

**SHROPSHIRE COUNCIL SITE ALLOCATIONS AND
MANAGEMENT OF DEVELOPMENT (SAMDev Plan)
2006-2026**

**Statement of Common Ground
between**

Shropshire Council and Dwr Cymru Welsh Water (DCWW)

August 2014

Introduction

1. This Statement of Common Ground has been prepared jointly between Shropshire Council ('the Council') and Dwr Cymru Welsh Water ('DCWW').
2. The Statement sets out the detailed engagement and collaborative working which has been undertaken by both parties throughout the preparation of the SAMDev Plan. It also confirms ongoing areas of joint working as the Plan and associated policies are implemented, to ensure that Shropshire's growth and development is sustainable.
3. This Statement sets out the confirmed points of agreement between the Council and DCWW, with regard to the Shropshire Local Plan 2006-2026 (including the adopted Core Strategy and the SAMDev Plan) and supporting evidence base, which will assist the Inspector during the examination of the SAMDev Plan.

Background

4. DCWW have been fully and actively engaged throughout the preparation of Shropshire's Local Plan which includes both the adopted Core Strategy and the SAMDev Plan. This detailed joint working has focused on representations on the various Local Plan stages and the development of the evidence base to support the Plan, in the form of the Shropshire Water Cycle Study.

Core Strategy (outline Water Cycle Study)

5. DCWW was fully engaged in the development of a robust evidence base for the Shropshire Core Strategy. This work commenced in September 2009, when DCWW agreed to form a Steering Group alongside Severn Trent Water, United Utilities, Natural England, the Environment Agency and Shropshire Council. This Steering Group oversaw the development of an Outline Shropshire Water Cycle Study which was prepared by consultants Halcrow. This work was completed in June 2010 to support examination of the Shropshire Core Strategy
6. The Core Strategy was examined and found sound by an independent examiner and formally adopted by Shropshire Council on 24 February 2011.

SAMDev Plan (updated Water Cycle Study)

7. Following adoption of the Core Strategy and commencement of work to prepare the SAMDev Plan, the Council agreed with the Environment Agency and the water companies to undertake an update to the original outline Water Cycle Study.
8. Whilst some of the conclusions within the original Outline Water Cycle Study remain unchanged, further detail on Community Hubs and Clusters was provided through the SAMDev Plan. As such the level and location of development assessed through the original Water Cycle Study had therefore changed and required an

updated assessment. In addition, it was agreed that a detailed assessment of allocations for housing and development to be contained within the SAMDev Plan was required to ensure a robust supporting evidence base for the development strategy.

9. To initiate an update to the Water Cycle Study the Council held an early meeting with the Environment Agency and water companies in December 2011. It was agreed that water supply would not be revisited as part of the update to the Water Cycle Study since the overall scale of development and distribution across the spatial zones remains broadly in line with the adopted Core Strategy. In addition, the adopted Core Strategy sets out policy requirement for water efficiency with a minimum water efficiency target for new development of 105l/h/d (Policy CS18 Sustainable Water Management).

10. Detailed site assessments of all promoted sites have been undertaken as a separate piece of evidence to inform preparation of the SAMDev Plan. This has ensured a sequential approach to flood risk using evidence of both fluvial and pluvial flooding within Shropshire. This has been further supported by an update to the SFRA which takes a risk based approach, providing further detailed assessment of particular proposed allocations sites where further flood risk modelling is considered to be appropriate to ensure deliverability. It was therefore agreed that the updated Water Cycle Study would not include an assessment of flood risk. In particular, specific policy requirements are already set out within the adopted Core Strategy Policy CS18 (Sustainable Water Management) in relation to the management of flood risk, in line with national requirements.

11. Consequently, it was agreed that the update to the original Water Cycle Study would focus on an assessment of the impact of proposed development within the SAMDev Plan on wastewater infrastructure. This includes the sewerage network, hydraulic capacity within the wastewater treatment works and environmental capacity to discharge in accordance with the Water Framework Directive standards and the Habitat Regulations.

