

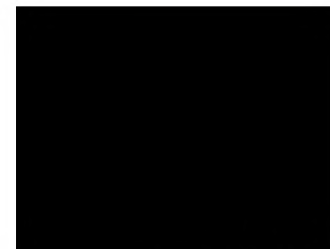
1 June 2022

Representations on Behalf of Barratt David Wilson Homes Mercia_ISSUED

Planning Policy Team,
Warwick District Council,
Riverside House,
Milverton Hill,
Leamington Spa,
CV32 5HZ



Dear Sir / Madam



savills.com

WARWICK NET ZERO CARBON DEVELOPMENT PLAN DOCUMENT REGULATION 19 CONSULTATION RESPONSE

Introduction

Savills (UK) Limited has been instructed by Barratt David Wilson Homes (Mercia), referred to hereafter as “Barratt”, to submit representations to the Regulation 19 consultation for the Warwick Net Zero Carbon Development Plan Document, referred to hereafter as “the NZC DPD”. The representations are set out within the remainder of this letter and are made in relation to the following emerging policies:

- Policy NZC1: Achieving Net Zero Carbon Development;
- Policy NZC2 (A): Making Buildings Energy Efficient;
- Policy NZC2 (B): Zero or Low Carbon Energy Sources and Zero Carbon Ready Technology;
- Policy NZC2 (C): Carbon Offsetting; and
- Policy NZC3: Embodied Carbon

Barratt notes that Draft Policy NZC1 is an overarching policy, which sets out the proposed overall approach to achieving net zero carbon in the District and that the remaining Draft Policies NZC2 (A-C) and NZ3 set out the proposals for specific individual elements of Draft Policy NZC1 in more detail. Therefore the response within these representations is predominantly focussed on the approach proposed within Draft Policy NZC1, but with further points made in relation to Draft Policies NZC2 (A-C) and NZ3 in turn.

Background Context

Barratt recognises that Warwick District Council (WDC) is committed to pursuing opportunities to reduce and manage the carbon contribution from the development process as part of the local and national climate change agendas and sees the introduction of this DPD as one way in which this agenda could be delivered.

In a similar vein Barratt is also committed to working towards carbon reduction as part of its wider business objectives. In 2021 Barratt was recognised as the UK’s most sustainable housebuilder in the Housebuilder Awards, after building on its success as being identified as the top scoring UK housebuilder by the Carbon Disclosure Project. The Barratt Building Sustainably Framework sets out Barratt’s sustainability ambitions and targets, which include: all homes to be zero carbon by 2030; Barratt to be Net Zero in its own operations by 2040; and 100% of Barratt’s own electricity usage to be on renewable tariffs by 2025.

In terms of the carbon reduction to be achieved for Barratt homes, from 2022 all homes will deliver a 31% carbon reduction, compared to Building Regulations, which will rise to a 75-100% reduction from 2025. Furthermore 30% of all Barratt homes will be built via Modern Methods of Construction by 2025. A typical Barratt house from 2025 onwards will incorporate a range of technologies, to include: photovoltaics; battery storage; mechanical ventilation; enhanced double glazing; air source heat pumps; smart systems; underfloor heating; and wider masonry walls for more insulation.

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In 2021 Barratt also designed the Barratt Z House, a unique carbon zero home that showcases the future of sustainable living in the UK. This is the first home in the UK that goes substantially beyond the Future Homes Standard (delivering over 125% improvement). This home design is going through a period of testing as part of the route to achieving the net zero carbon ambition. Barratt is therefore already putting genuine measures in place to reduce its carbon contribution as part of the local and national climate change agendas.

However, bringing in new measures requires a transition period that will: allow for testing; make sure that the technology is in place at the right time and is suitable for large-scale projects; respond to the wider measures in place to decarbonise the grid; and make sure that new approaches are viable, particularly during a period of increasing costs and significant inflation. New policies that are brought in at a local level which seek to accelerate this transition therefore need to be robustly evidenced. The representations made to the NZC DPD are therefore made in this context.

