



Gary Palmer
Group Manager – Policy &
Engagement
Growth & Development
Solihull Metropolitan Borough
Council

Our Ref:

PINS/Q4625/429/4

Date:

5 September 2022

Dear Mr Palmer,

Examination of the Solihull Local Plan

1. Further to the additional hearing session held on 8 July 2022, we are now in a position to set out our conclusions in relation to housing requirements, the proposals for the National Exhibition Centre (NEC) and the overall supply of housing sites. You will see that these have significant implications for the examination of the Local Plan. We also set out our conclusion in respect of the site allocation South of Knowle (Arden Triangle) and Policy KN2, given the particular implications of this. We must stress that there are a range of soundness issues affecting other aspects of the Local Plan which would require main modifications in due course and that a detailed explanation of our findings will ultimately be contained in our report.

Housing requirements

2. The Council's position is that the housing need for Solihull is 816 dwellings per year. This is based on the standard methodology calculation (807 dwellings per year) plus a modest uplift to accommodate the additional employment growth arising from the UK Central Hub proposals. We have concluded that this is justified. The Council has a longstanding commitment to contribute approximately 2,000 dwellings to unmet need in the wider Housing Market Area up to 2030/31, on the basis of the shortfall established in the adopted Birmingham Development Plan. This is made clear in the submitted Local Plan and formed a key element in duty to co-operate discussions and statements of common ground with relevant local planning authorities. The Council has maintained this position throughout the examination. We have concluded that this commitment is necessary to ensure that the Local Plan is positively prepared and justified.
3. Following our request, the Council produced additional information and suggestions regarding an updated stepped annual housing requirement and extending the plan period to 2036/37, to allow for a 15 year period from the likely point of adoption (document SMBC013). The suggested stepped requirement would recognise the situation with the reduced housing delivery test requirement for 2020/21, it would ensure that Solihull's own needs for the plan period were met and would also ensure that a contribution of approximately 2,000 dwellings towards the identified shortfall in Birmingham up to 2030/31 would be made. On the basis of the latest housing trajectory produced by the Council

(document SMBC013) there would be a five year supply of housing sites as of 2022/23 (the earliest likely date of adoption of the Local Plan). We have concluded that the updated stepped housing requirement set out in SMBC013 would be justified and effective, subject to the resolution of the housing supply issues discussed below.

4. Putting all of this together, we have concluded that the housing requirement should be 537 dwellings for 2020/21, 807 dwellings per year from 2021/22 to 2025/26, 1,281 dwellings per year from 2026/27 to 2030/31 and 816 dwellings per year from 2031/32 to 2036/37. This equates to a total requirement for the extended plan period of 15,873 dwellings and a requirement up to 2030/31 of 10,977 dwellings, including a contribution of approximately 2,000 dwellings towards unmet needs in Birmingham up to 2030/31. The submitted Local Plan would need to be modified accordingly to be justified and effective.

The NEC and the overall supply of housing sites

5. Our letter of 11 February 2022 highlighted particular concerns in relation to the proposals for the NEC site. We are grateful for the Council's constructive response and the additional evidence and information that has been provided. We have considered this evidence and information carefully and taken into account the written submissions from interested parties and the discussion at the additional hearing session on 8 July 2022.
6. The submitted Local Plan and the Council's housing trajectory anticipate that the NEC site will deliver 2,240 dwellings in the plan period, by far the largest single site in terms of dwelling numbers. However, the submitted Local Plan says relatively little about the NEC site and there is no specific policy for it unlike sites UK1 and UK2 and all of the housing site allocations. There is no clear policy framework or explanation of constraints and infrastructure requirements. The Council has again responded constructively to our concerns and suggested an additional Policy UK3. Whilst there are some detailed issues relating to the clarity of the policy criteria and infrastructure requirements, the suggested policy would go a long way to addressing our concerns about an appropriate policy framework.
7. We turn now to our concerns over delivery. The context for these concerns is the overall situation regarding the anticipated supply of housing sites for the whole plan period (extended up to 2036/37) and up to 2030/31 and the role that the NEC site is expected to play in this. The Council's most up to date trajectory in SMBC013 indicates an overall supply up to 2036/37 of 16,050 dwellings, compared with the requirement of 15,873 dwellings. For the period up to 2030/31 the anticipated supply is 11,200, compared with the requirement of 10,977 dwellings. For both time periods the anticipated supply is therefore only marginally above requirements.
8. The Council anticipates the NEC site playing a key role in ensuring that requirements for the plan period are met and that an appropriate contribution to unmet needs from Birmingham up to 2030/31 is made. The latest trajectory shows 1,112 completions on the NEC site up to 2030/31. In terms of paragraph 68 of the National Planning Policy Framework and assuming 2022/23 is regarded as year 1 based on the point of adoption, the NEC site is envisaged to make a contribution as a specific developable site of 1,258 dwellings in years 6-10. The implications of significant under delivery on the NEC site are considerable.