12. Given that a whole review of the Water Cycle Study was not deemed necessary, it was agreed that the update would form an addendum to the original study, setting out areas of change and updates to associated conclusions.

13. As effective joint working between the Council and DCWW had been established through the preparation of the Core Strategy, initial work to assess the impact of proposed development on wastewater infrastructure was undertaken directly between the Council and DCWW. This involved the Council providing DCWW with information on locations and levels of proposed growth for assessment against the impacts on wastewater infrastructure. As a result DCWW provided information on the available capacity within their assets to accommodate the proposed growth. This assessment was undertaken numerous times throughout the period January 2012-September 2013, as the levels and locations of proposed development changed, informed by the various stages of public consultation on the SAMDev Plan.

14. In September 2013, the SAMDev Plan had reached the Revised Preferred Options stage and as such there was greater certainty over the proposed development strategy. The Council therefore employed consultants, CH2MHill (previously known as Halcrow and the authors of the original Shropshire Water Cycle Study) in November 2013, to draw together the information gathered from DCWW, address any outstanding gaps in information and to prepare the updated Water Cycle Study to inform preparation of the Final Plan and associated Implementation Plan (Place Plans).

15. A draft Water Cycle Study was shared with all parties (Environment Agency and water companies) on the 17th March 2014. A final draft of the Water Cycle Study was circulated on 23rd April and DCWW confirmed their agreement with the findings and conclusions of the study. However further work has been ongoing with DCWW in the lead up to submission to address specific concerns raised by the Environment Agency.

Annual Place Plan Review (Shropshire's Implementation Plan)

16. It is recognised by the Council and DCWW that the Water Cycle Study can only provide evidence for a point in time, based on the best available information. However, it is agreed that there is a need for sufficient flexibility to reflect changing circumstances either in terms of changes in development pressure (such as the impact of five year land supply) or changes in investment priorities by DCWW (through their five year investment planning cycles).

17. Shropshire's development strategy is therefore supported by an Implementation Plan, comprising 18 Place Plans which set out the specific infrastructure and investment needs and priorities within each of Shropshire's settlements. An annual review process has been established and formalised through 'Codes of Practice' for engagement with local communities and infrastructure and service providers, to ensure that the Place Plans continually provide an up-to-date and detailed evidence base of Shropshire's infrastructure and investment needs and how these are prioritised in light of funding opportunities and delivery mechanisms. As such, the Place Plans provide a coordinated approach to the implementation of Shropshire's development strategy.

18. The conclusions from the updated Water Cycle Study have been included within the Place Plans, to identify areas of known infrastructure capacity constraint. Information on the timing of investment to address these areas of infrastructure constraint are included within the Place Plans where this is known, recognising that this can only reflect a point in time based on information regarding development certainty and therefore investment needs. However, the Place Plans do provide an ongoing mechanism to support delivery of the development strategy. In addition, there is an established policy requirement within Core Strategy Policy CS18 for proposals to demonstrate that there is adequate water infrastructure in place to

serve the development for areas of known constraint, as identified by the Water Cycle Study and the Place Plans.


Agreed Matters

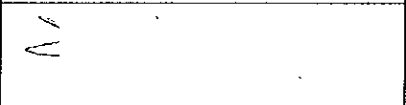
19. DCWW supports Shropshire's Local Plan.
20. DCWW has welcomed the continued engagement in the preparation of Shropshire's SAMDev Plan and will take into account the proposed SAMDev Plan growth when assessing the requirement for improved infrastructure to support the development proposed as part of the water companies routine five year investment planning cycle. DCWW therefore supports the overall deliverability of Shropshire's SAMDev Plan.
21. In addition to the ongoing engagement within the preparation of the Plan, DCWW has provided a statement of support outlining the AMP capital investment process and how this relates to the delivery of the SAMDev Plan (Appendix 1).
22. However, it is recognised that this assessment can only be based on the best available information at this point in time. More detailed assessments can only take place once there is sufficient development certainty at the Development Management stage, which is supported by the requirements set out within Policy CS18.
23. The Council and DCWW therefore agree to an ongoing process of engagement throughout the implementation of Shropshire's Local Plan, which is formalised through the annual Place Plan review but which will also involve informal discussions in response to particular development pressures (e.g. five year land supply).
24. Whilst DCWW and the Council have agreed to ongoing joint working throughout the implementation of Shropshire development strategy, the updated Water Cycle has identified particular areas of known infrastructure constraint. Considering the overall deliverability, the development strategy is considered to be sound by both the Council and DCWW. In response to the concerns raised by the Environment Agency to the Pre-Submission SAMDev Plan the Council approached DCWW seeking additional information to support deliverability of the development strategy. A meeting was held on 9th July between all partners to discuss a way forward for all outstanding areas of concern, as set out in Appendix 2. This meeting discussed and agreed a way forward for all outstanding areas of concern.
25. Following the meeting of all partners on 9th July, a final Water Cycle Study report was provided to Shropshire Council on 23rd July. The findings of this report were subsequently reflected within the Shropshire LDF Implementation Plan and accompanying Place Plan to inform and support delivery of the development strategy.

