

ES16.3



Blaenau Gwent County Borough Council

Local Development Plan

Hearing Session 16: Delivering Infrastructure

Thursday 5th July 2012

Examination 2012

Blaenau Gwent County Borough Council Submission

Examination Statement Reference No:	ES16.3
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SESSION 16 DELIVERING INFRASTRUCTURE

Introduction

This Statement has been prepared by Blaenau Gwent County Borough Council in order to help facilitate appropriate discussion at the Delivering Infrastructure Hearing Session. The Paper provides a response to the questions set by the Planning Inspector (Mr Vincent Maher).

Where the Council does not intend to provide any additional written evidence the Inspector's attention is directed to the relevant part of the Evidence Base, which in the view of the Council addresses the matters raised. The paper will not repeat evidence previously submitted for consideration.

The Council's detailed responses to the representations received to Delivering Infrastructure are contained in the Report of Representations (**SD07b**).

Council Response to Inspector's Questions (questions in bold)

<p>1. Is there a clear delivery and implementation plan including funding arrangements to guide the policies and delivery of site allocations set out in the Plan?</p>

Yes, Chapter 9 of the Plan, Delivery and Implementation (**SD01**, pages 111-134), provides clear guidance for site allocation in terms of infrastructure needs, phasing, funding sources and the delivery agent for each site allocation.

It is accepted that similar guidance is not provided for Policies. Policies will rely on the monitoring framework in Appendix 1 to ensure they are implemented.

Rebuttal – Welsh Government (Representor No: 3)

WG identifies that there is no Infrastructure Background Paper. It should be noted that there is no requirement in Wales to produce an Infrastructure Plan. Information on infrastructure requirements of sites is available from the information gathered for the Candidate Site Process, some of the information is set out in Chapter 9 of the Plan (**SD01**, pages 111-134) whilst other information is set out in the Site Descriptions Document (**SD34**).

The Council is to commence work on the CIL in August and as part of this work a list of infrastructure requirements will be identified. It is recognised that it is likely to take up to three years before an adopted CIL charge is in place.

WG question if infrastructure requirements can be delivered by s106 planning obligations without falling foul of the CIL Regulations. The Council has undertaken an exercise to identify where this may be an issue (see appendix 1). The main issue is with capacity at Comprehensive Schools and Abertillery

School in particular. However, it is considered that this can be managed in the short-term as the issue is not as problematic as it would appear. In reality some of the children will go to the Brynmawr School (Grant maintained) and therefore through continued monitoring when each application is determined may identify that the capacity of the school isn't as problematic as it is considered to be at present.

It should be noted that the main infrastructure requirements such as roads and rail improvements are to be delivered through grant funding.

2. What measures are in place for the Council and its partners to deliver the infrastructure pledges in the Plan? Are delivery mechanisms and responsibilities clearly defined between partners?

What measures are in place for the Council and its partners to deliver the infrastructure pledges in the Plan?

There are a number of measures in place for the Council and its partners to deliver the infrastructure pledges in the Plan.

Regeneration Division

The Council has a Regeneration Division which leads on the delivery of projects. Project officers work with various bodies such as other public sector bodies, the third sector and the private sector to deliver projects.

European Funding

The Regeneration Division have 2 funding officers in post who support officers of the Council and the voluntary sector in applying for European Funding. Through the Convergence Programme the Council have secured £20 million of European Regional Development Funds with a further £8 million in the pipeline (Works Business Park - building and infrastructure, Rhyd-y-Blew-infrastructure). Blaenau Gwent is eligible for funding from the new programme (2014-2021) and is well placed to secure further funding based on its track record and the identification of schemes to address the issues highlighted for improvement. The funding will be focussed on job creation and improving skills which are fundamental to the success of the area and key to the delivery of the Local Development Plan Strategy (**SD01**, Objective 7-10, Strategic Policy SP8).

