

Title: South Warwickshire Local Plan – Publication (Regulation 19 Plan) - Addendum

Lead Officers: John Careford – Head of South Warwickshire Local Plan at Stratford-on-Avon District Council (01789 260801), and Philip Clarke – Head of Place, Arts & Economy at Warwick District Council (01926 456518)

Portfolio Holder: Councillor G Cowcher and Councillor C King

Wards of the District directly affected: All wards across Warwick District Council and Stratford on Avon District Council

Addendum

1. Introduction

- 1.1 Members will be aware that the report on the South Warwickshire Local Plan (SWLP) that has been prepared for the Joint Cabinet Committee on 28th May recognised that there are some challenges to the viability of the Local Plan. Recommendation (3) to that report asks members to: “...note that further work on plan viability is underway which will be presented as an addendum to this report.” The report also states:-
- 1.42 Finally, the SWLP needs to be viable and deliverable. A whole plan viability assessment of the SWLP is being undertaken for the Councils by specialist consultants. As part of this work, the consultants have identified four different “housing value zones” across South Warwickshire. Within these, they have reviewed the proposed new settlements, some of the proposed strategic sites and a range of site typologies. Sensitivity analyses have been undertaken on these viability assessments.*
- 1.43 The initial viability assessments have demonstrated some viability challenges on certain sites within the plan area. Further sensitivity testing is therefore being undertaken, looking at issues such as the level and mix of affordable housing and levels of Biodiversity Net Gain. These will be presented to the Committee as an addendum to this report.*
- 1.2 Officers received this further viability assessment on 22nd May. Although this work is still in draft form, and some matters of further clarification are being sought, this has provided additional information to enable the Councils to consider the implications of this for the SWLP. Importantly it has enabled officers to consider what changes may need to be considered to policies to make the plan viable.
- 1.3 As a separate, but related, matter, officers received an advisory visit from the Planning Inspectorate (PINS) on 19th May. Such advisory meetings are a normal part of the working relationship between a plan-making authority and

PINS when a Local Plan is likely to be submitted soon. These meetings are helpful in advising councils of matters of soundness that they should consider as they take Plans forward. Following this advisory meeting, it is normal for an advisory note to be prepared by PINS and sent to the plan-making council(s). A note of the visit has been received and is attached as an **appendix** to this briefing note. There was nothing that the Inspector raised in his Advisory Visit note that was not already identified as a risk by officers. As such, the advice of the Inspector is welcomed and helpful, albeit, it has emphasised some risks, which coupled with the viability study, are considered to require rectification. (It should be noted that the Inspector who conducted the visit (Jonathan Bore) will not be the Inspector appointed for the Examination for the SWLP.)

- 1.4 The new advice on plan viability, together with the advice also now received from PINS, form the basis on which this addendum report has been prepared. This addendum report will cover two important matters of soundness: (1) meeting the Plan's housing requirement and (2) Local Plan viability.
- 1.5 On both of these matters, officers have taken independent legal advice from Timothy Leader, the barrister supporting the councils in preparing the SWLP. The advice and recommendations below reflect this advice.
- 1.6 Throughout this addendum report, reference is made to the draft SWLP. This is the Publication draft South Warwickshire Local Plan which is attached as appendix 1 to the main report.
- 1.7 Members are asked to note that whilst this addendum relates to the whole Plan area, some of the information and recommendations relate only to Warwick District. Further work is being carried out to finalise information relating to Stratford District, and this will be contained in a further addendum to follow. This is made clear in the relevant part of the report.