Agreement

DCWW supports Shropshire's Local Plan, comprising the adopted Core Strategy and SAMDev Plan.

DCWW agree to work in close partnership with Shropshire Council to support delivery of the Plan, to monitor the speed of growth in the settlements and to assess the performance of our assets and apply for any necessary funding improvements through our AMP process accordingly.

Signed on behalf of Shropshire Council		
Name and Position	Signature	Date
HAYLEY DEIGHTON PRINCIPAL POLICY OFFICER		22/8/14

Signed on behalf of DCWW		
Name and Position	Signature	Date
Dewi Griffiths Forward Plans Officer		22 August 2014

Appendix 1

Statement to Shropshire Council from DCWW, May 2014

Statement concerning infrastructure costs in the context of viability and the deliverability of the LDP.

Introduction

1. This statement has been produced by Dwr Cymru/Welsh Water (DCWW) to address the issue of sewerage infrastructure constraints and capacity regarding strategic site viability and deliverability.
2. As part of the Site Allocations and Management of Development (SAMDev) preparation process Shropshire County Council consulted with DCWW on infrastructure capacity and possible constraints to development in settlements that fall within DCWW's operational area.
3. At various stages during the plan preparation process DCWW have commented on sites proposed for allocation, identifying any infrastructure constraints which might delay or prevent development, in order to assist the LPA in determining the final list of sites proposed for allocation for development in the SAMDev plan.

DCWW role in the context of the Local Plan

4. Our 5 yearly programmes of investment are called Asset Management Plans (AMPs). The water industry is very capital intensive and DCWW employs a network of reservoirs, treatment works, pumping stations, water mains and sewers etc. Much of what we do as a company to deliver a high quality and reliable public service involves operating and maintaining this enormous network of assets. The performance of our infrastructure is key to the service we give our customers, as well as to our ability to protect our environment from pollution. DCWW are currently implementing the AMP5 investment programme for the period 2010-15 with investment of some £1,356 million, which includes significant investment in improvements to wastewater treatment facilities in order to meet environmental quality standards and to facilitate development.
5. DCWW through our regulator Ofwat submit business plans for each AMP period and have identified schemes to be included as part of AMP6 (2015-20). Ofwat will determine the price limits and the investment and service levels for the supply of water and sewerage services by water companies in England and Wales for 2015-20. In order to make its determination, Ofwat reviews the companies' business plans (AMPs), which are prepared in accordance with Ofwat's framework. A key part of Ofwat's review of the business plans is the assessment of the amounts companies will need to spend in order to deliver their planned investments and services, and whether Ofwat considers the proposed outcomes could be delivered more efficiently.

6. DCWW is a 'not for profit' company and its level of investment must be affordable to customers as it is effectively charges raised through customer bills that fund the capital investment. While DCWW cannot give assurances as to the amount of funding that will be approved through the AMP process, DCWW do have a legislative duty to extend their systems to accommodate development and the information contained within the LDP will support DCWW's submission for future investment. DCWW have submitted a draft AMP6 to Ofwat however, due to the timing of the AMP6 process, DCWW are currently unable to advise whether a specific capital improvement scheme will be included until submission has been agreed with OFWAT in early 2015.