9. The NEC Masterplan Consultation Draft of November 2021 (NEC Masterplan) sets out an ambitious long term vision for the site involving an “urban village” of 5,000 homes, commercial and leisure development and associated community and other infrastructure. As noted above it is envisaged that Phase 1 involving 2,240 dwellings will be completed within the plan period. Phase 1 would be largely based on the redevelopment of existing surface level car parks on the north eastern part of the NEC site. The total developable area is 27.29ha and the area for Phase 1 is 12.92ha (Figures taken from the Viability Study Addendum SMBC018). It is anticipated that 70% of the dwellings would be apartments and 30% houses. For Phase 1 this would equate to 1,580 apartments and 660 houses although we note that SMBC018 appears to have assessed viability on the basis of a higher proportion of apartments (approximately 73% for Phase 1 and 77% overall). The Council’s latest trajectory envisages the first completions (217 dwellings) in 2027/28, a peak of 352 completions in 2030/31 and an average of 224 a year up to 2036/37.
10. The proposals seek to create a significant new residential community from scratch on a site which is not within or adjacent to an established residential area, nor is it within or close to a city centre. It is physically contained by significant road infrastructure with the M42 to the east, the A45 to the south and Bickenhill Parkway/Bickenhill Lane to the north and west. Birmingham International Rail Station and Birmingham Airport lie just to the west of the site and Birmingham Business Park sits to the north. The NEC site itself includes substantial exhibition and conference buildings, hotels, leisure and hospitality venues and associated car parking and infrastructure.
11. To deliver the amount of housing envisaged on the site would require very high densities to be achieved. Overall, Phase 1 would need to average 173 dwellings per hectare (dph). For houses, given the number anticipated (assuming 660) and the fact that land would also be required to accommodate 1,580 apartments, the average density would need to be significantly above the 40dph indicative density set out in the submitted Local Plan for houses in the UK Central Hub Area and the 45dph for neighbourhoods of mainly houses referred to in SMBC018. It is unclear exactly what assumptions have been made for densities. However, as discussed at the hearing session, even if an average density of 75dph were assumed for houses, this would take up 8.8ha (or 8.13ha if there were 610 houses) leaving only 4.12ha (or 4.79ha) for apartments. The apartments would need to be built at an average density of 383dph (or 340dph). Again this would be very substantially above the indicative density of 90-150dph for apartments in the submitted Local Plan.
12. There is no evidence that such very high densities or anything approaching them have been achieved in Solihull. Whilst the NEC site clearly presents a particular opportunity for higher density housing, there is significant uncertainty that sufficient demand will exist for housing at such high densities on the scale and over the timescale envisaged. It is also unclear as to the practical implications of such densities for the quality of the living environment and the design and character of the development.
13. Due to the high proportion of apartments and the very high densities required for both houses and apartments it is difficult to see how the development would be compliant with some policies in the submitted Local Plan. Policy P4C refers to 70% of market dwellings being three or four bedrooms. Policy P4A refers to 70% of social rented dwellings being houses and 45% of shared ownership dwellings being houses. SMBC018 concludes that the whole scheme was currently viable with 10% affordable housing provision, whereas Policy P4A refers to 40%.