2. Meeting the housing requirement

- 2.1 Policy DS.3 of the draft SWLP sets out the development needs (including housing needs) of South Warwickshire to 2050 and policy DS.2 sets out the spatial strategy and the locations where this growth will be met. The SWLP identifies sufficient new homes to meet the minimum housing needs of the two districts. The allocations allow for some "headroom" in excess of the minimum housing requirement in both districts; this headroom is 3.6% above the requirement figure for SDC and 1.3% for WDC (2.5% across South Warwickshire as a whole).
- 2.2 Also, within Stratford District only, in order to ensure that there is a five-year supply of housing land on adoption of the SWLP, a "stepped" housing trajectory for the housing requirement has been applied (see figs 14 (p39) and 16 (p40) in the draft SWLP). The reason for this "stepped" trajectory is set out in the second paragraph on p38 which states: "*A stepped requirement is necessary in Stratford District to enable the District to achieve a 5 year housing land supply in response to a combination of factors; namely the increased Local Housing Need for the District, the lower level of existing commitments (when compared to Warwick District) and the anticipated lead in times of a number of the strategic allocations.*"

- 2.3 The note from PINS offers advice on both the matter of “headroom” and a “stepped trajectory”. The note states:-
- *“A difficulty might arise from the small amount of housing supply headroom in both authorities. This is the difference between anticipated housing supply and the housing requirement. These figures allow for very small margins of comfort, especially as the plan relies on new settlements and strategic sites whose long lead-in times and impediments to delivery are well-documented.”* (para 15)
 - *“...it may be desirable to allocate additional sites and/or include policies in the plan that will enable such sites to be brought forward quickly.”* (para 17)
 - *“A stepped trajectory should not be used if there are enough deliverable sites in the early part of the plan period..... Depending on the position, it may be necessary to identify additional sites for early delivery, or include policies in the plan that will enable additional unallocated sites to be brought forward, for example on the edge or urban areas and/or in sustainable locations. If there are insufficient deliverable sites for this period in Stratford, this will need to be demonstrated by adequate evidence.”* (para 13)
- 2.4 Advice received from the councils’ own Barrister endorses this concern. A stepped trajectory is highly unlikely to be acceptable when the plan comes to be examined because the evidence base demonstrates it is possible to identify a supply of deliverable greenfield sites that fit the spatial development strategy within Stratford district council’s area now. A stepped trajectory would also tend to undermine the notion that the plan is a joint plan implemented by a common strategy which will meet the full requirement from the outset. In short, a stepped trajectory will not be found sound because it is not justified nor effective.
- 2.5 There are a couple of measures that can be taken now to address this situation. Officers are recommending that these are included in the draft SWLP.
- 2.6 **Firstly, the Plan could formally recognise that the site capacity of the strategic growth sites may be higher than those included in the draft SWLP.** The housing capacity figures which have been included in the draft SWLP are those based on masterplanning evidence base work carried out for the councils by consultants AECOM. In many cases (but not all), these are lower than the capacity figures put forward by site promoters’ based on their own assessments of site capacity. It is recognised that these masterplanning figures represent a more cautious approach, and also that the SWLP will be encouraging site promoters to maximise delivery on sites (including by increasing density). It is reasonable, therefore, that site capacities are revised to show a range of homes on each site. Table 1 below shows revised figures for strategic housing sites based on this approach. (NB: Where no range is shown, this is because the masterplanning assessment agreed with that of the site promoter.) Please note that this relates to Warwick District only. Further information on Stratford District will follow in a later addendum.

Table 1: Strategic housing growth locations: Warwick District (revised from table 1 of original Joint Cabinet committee report)

Settlement	Proposal ref	Site	No. of homes to 2050	No. of homes post 2050
Warwick District				
Coventry	COV.1	South of Coventry	3,940	262
Kenilworth	KEN.1	South of Kenilworth	626 - 751	
Leamington	LEA.1 and LEA.2	North of Leamington	1,784 - 2,143	
Leamington	LEA.3	Leamington Spa East - East of Lillington	916 - 1,363	
Warwick	WAR.1	West of Warwick	493 - 1,200	
Bishop's Tachbrook (northwest)	BIS.1	Land to north-west of Bishop's Tachbrook	558 - 750	
Bishop's Tachbrook (south)	BIS.3	Land to east of Europa Way	1,550 - 1,950	
New Settlement	HAT	Land at Hatton	4,000	1,250
Total			13,867 - 16,097	1,512

- 2.7 **Secondly, the housing supply could be boosted further, and in particular address the concerns over the issue of the “stepped trajectory” in Stratford-on-Avon district, by identifying further local growth (non-strategic) housing sites within Stratford-on-Avon District.** This would enable the SWLP to demonstrate that there are sufficient sites coming forward in the early years of the plan period in SDC to avoid the need for a “stepped” trajectory.
- 2.8 A further addendum will be prepared to set out which sites have been selected in Stratford-on-Avon District.