Project Boards

At 'The Works' site (MU2) there is a project board set up to deliver the schemes. Whilst Blaenau Gwent County Borough Council is the Delivery agent the board consists of members from Welsh Government. The board is overseeing the delivery of the site and ensuring funding is in place to complete the infrastructure required. The Council has been very successful to

date in securing funding for a number of large infrastructure projects at the site. The following projects have already been completed: Aneurin Bevan Hospital; The General Offices; Environmental Resource Centre, Central Valley Wetland Park; and the 'Regain Building' on the employment site. The following schemes are under construction or nearing completion: The Learning Zone; The Leisure Centre; School provision at the Hotmill site and Coldmill site; the Energy Centre; and the Car Park. What remains to be completed are the roads and infrastructure to serve the remainder of the site; the housing sites; the remainder of the employment sites; squares; and the link to the town centre. Funding has been identified for the Peripheral Distributor Road and the infrastructure to serve the remainder of the site.

The Northern Corridor Site (MU1) will be delivered through similar arrangements to 'The Works'. The Council will put in place a project board to deliver the scheme. A member of the Regeneration Division has already been appointed to progress the project on behalf of the Council. A project brief and outline business case are being prepared following Prince 2 principles. This will further develop the Masterplan, prepare a delivery strategy, funding strategy and delivery programme for the available sites. As identified in the response to Session 10 Transport (**ES15.2** question 1), the necessary road improvements have funding committed and will be delivered in the next few years.

Another project board has been set up by Welsh Government to oversee the Ebbw Vale Enterprise Zone project. Various incentives will support a number of the key employment sites identified in the Plan: Rassau; Rhyd-y-Blew; Bryn Serth; The Works, Marine Colliery; and Tredegar Business Park.

Asset Management and Alternative Approach to Project Delivery

The Council has secured financial support from WG (National Asset Working Group) for a Pilot project to explore "Collaborative Asset Management and an Alternative Approach to Project Delivery". Two pilot areas are Ebbw Vale Northern Corridor (**SD59**) and Brynmawr.

The project will develop a deliverability appraisal to assess the potential for contributing Council/other public assets through 'prudential lotting' and engaging private sector developers in joint ventures and Local Asset Backed Vehicles. Two Asset Boards (public sector and Third Sector) are to be established to develop a Collaborative Asset Management Strategy.

Through Collaboration and Workplace Transformation a rationalisation of the property portfolio could result in surplus buildings/land. The current financial climate in the property market will affect the Council's Capital Programme. Alternative delivery structures and funding mechanisms for major projects will be required. An Asset Backed Vehicle and other public / private partnership approaches must be considered over longer periods rather than simply considering funding of individual projects.

Regeneration Investment Fund Wales

The Regeneration Investment Fund Wales is a recyclable capital fund established under the EU Commission Jessica initiative, a long-term pool of capital for investment in regeneration projects across Wales. It is available to Public, Private and Public/Private projects, for: mixed use retail (under 30,000m. sq.), transport and enabling infrastructure, public realm, open space, leisure, sports, hotels, commercial office, business parks, training and learning (higher/further education), IT and broadband.

Community Infrastructure

The Education Department has a forward planning section which deals with future school planning and new school delivery. They secure funding from Welsh Government through the 21st Century School project. The only school remaining to be developed is Six Bells. A funding bid has been submitted for this scheme.

Water Supply and Sewage

Dwr Cymru Welsh Water has been fully engaged in the LDP process and advise that there are no 'show stoppers' that would jeopardise the spatial strategy and the implementation of policies to support it. Any instances whereby demands from larger developments, in particular, may not be accommodated by the network can be managed through the water and/or sewer requisition provisions of the Water Industry Act 1991. See letter from Dwr Cymru Welsh Water attached at appendix 2. Details of water supply issues are set out in Chapter 9 (**SD01**, pages 113-134) whereas details of sewage requirements are included in the Site Descriptions document (**SD34**).

Planning Obligations

Planning Obligations are an established and valuable tool within the development control process. They provide a mechanism which makes it possible for a proposed development to go ahead by securing the provision of infrastructure, facilities and services, which will be created by new development, thereby mitigating any negative impact on the local community arising from development.

The Council has adopted Supplementary Planning Guidance on Planning Obligations (**SD128**) to identify the detail on how Policies DM4, DM8, DM9 and DM13 of the Plan will be delivered. Planning Obligations may be sought for a wide range of facilities, infrastructure and /or services in association with new development. The following infrastructure requirements tend to occur most frequently and are covered in the SPG: Highways and Transport, Educational Facilities; Recreation and Public Open Space; Biodiversity and Geodiversity; and Regeneration (Employment and Enterprise, Community Safety, Town Centre Improvements, Community Facilities).