14. The Housing Delivery Supplementary Report (document SMBC015) points to examples of schemes in other areas to illustrate the realism of timescales and rates of delivery at the NEC site. However these are in London, Cambridge and Birmingham. Whilst noting that assumed build out rates for the NEC site are lower than the examples from London and Cambridge, it is clear that these are in very different market locations, with different site characteristics and backgrounds. Their value as genuine comparisons is relatively limited.
15. In terms of viability, as noted above, SMBC018 concludes that the whole scheme is viable, albeit with only 10% affordable housing provision. We note the argument on behalf of the Council that the Benchmark Land Value used in the appraisal in effect builds in a buffer to accommodate costs that cannot be accurately quantified at present. However, there remains some uncertainty as to infrastructure costs and therefore the effect on viability, particularly in relation to a contribution to UK Central Hub wide infrastructure and potentially contributions to additional works or accessibility improvements to existing secondary school provision (see note from Council on education provision following the hearing session on 8 July 2022).
16. In terms of timescales for bringing forward development on the NEC site, the latest information provided (documents SMBC016 and SMBC017) sets out a timetable which would ultimately see completions taking place in October 2027. It is ambitious and would rely on progress moving smoothly from one stage to another. With a scheme of this size and nature, there is clearly potential at least for some slippage if issues arise. Given that the proposal is not typical of residential developments in Solihull and relies on an innovative approach, the potential for issues to arise affecting progress is increased. We note that the NEC Masterplan is yet to be finalised and published and it was confirmed at the hearing session on 8 July 2022 that the launch of the competitive tender process has now been put back by two months. There would already appear to be some slippage in the programme produced within the past few months. It is of note that as the NEC site is previously developed land, not within the Green Belt, there would seem to have been no policy constraints in principle preventing a scheme coming forward to date.
17. Redevelopment of the NEC site for housing is in principle an appropriate and justified element of the Local Plan. It would utilise previously developed land and form a key element in wider proposals for the UK Central Hub. We consider that the proposal should remain in the Local Plan and indeed be strengthened by the addition of a specific policy along the lines of the suggested Policy UK3. This would help to promote its redevelopment and provide a clear policy framework to do so. However, taking into account the above assessment, we have significant doubts that the site will deliver housing on the scale envisaged up to 2030/31 and in the plan period as a whole.
18. Reliance on the anticipated trajectory for completions on the NEC site poses a substantial risk in terms of meeting housing requirements and making an appropriate contribution to unmet needs from Birmingham up to 2030/31. These are two of the fundamental principles underlying the Local Plan and principles that the Council has remained committed to throughout the examination. In some cases, other local planning authorities in the wider Housing Market Area raised strong concerns that Solihull's contribution towards unmet housing needs should in fact be increased to extend beyond 2030/31 and also address unmet needs from the Black Country, in addition to Birmingham. In some cases, local plans elsewhere in the Housing Market Area have been prepared on the basis of making

contributions to these unmet needs. If this Local Plan did not make an appropriate contribution, there could be significant implications for agreements and co-operation between authorities and the progress of other local plans in the Housing Market Area.

19. In order to limit the risk associated with reliance on delivery the NEC site, the housing trajectory should reduce estimated completions to a figure in the order of 500 dwellings for the latter part of the plan period from 2031/32 onwards. This would be broadly in line with the trajectory for site UK1. The policy associated with the allocation could still refer to the potential for a higher number of dwellings and there would be no policy restriction on the amount of housing development that could come forward up to this higher number. This would leave a shortfall in supply of approximately 1,700 dwellings for the extended plan period and approximately 1,100 up to 2030/31. As we note above, the supply is only marginally above requirements, even with the higher figures for the NEC site.
20. This Local Plan should address this issue if it is to comply with the fundamental principles that underpin it and which informed the Council's duty to co-operate engagement and statements of common ground with other authorities. The alternative of not addressing the issue in this Local Plan and leaving it to a future review is not an appropriate option, given the particular circumstances that apply, notably the commitment to contribute approximately 2,000 dwellings to unmet need in Birmingham up to 2030/31. Such a review would be likely to take considerable time to come to fruition and go through necessary stages of preparation, submission and examination. The Council would need a clear trigger point for a review and to initiate the preparation of a new local plan. The key concern for us is delivery and given that construction starting on site is anticipated to start in September 2025 and first completions expected in October 2027 (see document SMBC016), these would seem to be the most obvious trigger points for a review. Leaving a decision to undertake the preparation of a new local plan to such a time would mean that it is unlikely to be adopted much before 2030/31 and the contribution that could be made to Birmingham's unmet needs by that date would be limited.
21. We request that the Council gives consideration to the above and informs us as to how it intends to address the issue.

