

# **Warwick District Council: Net Zero Carbon Development Plan Document**

Representations on behalf of IM Land and IM  
Properties in respect of their land interests  
within Warwick District Council

June 2022

# Contents

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1.	Introduction	3
2.	Representations to the Net Zero Carbon Development Plan Document	4
3.	Summary of representations	9

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**Client**  
IM Properties Plc

**Our reference**  
IMLQ3008

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# Introduction

- 1.1 We write on behalf of our clients, IM Land and IM Properties (hereafter referred to as 'IM') in response to Warwick District Council's Regulation 19 Consultation on the Net Zero Carbon Development Plan Document (DPD).
- 1.2 IM are actively promoting their land and development opportunities within Warwick District Council and welcome the opportunity to comment on these draft policies.
- 1.3 We would be pleased to discuss these comments with the Council at their earliest convenience.

## Structure of Representations

- 1.4 Section 2 of this reports sets out IM's representations to the Regulation 19 Consultation on the Net Zero Carbon Development Plan Document (DPD).
- 1.5 The following documents have been reviewed through the preparation of these representations:
  - Warwick District Council Net Zero Carbon: Development Plan Document Consultation Draft April 2022 (hereafter referred to as 'the draft DPD').
  - Warwick DC Zero Carbon DPD Energy and Sustainability policy review: Rev: 05 - updated 26th April 2022. Bioregional (hereafter referred to as 'the evidence base document'); and
  - Net-Zero Carbon Development Plan Document: Viability Study. June 2021. BNP Paribas (hereafter referred to as 'the Viability Study').

# Representations to the Net Zero Carbon Development Plan Document

- 2.1 Warwick District Council (WDC) declared a climate emergency on the 27<sup>th</sup> of June 2019 and have since made a number of commitments to ensure Warwick District becomes as close to zero carbon emissions as possible by 2030. IM believe such a commitment from WDC is appropriate but would suggest that some key policies within the draft DPD are unsound.
- 2.2 The Warwick Local Plan was adopted in September 2017. IM understands that the '*DPD replaces and expands on relevant Warwick District Local Plan 2011-2029 policies and introduces (new) standards for development*'<sup>1</sup>. This confirms that the policies within the draft DPD effectively replace a number of policies (or amend) specific targets within these policies) within the adopted Local Plan which are<sup>2</sup>:
- Policy CC3: Building Standards and other Sustainability Requirements is superseded
  - Expands Policy SC0 Sustainable Communities
  - Expands Policy BE1 Layout and Design
  - Expands Policy HS1 Healthy, Safe and Inclusive Communities
  - Expands Policy CC1 Planning for Climate Change Adaptation
  - Expands Policy CC2 Planning for Renewable Energy and Low Carbon Generation
- 2.3 The 2008 Sustainable Buildings SPD is also superseded.
- 2.4 The DPD is proposing to introduce a number of new policies which are:
- 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
  - Policy NZC3: Embodied Carbon
  - Policy NZC4: Existing Buildings

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<sup>1</sup> Net Zero DPD. Paragraph 3.3.4.

<sup>2</sup> Net Zero DPD Paragraph 12.1

- 2.5 After reviewing the draft DPD as a whole, IM consider that as currently drafted, Policies NZC1 and NZC2(A), (B) and (C) are unsound. The remainder of these representations detail the conflict of these policies with national planning policy and recommends amendments and further work to ensure that the DPD meets the National Planning Policy Framework (NPPF) test of soundness (Paragraph 35).