7. In its comments on the proposed Shropshire SAMDev allocations, DCWW has identified the allocations where infrastructure improvements will be required. An adopted LDP with identified growth areas will help strengthen the case DCWW can put forward in relation to growth projects requiring AMP funding. Any required infrastructure improvements that are not funded through the AMP6 process does not mean that development will necessarily be prevented from proceeding.

8. Where improvements to the sewerage network may be required, outside of any regulatory funded improvements there are provisions contained within the Water Industry Act 1991 which are available to developers and can facilitate development. The provisions available allow developers to requisition new sewers and watermains and a further explanation is detailed in Appendix 1. The requisition method will either reduce (often significantly), or eliminate completely, the actual cost to the developer of carrying out the necessary improvements. If the development of a site would result in the need for an upgrade to a Waste Water Treatment Works (WwTW) then the cost of such a scheme is likely to be high and would need to be funded via an AMP capital scheme. Improvements to WwTWs cannot form part of a requisition however should any necessary improvements be required in advance of any planned capital investment by DCWW developer contributions can be made via S106 Town & Country Planning Act Agreements.

9. While it is apparent that some of the proposed strategic allocations contained in the Shropshire SAMDev Plan do have infrastructure constraints associated with them these are not considered to be insurmountable and will not prevent the sites being developed within the LDP period, particularly given that the plan period extends to 2026 which overlaps with the future investment period of AMP6 (2015-20), AMP7 (2020-25) and the beginning of the AMP8 period (2025-2030).

10. In terms of the proposed strategic sites contained within the SAMDev, only the Whitchurch area falls within the DCWW operational area. If all the proposed growth in Whitchurch is included in the plan then it is expected that improvements will be required to the WwTW to accommodate all of the development. DCWW will work with the Local Planning Authority to monitor the speed of growth in the settlement, and we will assess the performance of our assets and apply for any necessary funding improvements through our AMP process accordingly. Developers will be required to fund hydraulic modelling assessments of the sewerage network to assess its capability to accommodate additional foul flows and the findings of the hydraulic modelling would inform the extent of any

necessary sewerage upgrades, where the requisition provisions highlighted in appendix 1 would apply.

An explanation of how the Requisition provisions of the Water Industry Act 1991 as amended (WIA91) work

A water company (a statutory water and/or sewerage undertaker) has a duty, in compliance with Sections 41–44 (water) and 98 – 101 (sewerage) of the WIA91, to provide a water main(s) and/or sewer(s) to be used for the 'domestic purposes' of properties i.e. for drinking, washing, cooking, central heating and sanitary purposes that water is used.

Landowners or developers serve notice on the water company when assets are required to be laid over private land to service the development. A water company has power to lay pipes through private land (Section 159 WIA91), whereas the developer has not.

The water company or its agent will design and construct the pipework required to service the development and, once commissioned, the asset automatically vests with the water company who is responsible for its future operation and maintenance.

The total cost of a requisitioned scheme is offset by the income generated to the water company from the development over a period of 12 years. Therefore, if the income received is greater than the cost of the scheme, there is a nil contribution from the developer. Conversely, should the income received fall short of the scheme cost, a developers' contribution is required. The annual build rates are taken into account in the calculation of whether or not contributions are required therefore, from a developer' perspective, the sooner the houses are built the potential amount of any contribution reduces.

Appendix 2

Note of Meeting

In attendance:

Steve Foster	Environment Agency (Clun Catchment)	(SF)
Dawn Karle	Environment Agency (Water Quality)	(DK)
Mark Davies	Environment Agency (Planning)	(MD)
Justin Burnett	Environment Agency (Planning)	(JB)
Dewi Griffiths	Welsh Water	(DG)
Steve Southern	Severn Trent	(SS)
Ali Cotton	CH2M	(ALIC)
Andy Mortimer	Shropshire Council (Planning)	(AM)
Dave Edwards	Shropshire Council (Water Management)	(DE)
Adrian Cooper	Shropshire Council (Planning)	(AC)

SAMDev Plan Context

Adrian Cooper explained that the key objective of the meeting was to focus on any outstanding areas of concern and to make progress towards the production of a 'statement of common ground' for submission to the planning inspectorate at the end of July.