3. Addressing Plan viability

- 3.1 As noted in the Joint Cabinet Committee report, there are issues with the viability of delivery of housing allocations across the plan area. The note from PINS also offers advice on this matter. The note states:-
- *“A plan that is shown to be unviable will not be deliverable and will therefore be found unsound.” (para 36)*
 - *“We now have the new Building Regulations and the Future Homes Standard. These set new standards for building performance. Policy PM13 of the emerging NPPF states that quantitative standards should not cover matters which are already addressed by Building Regulations, other than in respect of accessibility standards and water efficiency, and should not cover matters relating to the construction of buildings. DM7.2 extends the*

point to DM decisions. The plan's NZ policies clearly run counter to this emerging policy." (para 31)

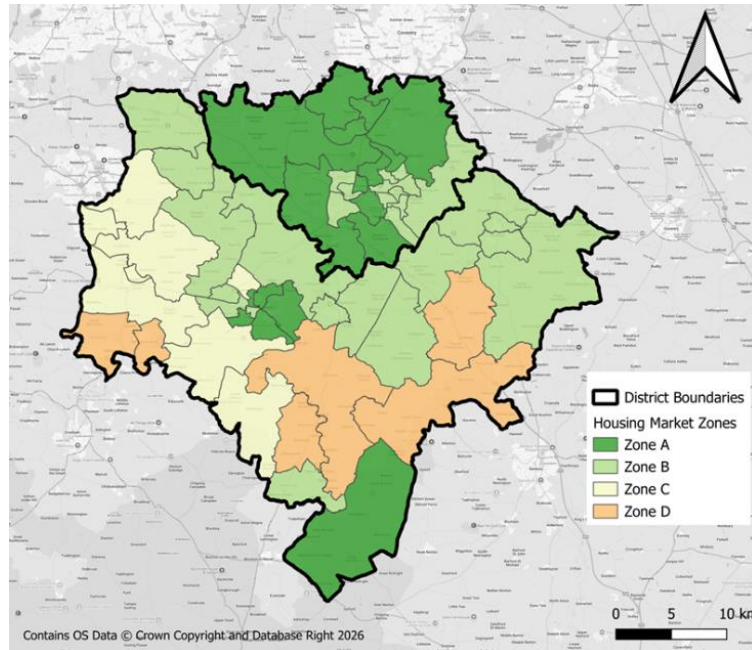
- *"It is appreciated that the emerging NPPF is still in draft and things could change. However, the Building Regulations set a clear new baseline which has universal application so if the NZ policies were to remain in the plan they would be likely to receive a very critical assessment at examination."* (para 33)
- *"In a situation where viability is marginal, seeking building performance standards beyond those of the Building Regulations is likely to have an effect on the achievement of other important planning objectives such as adequate levels of affordable housing and good social infrastructure. Although the plan is being examined under the 2024 NPPF, my strong advice to the councils would be to review critically the NZ policies in this light."* (para 34)
- *"A community's need for homes and for affordable housing is a very important material consideration. Pursuing building performance and BNG [Biodiversity Net Gain] standards in excess of national policy or statute, particularly if this is at the expense of affordable housing, or overall housing delivery, will be very critically examined for soundness."* (para 37)
- *"The statutory requirement is for 10% biodiversity net gain (BNG) and there is no national policy that gives support to a local plan that would seek 20%."* (para 35)