### **Policy NZC1: Achieving Net Zero Carbon Development**

- 2.6 Policy NZC1 seeks to establish a carbon reduction target of 63%, which is in effect the requirement for the full Future Homes Standard (FHS) which (assuming WDC policy adoption in 2023) is a full two years before the Government's timetable of 2025. Implementing the full FHS requires a significant change to the construction and delivery of new homes. In this event we believe Policy NZC1 should contain transitional arrangements to provide some flexibility for those developments that have not allowed for this policy within their viability studies and deliverability trajectories.
- 2.7 Policy NZC1 also refers to the use of the Passivhaus standard as an alternative means of Policy compliance however the draft DPD contains no assessment of the viability of this standard (something which we respond to further at paragraphs 2.9 – 2.13). Meeting this standard could require an increase in build costs of c10% which could be substantially above the 3% figure assumed in the draft DPD.
- 2.8 In summary IM believe that without modification Policy NZC1 is unsound and fails the tests of soundness as presented in Paragraph 35 of the NPPF. To improve the soundness then we recommend the following measures are taken:
- Insert a clause into the wording of Policy NZC1 providing transitional arrangements for a minimum of one year from the point of Policy adoption; and
  - Update the viability evidence base as described below to ensure it captures the true cost of the Net Zero DPD.

### **Viability Assessment**

- 2.9 The viability evidence supporting the draft DPD does not meet the requirements of the 2021 NPPF (paragraph 34) and is currently unable to fully assess the financial implications upon development. IM consider that the Viability study should respond to the following observations:
- 2.10 The evidence base justifying the policies within the draft DPD does not include a recent, locally specific viability assessment of the impact of the draft DPD, instead relying on a 2021 study 'Etude and Currie and Brown Energy Review and Modelling for the Cornwall Council Climate Emergency DPD'. This document is now over 18 months old (and therefore does not reflect the recent surge in build costs).
- 2.11 The draft DPD and its supporting Viability Assessment has failed to assess the full impact of Policy NZC2(C) 'Carbon Offsetting' which is proposing to introduce a £245 carbon tax for all residual regulated and unregulated carbon emissions. Our analysis indicates that this could be a substantial sum. For an average two bedroom house this

could equate to c £5,900 per dwelling which would be in addition to the on-site compliance costs.

- 2.12 The viability evidence base underpinning the draft DPD policies was written by BNP Paribas and certified by Bioregional whom confirm that they are '*not viability or cost consultants*'<sup>3</sup> which raises questions around the robustness of the assumptions and conclusions within the Viability Assessment and the soundness of policies in accordance with Paragraph 35 of the NPPF.
- 2.13 As an additional indication to the unsound nature of the Viability assessment, comparisons can be made to the Governments assessment<sup>4</sup> of the financial impacts of the *Interim* Future Homes Standard (which is circa half that of the requirement of the draft DPD) which identified that the cost of meeting this standard varied from £6520 for a detached house to £2,260 for a flat. The government have not released their estimated costs for the full FHS (in effect Policy NZC1) however it is reasonable to assume a doubling of the costs for the interim FHS meaning that compliance with NZC1 alone could cost between £13,040 and £4,520 for a detached house and flat respectively.

#### **Policy NZC2(A): Making Buildings Energy Efficient**

- 2.14 This Policy sets a minimum energy efficiency standard for all new dwellings which is equivalent to a 10% improvement on the Fabric Energy Efficiency Standard (FEES).
- 2.15 With respect to the soundness of this Policy, IM believe that the comments made with respect to the viability evidence (set out in paragraphs 2.9 – 2.13) are also broadly applicable for this policy.

#### **Policy NZC2(B) Zero or Low Carbon Energy Sources and Zero Carbon Ready Technology.**

- 2.16 This policy requires new development to demonstrate that low/ zero carbon technologies have been deployed as part of the solution to meet Policy NZC1.
- 2.17 With respect to the soundness of this Policy, IM believe that the comments made with respect to the viability evidence underpinning Policy NZC1 are also broadly applicable for this policy.

#### **Policy NZC2( C) Carbon Offsetting.**

- 2.18 This policy is the final piece of the Net Zero Carbon (NZC) approach proposed by WDC in that it introduces a carbon offset policy (similar to that deployed in London). It requires development to achieve NZC through the application of on-site measures as required by Policy NZC1 and NZC2 (A-B) with any residual carbon (regulated and unregulated) remaining after the application of these policies to be calculated and

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<sup>3</sup> 1.2.2 Warwick DC Zero Carbon DPD Energy and Sustainability policy review: Rev: 05 - updated 26th April 2022. Bioregional. Page 21.