Community Infrastructure Levy (CIL)

In 2014, the Council will no longer have the ability to pool resources from S106 Agreements from more than 5 sites. The CIL is a new charge which the local authority is empowered, but not required, to levy on most types of new development in their areas. The proceeds of the levy will provide new local and sub-regional infrastructure to support the development of an area in line with its Development Plan. The Council is to prepare a Delivery Agreement for preparation of a CIL this summer with a view to adopting a CIL by 2015. The Council has undertaken an exercise on requirements of housing allocations to ensure that pooling of S106 resources is not an issue in the meantime (Appendix 1).

Are Delivery Mechanisms clearly defined between partners?

Yes. A lead partner is identified for each of the allocations in Chapter 9 on Delivery and Implementation (**SD01**, pages 113-134).

3. Are there any “show stoppers” that would jeopardise the spatial strategy and the implementation of policies to support it if they were delayed or not delivered through a lack of funding? Are the dependencies and the implications of any delay understood and provided for? What contingency measures are in place?

Are there any “show stoppers” that would jeopardise the spatial strategy and the implementation of policies to support it if they were delayed or not delivered through a lack of funding?

The “show stoppers” that would jeopardise the spatial strategy and the implementation of policies to support it are (T5.1), (T5.2) and (T6.1). The Heads of the Valleys Road (T6.1) is due to commence on site in November this year. The delivery of (MU1) is dependent on (T5.2); the remainder of (MU2) is dependent on the delivery of (T5.1) and (T5.2); and (AA1) and (AA2) are dependent on (T5.1) and (T5.2). As funding is committed for all three of these schemes there is no issue.

All other projects will help deliver the strategy but are not considered to be “show stoppers”.

Are the dependencies and the implications of any delay understood and provided for? What contingency measures are in place?

Yes, the dependencies and implications of any delay are understood and built into major schemes through the implementation of Prince 2 principles. Contingency measures would be Planning Obligations contributions or CIL.

4. Is it always viable to impose requirements on developers for contributions that will add to the cost of development (e.g., affordable housing, provision of open space) on top of other site costs associated with the redevelopment of brownfield land? Should the Council prioritise where it will seek to secure S106 contributions where such contributions put into doubt the viability of a development?

Is it always viable to impose requirements on developers for contributions that will add to the cost of development (e.g., affordable housing, provision of open space) on top of other site costs associated with the redevelopment of brownfield land?

No. It is not always viable to impose requirements on developers for contributions that will add to the cost of development on top of other site costs. The Council's Planning Obligations document (**SD128**) puts in place a process of dealing with development viability and development appraisal to address situations where the planning obligations of a scheme are too onerous and will potentially render the proposed development scheme unviable. They will be expected to submit an 'open book' financial assessment of the costs and anticipated profits of the scheme based on properly sourced evidence in accordance with the Council's procedure for financial assessment.

Depending on the nature and complexity of the proposed development scheme, the Council will seek verification of viability information either from the Council's own Estates Department or from the District Valuer - the latter at the expense of the developer. Where the Council undertakes a viability appraisal in-house it will use the Three Dragons Development Appraisal Toolkit (DAT), which has been adopted by the Council. The DAT uses a residual method to calculate land value which enables a determination of the economic viability of a development based upon a variety of circumstances. The District Valuer will usually be engaged to undertake a development appraisal for large-scale and more complex schemes, or where an applicant wishes an independent third party to carry out the assessment.

Where a development appraisal indicates that the planning obligation should be reduced in order to make a scheme viable, any subsequent reduction in obligations is only likely to be justified where there may be planning merit and/or public interest in the site being developed, e.g. the development of a contaminated site or regeneration of an urban area. Each site will be considered on its own merits and any decision to reduce obligations will not constitute a precedent in relation to future development schemes (**SD128** pages 11-12, paragraph 4.5).

In the case of Affordable Housing exemptions, the SPG (**SD128**) reiterates the exceptional circumstances where the 10% threshold may need to be relaxed: where a development would deliver considerable regeneration benefits; or where there are other exceptional unforeseen abnormal

development costs which would render the development unviable (**SD128**, page 22, paragraph 1.4.6).