3.2 The PINS advice has been supported by legal advice given to the councils. Taken together, it is clear that:-

- Where there are issues of plan viability these need to be resolved before submission.
- Where there are "choices" in terms of which additional costs on development imposed by a Local Plan should be prioritised, an Inspector will have expected the Plan to prioritise delivering affordable housing over requirements such as the Net Zero Carbon (NZC) or Biodiversity Net Gain (BNG).
- Issues such as NZC or BNG will be very critically assessed at Examination. That is not to say that such ambitions should be abandoned, but that these need to be weighed against more critical (from a soundness perspective) matters such as the provision of affordable housing. The Barrister working for the Council has expanded on this stating reason why NZC and BNG will be cut back by the local plan examiner. He has advised that the soundness of a plan is tested against government policy set out in the NPPF. The difficulty this presents is that if the policies for NZC and BNG exceed what the government requires and has the effect of increasing costs that reduce the headroom for the delivery of another key priority – affordable homes – the examiner will be bound to address that imbalance by reducing the "excess costs" of "non-compliant" (in NPPF terms) policies for BNG and NZC.

3.3 The draft viability advice from consultant has demonstrated that viability varies across South Warwickshire. The consultant has identified different Housing Value Zones in South Warwickshire, as shown on the figure below.

Fig. 1: Recommended Housing Value Zones in South Warwickshire



Source: Aspinall Verdi Residential Market Paper (January 2026)

3.4 Following previous draft viability advice that indicated that the plan had some viability challenges, the consultant was asked to model some different scenarios:-

- A reduction in developer profit on open market units from 20% to 18% resulting in a blended profit of circa 15%.
- A reduction in BNG from 20% to 10% (as per national policy)
- Amending the mix of affordable housing from a ratio of 70% (social rented housing) / 30% (shared ownership), to 60% (social rent) / 40% (shared ownership)
- Modelling different levels of affordable housing requirement across the different "housing value zones". This modelling was carried out both with, and without, NZC requirements.

3.5 The modelling has considerably assisted the councils in understanding what would need to be done to produce a viable Local plan. The Councils are now advised that:-

- removing NZC requirements has a significant impact on development viability.
- for the most part, development is viable across the SWLP area but (in some locations) with reduced levels of affordable housing.

- there is significant variation by Housing Value Zone, and between greenfield and brownfield sites.

3.6 Although there is more work that needs to be done to interrogate and finalise the viability assessment, table 2 below indicates what would constitute viable development across the different Housing Value Zones.

Table 2: affordable housing summary (with and without NZC)

Value Zone	Greenfield (with NZC)	Brownfield (with NZC)	Greenfield (without NZC)	Brownfield (without NZC)
Zone A Warwick	35%	25%	40% (50% for grey belt sites)	35%
Zone A Stratford	40%	25%	40%	35%
Zone B Warwick	35%	25%	40%	40%
Zone B Stratford	20%	25%	35%	40%
Zone C Stratford	0%	0%	15%	0%
Zone D Stratford	0%	0%	0%	0%

Source: AspinallVerdi (draft report), May 2026

3.7 The consultant further advises that the new settlements represent delivery and viability challenges in view of the level of additional infrastructure that is required to support them.

- The Hatton new community is viable at 30% affordable housing (with NZC) and 40% (without NZC)
- Long Marston currently faces viability challenges. Even without NZC requirements, there is currently a significant viability gap per property.

3.8 Officers would offer the following comments and advice based on this new evidence and advice.

- Whilst the Councils can continue to challenge and refine the viability appraisal, including up to submission, there is no doubt that changes are needed to the SWLP if it is to be found sound.
- Any changes that need to be made will be sufficiently significant to require public consultation. They could not be dealt with as minor amendments to the SWLP made after the Regulation 19 consultation and immediately prior to submission. Lawful consultation requires that those consulted have sufficient information to make an intelligent response. The viability evidence that is provided for consultation must therefore be sufficient to enable the public to identify any viability issues and understand how the Council proposes to resolve them, even if that will be achieved by further work in the lead up to and during the examination (which would not be unusual). Not to make the changes that are necessary to achieve this

minimum standard and not to allow public consultation on these would present a substantial risk of a Judicial Review of the SWLP before it is submitted, a direction from the examiner that the plan be withdrawn after it is submitted for examination, or a statutory challenge on adoption. Therefore, it is recommended that changes are be made before the Regulation 19 consultation.