Policy NZC1: Achieving Net Zero Carbon Development

This Draft Policy approach is not justified by an evidence base that is sufficiently robust and it is considered that the approach is not currently in line with the provisions of national policy. Barratt accordingly objects to the Draft Policy on the grounds that it is considered to be unsound.

This Draft Policy sets out the overarching aim of the DPD to achieve Net Zero Carbon development. This policy requires development to demonstrate the application of the energy hierarchy through submission of an Energy Statement which demonstrates that the requirements set out in Draft Policy NZC2 (A), (B) & (C) are met, where appropriate. The Draft Policy essentially seeks to bring the achievement of the proposed Future Homes Standard within Warwick District forward from 2025 to the date at which the NZC DPD is adopted.

The Planning Practice Guidance (PPG) states that LPAs can set energy performance standards for new housing, or the adaptation of buildings to provide dwellings, that are higher than the Building Regulations through the Local Plan process, but only up to the equivalent of Level 4 of the Code for Sustainable Homes. This is stated to be approximately 20% above current Building Regulations across the build mix¹.

The Regulation 19 consultation document² states that, using a compound percentage, the new Part L 2021 Building Regulation requirements have been calculated to represent a 31% reduction on Part L 2013. However the PPG has not been updated since 2019 in relation to this aspect. Therefore the ability to bring in further energy performance standards over and above those being imposed through Part L 2021 through the current Local Plan process in Warwick District is highly questionable.

Notwithstanding this, it is also noted that the primary evidence base document for the emerging NZC DPD is the Revised Viability Study³. This document tests the cumulative implications of the proposed Draft Policies on the viability of a range of development types and sizes. The document also includes an appended review⁴ of the approach taken to determine the chosen policy approach. There are a number of concerns with this document, which are set out below.

The Revised Viability Study appraises 24 development typologies across the District reflecting a range of scheme sizes from 3 units to 300 units and includes both flatted and housing schemes. It is not clear why the decision was made to cap the testing at schemes of 300 units as there is the potential for larger sites to go through the planning application process (in terms of new outline applications, reserved matters applications and S73 applications) in advance of the adoption of the emerging South Warwickshire Local Plan. It would also be reasonable to expect land developers to give regard to emerging local policy considerations as part of the Local Plan promotion process.

¹ Planning Practice Guidance: Paragraph: 012 Reference ID: 6-012-20190315 (Revision date: 15 03 2019).

² Footnote 6 of the Warwick District Council Net Zero Carbon Development Plan Consultation Document April 2022.

³ Net-Zero Carbon Development Plan Document: Revised Viability Study. April 2022. Prepared by BNP Paribas Real Estate.

⁴ Appendix 6 of the Net-Zero Carbon Development Plan Document: Revised Viability Study. April 2022. Prepared by BNP Paribas Real Estate.

The larger, more strategic, sites often require the delivery of a greater quantum of costly infrastructure than smaller sites, which has an impact on the viability position. Therefore in order to be robust, the viability appraisal process should be testing the viability of sites that are much larger than 300 dwellings. It would be inappropriate to consider the viability of larger sites as simply a case of amalgamating a number of smaller developments.

The Revised Viability Study applies a cost uplift of 3% to cumulatively accommodate energy efficiency, on-site savings and allowable offsetting solutions, in addition to a £10,000 cost for undertaking embodied carbon assessments for residential developments in excess of 50 units and £1,800 per unit to reflect the cost of undertaking construction performance assessments. Taking account of the potential uplift percentages included within the Revised Viability Study⁵, there is considered to be a genuine possibility that the actual cost uplift for residential development might be more than 3%, particularly given the potentially large costs that might be involved with taking account of the output from the lifetime costing of homes and providing / funding offsite solutions.