It should be noted that the “Study into the Economic Viability of Providing Affordable Housing” assessed 12 sites in the Borough of which 7 had abnormal development costs associates with them (**SD69**, page 19, Table 4). Only one of the 12 sites assessed was a greenfield site.

Should the Council prioritise where it will seek to secure S106 contributions where such contributions put in doubt the viability of a development?

Yes. The Council needs to prioritise contributions where they put in doubt the viability of a development. The Council is aware from the “Study into the Economic Viability of Providing Affordable Housing” that new home developments can only support £2,500 per property, therefore, on schemes where a higher contribution is sought on a site the Council will need to prioritise contributions (**SD69**, page 13, paragraph 3.18).

The Councils Supplementary Planning Guidance on Planning Obligations identifies how this will be undertaken. *“Where a reduction in planning obligations is agreed by the Council on the grounds of viability, the priority of each of the obligations will be determined on the basis of whether the proposed development would be considered so unacceptable without the obligations as to form a reason for refusal of the planning application. The assessment to make this judgement will be informed by evidence submitted to the Local Planning Authority by the Council Service Areas taking into account the site specific circumstances of the development and corporate priorities set out in the Council’s Community Strategy. The priorities for a particular scheme will be determined on a case by case basis. Where a case is made for reducing and prioritising planning obligations this will be clearly set out by the planning case officer in the planning committee report accompanying recommendation for consideration by the Planning Committee”* (**SD128**, page 12 paragraph 4.8).

Rebuttal – Welsh Government (Representor No: 3)

WG considers that the LDP should set the framework for what the Council wants in terms of priorities. The Council has looked into the issue of prioritising and considered the most appropriate approach was that set out above. It is accepted that it may be helpful if the LDP set out a paragraph outlining the Council’s approach for dealing with Planning Obligations including a reference to the £2,500 per dwelling for housing developments. This should provide the certainty which developers are seeking.

Rebuttal – Home Builders Federation (Representor No:24)

HBF also seek a list of priorities for delivering planning obligations. They recognise that there are some priorities which will need to be secured in order to physically enable the site. This supports the Council’s approach with the

exception of prioritising the remainder of the requirements. The suggestion to include reference to the £2,500 figure per dwelling should go some way to overcome HBF's concerns.

5. How does the Plan cater for the county borough's need for telecommunications development?

The Plan provides guidance for telecommunication development through its Development Management Policies.

Planning Policy Wales requires development plans to include criteria based policies to guide telecommunications developments where sites may be proposed (**W41**, page 177 paragraph 12.12.1). As telecommunication developments are not a major issue for Blaenau Gwent, the council did not consider it necessary to identify a specific policy within the Plan.

This approach accords with Local Development Plan Wales 2005 advice which states that: - "*Authorities should avoid producing a compendium of use-related policies, which can be repetitive and quickly become out-of-date. The focus, instead, should be on topic related policies such as residential amenity; biodiversity, landscape, heritage and natural resources; accessibility and transport issues; economic and cultural vitality and viability; and design.*" (**PG3**, page 11, paragraph 2.15).

The Council considers that criteria within the following Development Management Policies are sufficient to deal with telecommunication development;- DM1, DM2, DM9, DM14, DM15, DM16, DM17, and DM18; in conjunction with national policies set out in Planning Policy Wales.

It should also be noted that no neighbouring Adopted Plans has a specific policy on telecommunication development.