AC explained that Shropshire Council was being asked to agree the draft SAMDev Plan for submission at its meeting on 17th July and that it was planned to formally submit the draft Plan by 31st July. Examination will commence on submission, but public hearings are unlikely before October / November 2014.

Water Cycle Study (WCS) & SFRA progress

Ali Cotton explained that additional analysis being carried out as part of the Water Cycle Study and SFRA updates was due to be completed by week commencing 14th July, with a draft report available during week commencing 21st July.

Outstanding EA Issues / Concerns:

WCS / Water Quality:

1. Infrastructure capacity at waste water treatment works;

ALIC advised that advice from Severn Trent and Welsh Water confirmed that there were no waste water treatment capacity concerns which could be considered 'showstoppers' in the context of the Plan's proposals. Key issues therefore concern the timing of delivery in the context of planned development.

2. Environmental capacity at waste water treatment works & in the sewerage network;

Dawn Karle sought reassurance that achievement of 'good status' and 'no deterioration' has been considered as separate objectives and it was confirmed that an appropriate approach had been applied.

Whitchurch: It was explained that development related growth was relevant, but not an instrumental factor against the Water Framework Directive Standards for Phosphate. In all cases Ali Cotton confirmed that growth was not the barrier to achieving good WFD status. Similarly, there were all works could achieve no deterioration consents within the limits of Best Available Technology.

MD and JB re-iterated the need to consider what treatment options are available to meet any new consents (at 10 works), so that it can be demonstrated that there were feasible options. STW and Welsh Water agreed to provide some high level commentary for relevant works: Clun (also covered by NMP), Market Drayton, Mile End Oswestry, Pontesbury and Whitchurch. The commentary will give confidence any new consents can be met in a timely manner. **Action:** AliC to liaise with SS and DG to provide some high level commentary

For Montford Bridge, Stoke on Tern, Chirbury, Knockin and Onibury agreed that no further work would be needed as these are small sites with limited growth. Revised text may be required in the SAMDev development guidelines for areas including Whitchurch to refer to planned or proposed infrastructure improvement to address environmental capacity issues as referenced in the updated WCS. **Action:** SC to draft text and forward to MD.

Clun: SF provided an overview of the Clun NMP, and proposed options to mitigate growth. Phosphate stripping is programmed for the Clun works in AMP6. WCs should include appropriate cross reference to the Nutrient Management Plan (NMP). **Actions:** MD to forward latest NMP document (parts 1 and 2) to AliC; SC to forward to MD, a copy of their analysis of and proposed response to Natural England's representations on the SAMDev Final Plan.

Agreed that once additional text had been put into the WCS about options to meet future consent requirements this would provide a sufficient evidence base to support the SAMDev.

Strategic Flood Risk Assessment (SFRA)

Ali Cotton explained that CH2M had completed modelling for SAMDev site allocations adjacent to un-modelled watercourses in circumstances where no Flood Risk Assessment had already been prepared by site promoters, for example in support of a planning application. Any additional text changes arising from the results of this modelling will be fed into a list of proposed changes and forwarded to the Planning Inspector.

AllC described that the modelling had been undertaken on sites where there was no Flood Map for Planning and there was an unmodelled watercourse running through the site. This equates to 18 sites. MD and JB commented that this had clarified their understanding about which sites needed to be modelled.

Ellesmere: EA requested that a sequential approach should be adopted within site ELL003, so that more vulnerable uses were guided to zone 1. The current approach could be taken to imply that development of more vulnerable uses would be acceptable in zone 2. The Plan text may need to be updated for consistency with the final SFRA. The existing 'sequential risk' analysis will be updated and incorporated as part of the final SFRA.

Preparation of Statement of Common Ground:

Action: Draft Final WCS, SFRA and draft 'statement of common ground' incorporating proposed text amendments to be forwarded to EA for agreement.