Alternative percentage uplifts higher than 3% do not appear to have been tested through the viability sensitivity appraisal process. This sensitivity testing should be undertaken and reported in order to be able to robustly report on the potential implications of the Draft Policies on the viability of development proposals. This is particularly important given that the outputs from the viability appraisal process already show that not all housing typologies tested (excluding flatted schemes) are viable with the Draft NZC DPD policies added without lowering the affordable housing requirement and / or lowering benchmark land value when a 3% cost uplift is applied. The inference would be that this position could be worsened if a higher cost uplift is applied.

Therefore whilst the inclusion of 'subject to viability' provisions within the draft emerging policies is welcomed, it is considered that WDC has not demonstrated that the viability assessment work underpinning and supporting the consultation fully and robustly justifies the overarching policy approach.

The Revised Viability Study proposes that viability conflicts arising from bringing in the proposed NZC DPD Policies could be resolved through a reduction in affordable housing. However, the evidence base (including the Sustainability Appraisal) does not include consideration of the trade-off between the environmental benefits from the proposed NZC DPD, the potential social disbenefits arising from advocating a reduction in affordable housing and the economic and social implications that might arise if the proposed policy provisions result in a reduction in the overall delivery of housing within Warwick District as a result of viability or deliverability factors.

It is important for the introduction of new energy performance and carbon reduction standards to be phased in through a transition period rather than rapidly imposed, in order to ensure that these requirements can be demonstrated to be deliverable and enable the requirements to be met.

Whilst Housebuilders are gearing up for meeting (or in Barratt's case exceeding) the proposed introduction of the Future Homes Standards in 2025, that date is still 3 years off. It takes time to get the measures in place and for the necessary technology to be tested and be made available at a reasonable cost. The Draft Policies do not differentiate between the (timings for the) application of the proposed provisions to outline / full planning permissions and to reserved matters approvals.

This position also needs to be considered in the context of how rising build costs, inflation and the increasing squeeze on incomes affects the affordability of houses. There is a viability and deliverability risk that is likely to impact housing delivery if significantly increased policy requirements are introduced too early in advance of pending national changes. Therefore, further evidence needs to be presented to demonstrate that the proposed policy approach is justified, effective and consistent with the existing and emerging national policy positions, as required by the NPPF⁶.

Furthermore the emerging South Warwickshire Local Plan seeks to put policy provisions in place to cover the period up to 2050, which will include strategic and longer term measures to tackle climate change, including

⁵ Para 4.22 of the Net-Zero Carbon Development Plan Document: Revised Viability Study. April 2022. Prepared by BNP Paribas Real Estate.

⁶ Para 35 of the National Planning Policy Framework (July 2021).

the approach to achieving net zero carbon and the design of buildings, as well as setting out the way in which sustainable development is to be achieved across the Warwick and Stratford on Avon Districts. This is therefore an important strategic document and the work being put into the NZC DPD should not result in a delay to the progression of the South Warwickshire Local Plan.

Policy NZC2 (A): Making Buildings Energy Efficient

This Draft Policy approach is not justified by an evidence base that is sufficiently robust. Barratt accordingly objects to the Draft Policy on the grounds that it is considered to be unsound.

The Draft Policy states that new development of one or more dwellings is expected to demonstrate a 10% improvement on the Part L 2021 Target for Fabric Energy Efficiency and that energy statements must set out U-values and airtightness of proposed buildings in comparison to the notional values in the Future Homes Standard.

In addition to the wider concerns with the Revised Viability Study identified in response to Draft Policy NZC1, it is noted that the Regulation 19 consultation document⁷ acknowledges that the proposed policy approach is based on the achievement of notional values set out within a standard that is neither in force (and therefore is not yet currently a national requirement) nor informed by national estimated cost data. This does not demonstrate a robust stance derived from a position of certainty.

