING OF THE PLAN

- 4.1 The test of soundness requires plans to be effective. A plan that simply provides for allocations and then does not monitor the outcomes against its objectives is likely to be ineffective. To be effective not only should a plan be monitored but it should set out specific courses of action should it fail to meet those objectives. Without such a monitoring policy a plan is ineffective and unsound.
- 4.2 At the examination the Council explained how under performance against the monitoring criteria in paragraph 9.18 of the JCS required no action from the Council to address under delivery on the SUE's as this was:
- a. A strategic matter for the Joint Planning Unit
 - b. Unnecessary as the SUE's would deliver later in the plan period
- 4.3 It was not contested that the JCS paragraph 9.18 test would not be met in 2019 but the Council did not consider this warranted a response.
- 4.4 It is also noted that the Council have not responded to this question from the Inspector.
- 4.5 In very simple terms a plan that fails to deliver the level of housing required is ineffective, so any monitoring policy should identify a trigger point at which this failure is unacceptable and propose positive action to address the issue within the context of the plan. A plan that requires a complete review is clearly inflexible in the terms of paragraph 14 and is hence unsound.
- 4.6 During the examination we suggested that making allocations to meet the identified need in the rural areas and additional allocation in Wellingborough would address what is clearly a failing plan by providing additional flexibility. Such an approach would be in accordance with the JCS as well as compliant with the Framework. Such main modifications while welcomed would still not address the issue of soundness due to the plan still remaining ineffective without a monitoring policy.
- 4.7 While the draft Framework and Planning Practice Guidance may be given little weight in terms of the consideration of the policies in the plan, it would nevertheless be appropriate to consider the nature of the monitoring and triggers that the Government are consulting upon.
- 4.8 As the JCS has been in place since July 2016 it is in our view appropriate to introduce the flowing monitoring policy which reflects the direction of travel of the government in terms of underperforming local authorities:

Proposed Monitoring Policy:

If the level of completions recorded in the previous 3 years (as determined by the government live tables on housing supply) falls below 75% of the JCS housing requirement then the presumption in favour of sustainable development shall be applied to all applications for housing.

If delivery falls below 95% against the same criteria then the Council shall produce an action plan to assess the causes of undersupply and identify actions to immediately increase delivery”

Table 4 Present performance of plan against proposed monitoring policy

	2014-15	2015-16	2016-17	Average	JCS	Percentage of requirement
Net additions to dwelling stock	384	380	247	337	350	96%

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