Appendix 1

Appendix 1

Plan App/Policy Ref	Site Address	Town	Contributions towards?	Pooling of S106	Comments
2009/0265	Former Swfryyd Junior School	Swfrydd	Education Secondary	1.1 Pooled - Abertillery Comprehensive	
H1.16	Roseheyworth Comprehensive	Abertillery	Education Secondary	1.2 Pooled - Abertillery Comprehensive	
H1.17	Former Mount Pleasant Court	Brynithel	Education Secondary	1.3 Pooled - Abertillery Comprehensive	
H1.8	Crawshay House	Brynmawr	Education Secondary	1.4 Pooled - Abertillery Comprehensive	
H1.9	Infants School and Old Griffin Yard	Brynmawr	Education Secondary	1.5 Pooled - Abertillery Comprehensive	
H1.12	Land to the East of Blaina Rd	Brynmawr	Education Secondary	1.6 Pooled - Abertillery Comprehensive	
H1.18	Hillcrest View	Cwmtillery	Education Secondary	1.7 Pooled - Abertillery Comprehensive	
H1.7	Garnfach School	Nantyglo	Education Secondary	1.8 Pooled - Abertillery Comprehensive	
H1.10	Hafod Dawel Site	Nantyglo	Education Secondary	1.9 Pooled - Abertillery Comprehensive	
H1.11	West of Recreation Ground	Nantyglo	Education Secondary	1.10 Pooled - Abertillery Comprehensive	
H1.13	Land to the North of Winchestown	Nantyglo	Education Secondary	1.11 Pooled - Abertillery Comprehensive	
H1.14	Six Bells Colliery Site	Six Bells	Education Secondary	1.12 Pooled - Abertillery Comprehensive	
H1.15	Warm Turn	Six Bells	Education Secondary	1.13 Pooled - Abertillery Comprehensive	

Plan App/Policy Ref	Site Address	Town	Contributions towards?	Pooling of S106	Comments
H1.19	Quarry adj to Cwm Farm Rd	Six Bells	Education Secondary	1.14 Pooled - Abertillery Comprehensive	
H1.20	Land at Farm Rd	Swfrydd	Education Secondary	1.15 Pooled - Abertillery Comprehensive	
MU3	NMC Factory and Bus Depot	Brynmawr	Education Secondary	1.16 Pooled - Abertillery Comprehensive	
2008/0459	Former Saint Josephs School	Tredeggar	Education Secondary	2.1 Pooled - Tredeggar Comprehensive	
2009/0328	Land at Park Hill	Tredeggar	Education Secondary	2.2 Pooled - Tredeggar Comprehensive	
2009/ 0007	Sirhowy Infants School	Tredeggar	Education Secondary	2.3 Pooled - Tredeggar Comprehensive	
2007/0400	Land at Peacehaven	Tredeggar	Education Secondary	2.4 Pooled - Tredeggar Comprehensive	
2007/0730	BKF Plastics	Tredeggar	Education Secondary	2.5 Pooled - Tredeggar Comprehensive	
2007/0658	Higgs Yard	Ebbw Vale	Education Primary	Not Pooled	
2009/0266	Land at Gwaun Helyg	Ebbw Vale	Education Primary	Not Pooled	
2007/0237	Land at Mountain Road	Ebbw Vale	Education Primary	Not Pooled	
H1.14	Six Bells Colliery Site	Six Bells	Education Primary	Not Pooled	
H1.19	Quarry adj to Cwm Farm Rd	Six Bells	Education Primary	Not Pooled	
2009/0328	Land at Park Hill	Tredeggar	Education Primary	Not Pooled	
2007/0400	Land at Peacehaven	Tredeggar	Education Primary	Not Pooled	
H1.9	Infants School and Old Griffin Yard	Brynmawr	Leisure	1.1 Pooled	Develop a new MUGA in the Ward
H1.12	Land to the East of Blaina Rd	Brynmawr	Leisure	1.2 Pooled	Develop a new MUGA in the Ward
H1.7	Garnfach School	Nantyglo	Leisure	2.1 Pooled	Develop new fixed wheeled sports area in the Ward
H1.10	Hafod Dawel Site	Nantyglo	Leisure	2.2 Pooled	Develop new fixed wheeled sports area in the Ward
H1.11	West of Recreation Ground	Nantyglo	Leisure	2.3 Pooled	Develop new fixed wheeled sports area in the Ward