The evidence base set out within the Revised Viability Study⁸ in relation to the proposed 10% improvement makes reference to 2017 data collected from studies focusing on London and the reduction requirements set out within the Milton Keynes Local Plan (adopted in 2019). The information states reduction percentages for these two areas which are measured against the Part L 2013 position, but these percentages are not translated into the equivalent improvement when measured against the Part L 2021 position.

It is therefore not clear from the evidence base how the two examples used provide relevant viable, deliverable justification that the proposed Draft Policy target is locally achievable for Warwick District and thereby justifying the deviation from the existing position and proposed timetable for implementing the Future Homes Standard. In fact the justification for the Draft Policy position appears to be solely based on the assertion that a 10% improvement against Part L 2021 is the difference between the Part L 2021 position and the proposed Future Homes standard. The evidence base for this Draft Policy provision is not therefore sufficiently robust, contrary to the soundness requirements of the NPPF⁹.

Policy NZC2 (B): Zero or Low Carbon Energy Sources and Zero Carbon Ready Technology

This Draft Policy approach is not justified by an evidence base that is sufficiently robust. Barratt accordingly objects to the Draft Policy on the grounds that it is considered to be unsound.

The Draft Policy states that new development of one or more dwellings should demonstrate through an energy statement that additional renewable, zero and low carbon technologies have been provided on-site to demonstrate the Draft Policy NZC1 reductions. The Draft Policy also identifies a need to demonstrate that these technologies have been provided to the greatest extent feasible and viable. The supporting text for the Draft Policy states that the energy statement should consider all available zero or low carbon energy sources.

In addition to the wider concerns with the Revised Viability Study identified in response to Draft Policy NZC1, it is noted that neither the Regulation 19 consultation document nor the justification included within Appendix 6 of the Revised Viability Study demonstrate and explain, with reference to appropriate examples, what might be viably deliverable on-site in a local Warwick District context.

⁷ Draft Policy NZC2(A) and para 6.5 of the Warwick District Council Net Zero Carbon Development Plan Consultation Document April 2022.

⁸ Appendix 6 of the Net-Zero Carbon Development Plan Document: Revised Viability Study. April 2022. Prepared by BNP Paribas Real Estate.

⁹ Para 35 of the National Planning Policy Framework (July 2021).

The presumption is that an overall 63% reduction in carbon emissions will be achieved compared to Part L 2021, because this is stated to represent the gap between Part L 2021 and the Future Homes Standard, and where it is demonstrated that this full requirement cannot be met on site then the residual will need to be met through offsite contributions. However sufficient regard still needs to be given to the requirement for: suitable technologies to be established, tested and made more affordable; increased decarbonisation of the electricity grid to take place; the necessary supply chains to be established; and the construction approach and labour force to be ready to implement the necessary measures.

The reference given in Appendix 6 of the Revised Visibility Study to the fact that the adopted 2020-2036 Oxford Local Plan includes a carbon emissions reduction policy is not considered to provide a direct comparable to justify either the approach taken within Draft NZC Policy 2(B) or the overall identified quantum of carbon emissions reduction sought through the NZC DPD.

There is currently a 3 year period from 2022 to 2025 through which the construction industry can become better prepared to enact the change required to meet the Future Homes Standard. WDC has not articulated how bringing the Future Homes Standard requirements forward from 2025 through the NZC DPD overcomes the need for this transition period. In recognition that some housebuilders will be ready to implement these improvements earlier than others, WDC could work with those developers to facilitate and encourage them to exceed the Part L 2021 requirements, where possible, before the Future Homes Standards becomes a national requirement.

It is not clear from the evidence base how the proposed Draft Policy requirement is based on a viable, credible and deliverable justification that demonstrates that the proposed target is locally achievable for the housebuilding industry as a whole within Warwick District. There is no justification to deviate from the existing position and proposed timetable for implementing the Future Homes Standard. The evidence base for this Draft Policy provision is not therefore sufficiently robust, contrary to the soundness requirements of the NPPF¹⁰.