Site allocation South of Knowle (Arden Triangle) and Policy KN2

22. Policy KN2 allocates the site South of Knowle for residential development (600 dwellings) together with the redevelopment of the existing Arden Academy secondary school and a new primary school to provide a new "all through" school. The allocated site is currently partly taken up by the existing school buildings, car parking areas, outdoor spaces and sports pitches for the Arden Academy. The entire site is currently in the Green Belt.
23. The reasoned justification of the Local Plan and Concept Masterplan of October 2020 (document 005) make it clear that the intention is for the new "all through" school to be relocated to another part of the overall site and for the existing school site to be redeveloped for housing. The Council confirmed that this remained its position. The earlier version of the Concept Masterplan of January 2019 (document 012) identified two options for the site. The first would see the Arden Academy retained on its existing site. The second would see it relocated to land currently partly occupied by some of its playing fields. In both options there would be a separate new primary school.

24. We have concluded that there are exceptional circumstances to alter the Green Belt in this case and allocate the site for housing development. There are some detailed issues of soundness with the wording of Policy KN2 which we will address in due course. Our key concern however is the inclusion of the requirement to relocate the Arden Academy to a different part of the site.
25. The Council has confirmed that the housing proposed on the site would not in itself generate a need for additional secondary school provision. On the basis of information provided and following the thorough site visit undertaken on 9 March 2022, it is clear that the layout of separate school buildings and in some cases their age, size, design and condition causes issues for the management and operation of the school. We fully appreciate the desire to rationalise the buildings and provide a new purpose built school of a good standard. We also acknowledge the strong support from the community for a replacement school. However, the school continues to operate on its current site and performs well. There is nothing to suggest that it could not continue to operate in its current form if the rest of site KN2 was developed for housing. Subject to design and layout it would seem possible in principle to redevelop the school within its own grounds, if required. We consider therefore that it is not essential that the proposal for site KN2 requires the relocation of the Arden Academy from its current grounds.
26. Whilst Homes England has expressed support and indicated financial assistance for the acquisition of the existing school site, there is considerable uncertainty regarding the overall funding for a new school. Funding has not been secured and it is not clear which sources of funding would be sought and what the prospects of securing funding are. As noted above the proposed new housing would not generate the need for developer contributions towards the provision of additional secondary school places.
27. The Local Plan Viability Study (document 701) did not factor in the costs of a replacement secondary school. It is also very clear from written submissions and discussion at the hearing sessions that there is substantial resistance to the relocation of the Arden Academy on to another part of the overall site from landowners, site promoters and developers with interests in the site. This resistance extends to the clear statement that the land in question shown on the Concept Masterplan (document 005) will not be made available for a relocated school. The site allocation would therefore not be deliverable if it were to retain the requirement for the Arden Academy to be relocated elsewhere within the wider site.
28. Taking all of this into account, we conclude that the site allocation KN2 is neither justified nor effective in its current form. It can be made justified and effective by a main modification which removes references to the Arden Academy being relocated to another part of the site. In light of this the potential capacity for housing on the site may need to be reviewed.

Next steps

29. Given the significance of our conclusions on the above issues, we would like to give the Council the opportunity to consider matters fully and inform us as to how it wishes to proceed.
30. We must stress that we have fully considered all of the evidence and information available to us and taken full account of written submissions and discussions at the hearing sessions. The Council and others have had adequate opportunity to make submissions and provide

evidence and information. We are not expecting further submissions from the Council or other interested parties regarding the merits of our conclusions. However, we would expect this letter to be added to the examination website with an appropriate update as soon as is reasonably possible. We would be grateful if you could inform us via the programme Officer of the likely timescale for your response to this letter.

Yours sincerely,

Kevin Ward and Kelly Ford

INSPECTORS