<sup>4</sup>[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/836925/REQ\\_UEST.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/836925/REQ_UEST.pdf)

offset at a cost of £245 per tonne for 30 years which is equivalent to £7,350 per lifecycle tonne.

- 2.19 The funds will be collected and spent by WDC on offsetting projects (which have yet to be identified) within Warwickshire and Coventry. WDC will allow developers to fund their own offsetting projects provided that it meets relevant national and industry standards.
- 2.20 IMP have reviewed the detail of this policy and make the following comments:
- 2.21 As discussed in paragraphs 2.9 – 2.13, we do not believe the full costs of this policy have been included in the viability assessment thereby rendering this policy unsound.
- 2.22 Regardless of the concerns with respect to soundness, IM are concerned about the financial and technical capability available to develop and administer a successful local carbon offset fund. The Policy notes that developers must meet ‘relevant national and industry standards’ yet does not state what these might be. IM are not aware of any formal national policy with respect to offsetting but are aware of nationally respected guidance from the UK Green Building Council (GBC) with respect to the development, purchase and application of carbon offsetting.
- 2.23 The UK GBC Guidance on offsetting<sup>5</sup> makes it clear that for a project to claim carbon offsetting credits it must meet a number of principles as outlined in Table 13 of the guidance. IM believe that the WDC offsetting fund must meet these requirements which in turn will require considerable investment by WDC into the creation of the carbon offsetting fund. If these principles are not implemented, then IM believe that the offsetting fund will not meet recognised national guidance and will fail to deliver the carbon savings as promised by Policy NZC2( C ). Without a robust carbon offsetting fund, Policy NZC2 ( C ) is effectively unsound.
- 2.24 Given that the ultimate aim of the Policy is to reduce carbon emissions to mitigate the climate emergency, IM believe the following is required as a minimum in order to make the policy effective and sound:
- The UK GBC guidance states that carbon offset projects must meet one or more of the following standards:
    - Gold Standard
    - Verified Carbon Standard
    - Clean Development Mechanism
    - UK Woodland Carbon Code
    - UK Peatland Code

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<sup>5</sup> <https://www.ukgbc.org/ukgbc-work/renewable-energy-procurement-carbon-offsetting-guidance-for-net-zero-carbon-buildings/>

- IM believe that any carbon offset projects developed by WDC must meet one or more of these standards before any funds are accepted for offsetting.
- A clause should be inserted into any s106 documents that state that unless the funds are spent on *verified, certified and approved carbon offset projects* then the cash should be returned to the developer within 5 years of receipt.
- IM also believe that the WDC carbon offset fund should be subject to full transparency and third-party audit to ensure that the correct principles are followed.

2.25 Furthermore, IM fully understand that WDC would like carbon offset projects to be created locally however should WDC not have any approved and verified carbon offset projects in place at the time of policy adoption then IM believe that developers should be free to choose their own carbon offset projects provided they meet the requirements of the UK GBC guidance document. To ensure this IM believe that the following text should be inserted in the policy text:

*“If the WDC carbon offsetting fund does not have access to verified and accredited carbon offset projects that meet the requirements of the guidance issued by the UK Green Building Council then the developer may choose their own carbon offset projects provided that they also meet the requirements of the UK GBC guidance.”*



## Summary of representations

- 3.1 IM have reviewed the Net Zero DPD and have presented a number of concerns which without amendment, the draft DPD can only be considered unsound.
- 3.2 These concerns are:
- Unsound viability evidence base which does not meet the requirements of Paragraph 31 of the NPPF.
  - Further detail is needed with respect to the offsetting fund proposed to ensure that any funds received by the council will be spent on effective and deliverable carbon offset projects; and
  - The need to introduce transitional arrangements given that Policy NZC1 is introducing the full FHS two years before the Governments proposed timetable.
- 3.3 In combination, the concerns presented by IM mean that without further detail and policy development and additional evidence, the polices within the draft Net Zero DPD are considered unsound as they do not meet the requirements of Paragraph 35 of the NPPF.

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