Plan App/Policy Ref	Site Address	Town	Contributions towards?	Pooling of S106	Comments
H1.13	Land to the North of Winchestown	Nantyglo	Leisure	2.4 Pooled	Develop new fixed wheeled sports area in the Ward
2009/0329	Land at Park Hill	Tredeggar	Leisure	3.1 Pooled	For provision and long term maintenance of a LEAP play area
2009/0328	Land at Park Hill	Tredeggar	Leisure	3.2 Pooled	Sports facilitation upgrade
H1.16	Roseheyworth Comprehensive	Abertillery	Leisure	Not Pooled	Improve existing facilities on Roseheyworth Playing Fields
H1.17	Former Mount Pleasant Court	Brynithel	Leisure	Not Pooled	Improve existing facilities on Brynithel Recreation Ground
H1.8	Crawshay House	Brynmawr	Leisure	Not Pooled	Develop a new MUGA in the Ward
H1.18	Hillcrest View	Cwmtillery	Leisure	Not Pooled	Improve existing facilities on Jim Owen Recreation Ground
H1.1	Willowtown School	Ebbw Vale	Leisure	Not Pooled	Improve existing facilities at Letchworth Road
2007/0237	Land off Mountain Rd	Ebbw Vale	Leisure	Not Pooled	
2007/0658	Higgs Yard	Ebbw Vale	Leisure	Not Pooled	
H1.14	Six Bells Colliery Site	Six Bells	Leisure	Not Pooled	Develop Existing facilities in Parc Arrael Griffin
H1.15	Warm Turn	Six Bells	Leisure	Not Pooled	Improve existing play area in Warm Turn
H1.19	Quarry adj to Cwm Farm Rd	Six Bells	Leisure	Not Pooled	Improve existing facilities in Six Bells park
H1.20	Land at Farm Rd	Swfrydd	Leisure	Not Pooled	On site provision
H1.2	Cartref Anuerin Bevan	Tredeggar	Leisure	Not Pooled	Improve existing facilities for young people at Parc Bryn Bach
H1.3	Greenacres	Tredeggar	Leisure	Not Pooled	Improve existing facilities for young people at Ty Newydd
H1.6	Land adaj to Chartist Way	Tredeggar	Leisure	Not Pooled	Provision of a MUGA and Wheeled Sports Area
2007/0400	Land at Peacehaven	Tredeggar	Leisure	Not Pooled	
2007/0730	BKF Plastics	Tredeggar	Leisure	On Site	
MU1	Ebbw Vale North	Ebbw Vale	Leisure	On Site	
2007/0400	Land at Peacehaven	Tredeggar	Landscaping	Not Pooled	
2002/0061	Land at Bryn Serth	Ebbw Vale	Transport	Not Pooled	Highways works and transport facilities
2008/0146	Land at Arrael Farm	Six Bells	Transport	Not Pooled	
2007/0730	BKF Plastics	Tredeggar	Transport	Not Pooled	Off site highway improvements
2010/0269	Land at Bryn Serth	Ebbw Vale	Ecological	Not Pooled	Woodland Maintenance
2010/0269	Land at Bryn Serth	Ebbw Vale	Ecological	Not Pooled	Lapwing Habitat Mitigation

Plan App/Policy Ref	Site Address	Town	Contributions towards?	Pooling of S106	Comments
2009/0329	Land at Park Hill	Tredegar	Ecological	Not Pooled	Management of adjacent RSPB HOV Lapwing site for 10yrs
2009/0328	Land at Park Hill	Tredegar	Ecological	Not Pooled	To manage long term, the communal areas of the site

Appendix 2

Hayley Spender
Planning Policy Officer
Blaenau Gwent County Borough Council
Regeneration Division
Business Resource Centre
Tafarnaubach Industrial Estate
Tredegar
NP22 3AA

Date: 18th May 2012

Contact: Ryan Bowen
0800 917 2652 or 01792 511834

Our Reference: LDP

Your Reference:

Dear Madam,

**Local Development Plan
Hearing Session 16: Delivering Infrastructure
Statement to support the Local Planning Authority.**

We offer the following support to the Local Planning Authority to address matters raised by the Planning Inspector for the above Hearing Session.

We are addressing in particular the following questions:-

- 1. What measures are in place for the Council and its partners to deliver the infrastructure pledges in the Plan? Are delivery mechanisms and responsibilities clearly defined between partners?*

Firstly, Dwr Cymru Welsh Water (DCWW) is the water and sewerage undertaker serving over 3 million household customers and over 100,000 business customers in Wales. We are a 'special consultation body' in the Local Development Plan (LDP) process and as such are actively engaged with all 25 local planning authorities in Wales with regards their LDPs.

The capacity of existing and future utility infrastructure plays an important part in the delivery of the LDPs and as a provider of water and waste facilities, we look to the LDPs to guide us where we need invest for future growth. We have a duty to extend our systems and the information contained within the LDP supports our submission for future investment.