- In order to make the Plan viable, some policies will need to be amended and onerous requirements (from a purely viability perspective) removed. The approach to this must be informed by the advice of PINS (and also endorsed by the Councils' own legal adviser) that BNG and NZC policies must weigh less in any planning balance than those of securing appropriate levels of affordable housing. In this context, and with regard to NZC ambitions, it is relevant to note a further comment in the PINS advisory note which states:

"We now have the new Building Regulations and the Future Homes Standard. These set new standards for building performance. Policy PM13 of the emerging NPPF states that quantitative standards should not cover matters which are already addressed by Building Regulations, other than in respect of accessibility standards and water efficiency, and should not cover matters relating to the construction of buildings. DM7.2 extends the point to DM decisions. The plan's NZ policies clearly run counter to this emerging policy." (para 31)

3.9 The following approach is therefore recommended to the Joint Cabinet Committee.

- That policy BN.3 (Biodiversity) is amended to remove the policy requirement for a minimum 20% BNG target. This would mean that the statutory BNG target of 10% would apply across the SWLP area.
- That policy HO.4 (Affordable housing tenure and type) is amended to change the mix of affordable housing from a ratio of 70% (social rented housing) / 30% (shared ownership), to 60% (social rent) / 40% (shared ownership)
- That affordable housing be set at the maximum level that is achievable whilst still keeping sites viable. This will mean that different strategic growth locations will have different levels of affordable housing requirement in accordance with local viability. This would be as follows:-

Table 3: Proposed affordable housing requirements for strategic housing growth locations

Settlement	Proposal ref	Site	Level of affordable housing (%)
Stratford-on-Avon District			
Bidford	BID.1	Bidford	D
Henley	HEN	Northwest of Henley	35

Settlement	Proposal ref	Site	Level of affordable housing (%)
Southam	SOU.1	West of Southam	35
Stratford North	STR.1	Stratford North	40
Stratford West	STR.2	Stratford West	40
Stratford South	STR.3	Stratford South	40
Wellesbourne	WEL.1	North of Wellesbourne	35
New Settlement	LMA	Long Marston Airfield	15
Warwick District			
Coventry	COV.1	South of Coventry	40 (50*)
Kenilworth	KEN.1	South of Kenilworth	50
Leamington	LEA.1	North of Leamington	50
Leamington	LEA.2	North of Leamington	40 (50*)
Leamington	LEA.3	Leamington Spa East - East of Lillington	50
Warwick	WAR.1	West of Warwick	40
Bishop's Tachbrook (northwest)	BIS.1	Land to north-west of Bishop's Tachbrook	40
Bishop's Tachbrook (south)	BIS.3	Land to east of Europa Way	40
New Settlement	HAT	Land at Hatton	40
* Part of this allocation lies within grey belt land and so that element would provide 50% affordable housing.			

- That the requirements of Net Zero Carbon policies are retained however the wording within the policies will be clear that this is subject to viability. This could apply to policies NZ1-8. In this context, members need to be reminded of the advice of PINS and our barrister in paras 3.1 and 3.2 above.
- That regarding Long Marston, an Action Plan is prepared which will bring officers from SDC together with Homes England and the site promoters to seek to resolve viability and deliverability issues prior to submission of the SWLP. It should be noted that meetings have already been held, at a senior level, with the West Midlands Combined Authority and Homes England to discuss the availability of loan/grant funding in respect of delivery of the Stratford-upon-Avon Bypass and early delivery of housing at this site (related both to the existing allocation in the Adopted Core Strategy and any additional capacity associated with an allocation in the SWLP). The preparation of a Delivery Assessment for the site was suggested by Homes England and would cover a number of issues in more detail, including deliverability and viability

3.10 Notwithstanding the findings of the viability study, it should be noted that the study reflects a point in time. It is based upon current reasonable assumptions regarding build costs and likely sales values. As such, viability will change over

time. This is true for strategic-scale development that has a long-build out rate of a number of years and particularly true for new settlements that will not only be delivered over a number of decades but will not deliver significant number of homes for at least 10 years. Whilst the viability study is considered robust, and the SWLP does need to satisfy an inspector that, as a whole, the plan is deliverable, further work in respect of the delivery of Long Marston Airfield is required to demonstrate viability over the lifetime of its development. This may include, assessing the viability of phases of development. An outcome of this, could be the phased delivery of affordable housing, with delivery ramping up over the lifetime of the development. This in turn, may be beneficial from a community cohesion perspective and ensuring that the more vulnerable in society are housed in established communities.

