
HEARING STATEMENT ON BEHALF OF LEGAL & GENERAL (STRATEGIC LAND NORTH HORSHAM) LTD

Reg 19 Response No. 1192075

Response to Inspector's Matter 3, Issue 2, Q1 (d) & e) – Is Strategic Policy 9: Water Neutrality Sound?

1.1 It is Legal & General's position in respect of the approach to water neutrality that:

- a. It is the responsibility of Southern Water to provide sufficient water for existing and new homes from suitable sources. In the event that water from one source is no longer suitable, it is for Southern Water to identify and bring forward alternative sources of water supply to meet demand.
- b. Developers are already required to pay to connect to Southern Water's mains water supply. If off-setting is required to achieve water neutrality (as per draft Strategic Policy 9), this would place an additional (as yet unknown) financial burden on development, threaten viability and likely result in reduced contributions to, inter alia, affordable housing and could risk developments stalling entirely. **[Q1 e)]**
- c. Preparation of the Sussex North Offsetting Water Scheme ('SNOWS') has taken place without engagement with the development industry, in parallel, but separate to, the plan-making process and lacks transparency. **[Q1 d)]**
- d. There is currently no visibility over the quantum of offsetting that will be available through SNOWS, how many homes could be released and when this will be available for developers to access (including any phased delivery of offsetting). **[Q1 d)]**
- e. The criteria for the developments that will be able to access SNOWS and how this will be prioritised are not clear. Nor is it clear how this relates to the housing trajectory. Developments with extant planning permission, such as Mowbray ('Land North of Horsham'), that are already delivering new homes and facilities should have priority access and at a time to reflect the terms of the extant planning permission. **[Q1 d)]**
- f. It is understood that Southern Water is planning to bring on-line additional water supply from alternative sources during the Plan period. Draft Strategic Policy 9 does not currently account for this situation. Nor is it clear on the circumstances as to when it would no longer apply, or water neutrality cease to be required. **[Q1 e)]**

- 1.2 The requirement for water neutrality in the Sussex North Water Supply Zone ('SNWSZ') came about following Natural England's 2021 Position Statement raising concerns that harm to protected sites from the abstraction of water at Hardham could not be ruled out. Southern Water is the principal supplier of potable water in the SNWSZ. It is Southern Water's responsibility to supply water to meet demand from existing and new developments from suitable sources. Where a water source is no longer suitable (for example owing to contamination or, as is the case here, risk of harm to a protected site), it is Southern Water's responsibility to identify and bring forward water from alternative source(s) to meet demand. This is governed by separate legislation and processes outside of planning.

Viability Considerations

- 1.3 Developers already pay for access to mains water for new developments. Southern Water then levies further charges on the residents of those new developments for their water use/consumption. These charges have not stopped even though Southern Water is not able to supply water to new developments in the SNWSZ without those developments having first demonstrated that they will be 'water neutral'.
- 1.4 Securing water neutrality requires developers to achieve the challenging water consumption figure of 85lpppd which requires additional measures/ innovation at an additional cost. The remaining water then needs to be offset. This is at a further cost either through private offsetting agreements with property owners in the SNWSZ or SNOWS, once it comes on-line.
- 1.5 The viability of developments is already challenging owing to a range of factors including, inter alia, high build costs, current economic conditions, S106/ CIL contributions and requirements for high numbers of affordable homes.
- 1.6 The requirements for reduced water usage and offsetting in new developments place an additional cost burden on developments with no resulting increase in values. A key issue being that the cost of offsetting varies if secured through private agreements (not least given the demand/ competition locally) and is unknown through SNOWS. There are also costs associated with securing water from alternative sources. This risks developments not coming forward given the uncertainty and/ or impact on viability or coming forward with marginal viability and significantly reduced contributions to, inter alia, affordable housing.
- 1.7 L&G agrees with others in the industry that committed and delivering developments, such as Mowbray, should already have been included in Southern Water's planned water supply and should not be required to demonstrate water neutrality. If the position remains that all developments are 'caught' by the requirement for water neutrality, the LPA will need to recognise the additional cost burden of achieving 85lpppd, securing offsetting and the impacts on scheme viability. Greater certainty is required on offsetting costs through SNOWS so that these can be factored into viability appraisals and land sales. The LPA will also need to take account of the additional cost of securing alternative water supply or securing private offsetting on viability and the ability of developments to support other costs items.

Water Offsetting/ SNOWS

- 1.8 It is understood that SNOWS aims to provide water 'credits' secured through offsetting of existing properties that certain developments will be able to purchase. SNOWS is being developed in parallel to the local plan-making process and very little has been made publicly available to allow an understanding of the likely quantum of offsetting that will be available and corresponding number of homes this could release. Nor when this will be available and any phasing of delivery. It is understood that criteria are being developed to prioritise access to SNOWS credits but again these have not been published, other than a note in the Newsletter on the types of developments that will not be able to access SNOWS.
- 1.9 It is also not clear whether the credits to be made available through SNOWS will be solely from offsetting of existing properties which will require agreement with the property owners and associated costs. Or whether some will arise from works Southern Water is undertaking, such as leakage reduction, which it would be doing in any event and should not be chargeable to new developments (this would be double counting with Southern Water's normal processes). New homes that Southern Water already has in its planned demand figures, such as Mowbray, should have automatic access to this water.
- 1.10 SNOWS will be an important means of new development being delivered in Horsham whilst the Natural England Position Statement remains in place and the position on all developments being 'caught' remains unchanged. Greater transparency on the preparation of SNOWS is required. The development industry should be proactively engaged and consulted with in its development.
- 1.11 Developments with outline planning permission that are already delivering new homes and facilities, such as Mowbray, should have priority access to SNOWS to maintain the supply of homes from active development sites. The planning condition providing time limits for the submission of Reserved Matters at Mowbray is staged in relation to numbers of homes. For example, applications for approval of Reserved Matters for set numbers of homes were due within two and half years, five years and nine years from the date of the OPP with all to be submitted within 12 years. SNOWS should recognise the terms of extant planning permissions and bring on-line offsetting and resulting credits at the appropriate time to allow homes to come forward so such sites can continue to be relied upon for housing land supply and delivery.
- 1.12 It is understood that Southern Water will be bringing water supply on-line from alternative sources during the Plan period (as per its current Water Resource Management Plan ('WRMP19') and the consultation draft of its emerging WRMP25). This water would be to meet planned demand pursuant to Southern Water's statutory duties and it is assumed would be allocated and charged to new developments in the normal way (i.e. outside of the planning process). In these circumstances (where Hardham is no longer used), or if Natural England withdraws its Position Statement or committed/ delivering developments are no longer 'caught', the need for water neutrality would fall away and draft Strategic Policy 9 would no longer apply. The Policy would benefit from clarity on the circumstances as to when it would cease to apply or fall away entirely.