Our investment in water and sewerage infrastructure is managed in 5 year cycles of Asset Management Plans (AMP). We submit our Business Plans to Ofwat, the water industry Regulator every 5 years and our Plans are subject

to scrutiny and challenge from other key stakeholders (such as Consumer Council for Wales, Countryside Council for Wales and Environment Agency) with the end result being that our AMP has to be affordable to customers i.e. Ofwat sets the charging mechanism for customers for a period of 5 years and it is income derived from customers' bills that predominantly finance our investment.

Our funding via the Regulatory Settlement envisages that almost 60% of our total investment on growth must be derived from developer contributions.

As a 'not for profit' company, this reinforces the case that the additional burden of costs is not passed on to existing customers, but to those who will be developing the site.

Where shortfalls may occur, we would look to other legislative mechanisms available to bridge this shortfall i.e. planning obligations Town & Country Planning Act 1990 and/or requisition provisions under the Water Industry Act 1991.

2. *Are there any 'show stoppers' that would jeopardise the spatial strategy and the implementation of policies to support it if they were delayed or not delivered through a lack of funding?*

We have been actively engaged at all stages of the Blaenau Gwent LDP and at the Candidate Site and Deposit Stages in particular, have assessed the implications of potential demands on our assets. Our assessments of the water supply and waste water networks indicate there are no real 'show stoppers' regarding the allocations identified.

3. *Is it always viable to impose requirements on developers for contributions that will add to the cost of development?*

Although we have identified that there are no real 'show stoppers' with regards the LDP allocations it is fair to say that there may be instances whereby the demands from the larger development in particular may not be accommodated within our local network, which are normally of a nominal size. In these instances, in order to safeguard the security of supplies to our existing customers whilst ensuring we provide the required provision for future growth, invariably, this may result in off-site services being required from our larger sized networks located further afield.

This is considered normal practice during the planning application consultation stages whereby potential developers can avail themselves of either the water and/or sewer requisition provisions of the Water Industry Act 1991 (as amended). A statutory water and sewerage undertaker has a duty

under Sections 41–44 (water) and 98 – 101 (sewerage) of the WIA91 to comply with a requisition. Notice served for the provision of a new water main or sewer and/or associated which is required for domestic purposes only. Developers usually serve Notice when requiring assets to be laid over private land. A water and sewerage undertaker has the power to lay pipes through private land, whereas the developer has not. Once the requisitioned asset is constructed and commissioned, the asset automatically vests with the water and sewerage undertaker who will be responsible for future operation and maintenance.

The cost of delivering a requisitioned scheme is offset by the income generated by the development for a period of 12 years. Therefore where the income would exceed the total cost of the scheme then this would result in a *nil* contribution from developers. Conversely, where the income is less than the total cost of the scheme, the shortfall would be the developers' contribution.

An example of typical developers' contribution is provided below.

WATER:

No. of Units	Total Cost (Excl VAT)	Commuted Sum (Excl Vat)	% of offsite works	% of onsite works
177	£130,000	£40,000	35%	65%
18	£15,000	£1,400	5%	95%
81	£125,000	£27,000	30%	70%
16	£20,000	£5,000	20%	80%

SEWERAGE:

No. of Units	Total Cost (Excl VAT)	Commuted Sum (Excl VAT)	% of offsite works
137	£278,000	£109,000	100%
150	£312,000	£206,000	100%

With LDPs having a 15 year time horizon and water companies 5 years, it is inevitable that where there may be utility infrastructure issues that need to be addressed, development may need to be released in the latter part of the LDP to allow a water and sewer undertaker the time to submit its plans to Ofwat, the Water Industry Regulator.

Alternatively, if a developer wishes to proceed in advance of our planned Regulatory investment then DCWW fully support the inclusion of a planning obligation policy. Where development will create a need for extra facilities, in advance of an Undertaker's Regulatory investment, it may be reasonable for developers to meet or contribute towards the cost of providing such facilities.

We hope the above will reassure the Inspector that although water company's investment plans may not contain all the funding necessary within its current 5 year Asset Management Plan, that this should in no way affect the deliverability of the LDP as there are always other options available to secure funding, if required.

Yours faithfully,

Ryan Bowen
Lead Forward Plans Officer

DRAFT