- 3.11 As noted earlier, the viability assessment is still in draft form. It will need to be finalised and made available to the public for the Regulation 19 consultation. Work to interrogate and finalise the viability assessment is currently underway, and it is recommended that the final viability assessment is not issued until it has been approved by the heads of service in consultation with the leaders and portfolio holders of both councils.

4. Other matters

- 4.1 As members are aware, a Sustainability Appraisal (SA) of the Regulation 19 plan has been prepared and is on the SWLP website. The policy changes proposed in this report will need to be assessed within the SA before any public consultation begins. It will not be possible to do this before the Joint Cabinet Committee or Full Council meetings. There is a risk that this cannot be done in time for the proposed start of the public consultation on 12th June, and this may delay the start of the consultation. It is considered that the changes proposed in this report will likely have limited impact on the SA to the extent that it impacts the Council's views, and in any event, the SA would be fully revised prior to both Councils being asked to approve the Regulation 19 SWLP for submission to the Secretary of State.

5. Recommendations

- 5.1 It is recommended that:-

- 1) in considering the Publication draft South Warwickshire Local Plan (attached as appendix 1 to the main report to the Joint Cabinet Committee), members support the following amendments to the SWLP which is to be recommended to Stratford-on-Avon District Council and Warwick District Councils:-
 - a) The capacities of the Strategic Growth Locations in Warwick District are amended to show a range of dwellings as set out in table 1 in the report above.
 - b) the affordable housing requirements in relation to Strategic Growth Sites as set out in table 3 in the report above are including within the respective policies of the SWLP.
 - c) the tenure mix of affordable housing set out in policy HO.4 is amended as set out in paragraph 3.9 above.

- d) the changes set out in paragraph 3.9 above in respect of changes to Biodiversity Net Gain targets and Net Zero Carbon targets are agreed.
- 2) Members note that further works is needed to finalise the viability assessment, and delegate authority to the Head of Place, Arts & Economy (Warwick District) and Head of South Warwickshire Local Plan (Stratford-on-Avon District), in consultation with the leaders and relevant portfolio holders of both Councils to agree any further changes to the assessment.
- 3) Members note that the completion of the amendments to the Sustainability Appraisal may mean that the start of the consultation on the Regulation 19 SWLP may need to be revised.

Report Information Sheet

Please complete and submit to Democratic Services with draft report

Committee/Date	Joint Cabinet Committee 28 th May 2026	
Title of report	South Warwickshire Local Plan (item 5)	
Consultations undertaken		
Consultee *required	Date	Details of consultation /comments received
Ward Member(s)		
Portfolio Holder WDC & SDC *	26/5/26	Cllr Cowcher (SDC) Cllr King (WDC)
Financial Services *	26/5/26	Richard Burrell (SDC) Ian Davy (WDC)
Legal Services *	26/5/26	Nigel Bell
Other Services		
Chief Executive(s)	26/5/26	Tony Perks (SDC) Chris Elliott (WDC)
Head of Service(s)	26/5/26	John Careford (SDC) Philip Clarke (WDC)
Section 151 Officer	26/5/26	Richard Burrell (SDC)
Monitoring Officer	26/5/26	Marcia Eccleston (SDC) Graham Leach (WDC)
Leadership Co-ordination Group (WDC)		
Other organisations		
Final decision by this Committee or rec to another Ctte/Council?		Recommendation to Full Councils (SDC and WDC)
Contrary to Policy/Budget framework		No
Does this report contain exempt info/Confidential? If so, which paragraph(s)?		No
Does this report relate to a key decision (referred to in the Cabinet Forward Plan)?		Yes, Forward Plan item – 1 30/4/26 version
Accessibility Checked?		Yes