Policy NZC2 (C): Carbon Offsetting

This Draft Policy approach is not justified through the provision of an appropriate strategy which is based on proportionate evidence. Barratt accordingly objects to the Draft Policy on the grounds that it is considered to be unsound.

The Draft Policy states that where new development of one or more dwellings cannot demonstrate that it is zero carbon, it will be required to address any residual carbon emissions by: a cash in lieu payment to WDC's carbon offsetting fund; and / or a verified local off-site offsetting scheme, unless full compliance is not demonstrated to be feasible.

Appendix 6 of the Revised Visibility Study identifies a number of examples of what contributions to WDC's carbon offsetting fund might be used for (renewable energy generation, energy retrofitting and large-scale tree planting). However such projects have not been formalised, the fund has not yet been set up and an explanation has not been given for how this approach would meet the requirements of the tests for planning obligations set out within NPPF paragraph 57. It is also not clear whether the funding might be used to pay for projects that WDC might have undertaken irrespective of the proposed NZC DPD requirements.

Appendix 6 of the Revised Visibility Study also states that: the identified carbon offsetting price of £254 / tonne is higher than previous national process adopted in other Local Plans; the offset payment will only be small after the onsite reductions have been achieved and grid decarbonisation has been applied; and some carbon-saving interventions are more expensive than others, so the actual cost of carbon saved will vary between projects. There is also a need for a 30 year life-span to be factored in. The costs arising from this proposed Draft Policy requirement are, therefore, likely be significant, which could act as a barrier to development in Warwick District and thus adversely impacting on the supply and affordability of new homes; affordable as well as private.

¹⁰ Para 35 of the National Planning Policy Framework (July 2021).

The Revised Viability Study does not clearly set out how the potential offsetting costs have been factored into the appraisal process, giving regard to the points identified in the paragraph above, and particularly given that electricity grid decarbonisation is still taking place. The evidence base for this Draft Policy provision is not therefore sufficiently robust, contrary to the soundness requirements of the NPPF¹¹.

Policy NZC3: Embodied Carbon

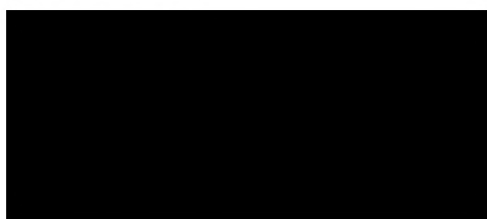
This Draft Policy approach is not justified through the provision of an appropriate strategy which is based on proportionate evidence and is not consistent with national policy. Barratt accordingly objects to the Draft Policy on the grounds that it is considered to be unsound.

This Draft Policy requires new major development to demonstrate how the embodied carbon of the proposed materials to be used in the development has been considered and reduced where possible and that this should be accompanied for a whole-life assessment of the materials used for proposals for 50 or more dwellings.

National policy does not require embodied carbon emissions to be measured. In addition, Appendix 6 of the Revised Viability Study states that it would currently be cost prohibitive for one-off and smaller developments to undertake embodied carbon assessments, but does not provide justification for why a threshold of 50 dwellings has been chosen for Warwick District. It is not clear what baseline the proposed assessment would be measured against and how the outcome of the assessment would be enforced. It is also not clear how this Draft Policy requirement has been factored into the Revised Viability Study. There is accordingly not sufficient justification given for the proposed embodied carbon whole-life assessment to enable the Draft Policy to meet the soundness tests set out in the NPPF¹².

Should you wish to discuss any of the points raised within this consultation response further please do not hesitate to be in contact. I look forward to receiving confirmation of receipt of these representations and having the opportunity to participate in the Examination in due course.

Yours faithfully



Michael Burrow
Associate Director

¹¹ Para 35 of the National Planning Policy Framework (July 2021).

¹² Para 35 of the National Planning Policy Framework (July 2021).