

Crawley

Local Plan

Crawley Borough Local Plan Examination

Crawley Borough Council Response to Inspectors' Matters, Issues and Questions

Matter 8: Character, Design and Heritage *(Issue 2: Water Neutrality)*

November 2023



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Issue 2: Whether the plan's approach to water neutrality and water stress is sound.

8.9 Question 8.9: Is the proposed standard of water use in residential development of 85 litres/per person/per day justified and effective? Is the requirement viable in combination with the other policy requirements of the plan?

Justified and Effective

8.9.1 Crawley Borough Council (CBC) considers that the proposed standard of water use in residential development of 85 litres/person/day is justified and effective. The Local Plan approach is informed by a detailed evidence base and has evolved through ongoing joint working between Local Authorities, Natural England, Environment Agency and Southern Water. An overview of this process is provided through the Joint Water Neutrality Topic Paper, May 2023 and July 2023 Update (Submission Document Reference: DS/TP/00) and discussed below.

8.9.2 It was through preparation of the Water Cycle Study, during 2020, that the councils were first informed of concerns held by Natural England regarding the potential impact of abstraction by Southern Water on the protected Arun Valley habitats. This prompted further work between CBC, Horsham District Council (HDC) and Chichester District Council (CDC), working with Natural England, Southern Water and other affected local authorities, in order to seek to satisfy the requirements of the Habitats Regulations as part of the Local Plan preparations, including in relation to in-combination impacts. This involved jointly undertaking a Water Neutrality Study for the Sussex North Water Resource Zone (WRZ).

8.9.3 The Water Neutrality Study Part B In-Combination Assessment, April 2022 (Submission Document Reference: ES/SDC/06) brings individual local authority growth figures into a single assessment detailing combined planned growth within the Sussex North WRZ. This work recognises that water use reduction measures proposed by Southern Water through its Water Resource Management Plan (WRMP) will help to offset some, but not all, of the growth set out in emerging Local Plans. These Southern Water savings are not anticipated to begin contributing to water neutrality until 2025 at the earliest.

8.9.4 Having confirmed that the WRMP will not alone achieve water neutrality, the Part B Study considers a range of water efficiency targets for inclusion in Local Plans. This includes the Building Regulations default standard of 125l/p/d and the optional standard of 110l/p/d, as well as more ambitious standards including 62l/p/d and the 85l/p/d figure identified in the Local Plan. The approach to water neutrality is based on first reducing water use from new development as far as possible, and then offsetting the water use from that development. A critical conclusion from Part B is that should the 85l/p/d be adopted, Local Plans would be water neutral by the end of the plan period due to Southern Water's planned offsetting programme. However, there would be periods of the plan where water neutrality would not be achieved, and so additional offsetting would still be required as mitigation (Submission Document Reference: ES/SDC/06, page vi). If development is planned to a more ambitious water efficiency standard of 85l/p/d, this reduces the amount of

offsetting that is required to achieve water neutrality, thereby enabling the finite offsetting capacity to support a greater quantum of development.

- 8.9.5 The Water Neutrality Study Part C, December 2022 (Submission Document Reference: ES/SDC/05) establishes a Water Neutrality Strategy to achieve water neutrality in the Sussex North WRZ. Building on the Part B work, it factors in existing development commitments, proposed Local Plan growth, and Southern Water savings measures (with a 10% safety margin for under-delivery). As a further contingency, the methodology accounts for the risk of water efficient fittings being replaced over time with less water efficient fittings, whereby a decay rate has been factored into the calculations.
- 8.9.6 If 85l/p/d is adopted as the Local Plan water efficiency target, the local authority offsetting scheme (known as the Sussex North Offsetting Water Scheme: "SNOWS") anticipates having sufficient opportunities to offset the remaining water demand through a programme of measures including the installation of flow regulators in social housing and retrofitting of other water-consuming facilities (for example, schools). If the less ambitious 110l/p/d target is taken forward, this increases significantly the amount of water that must be offset. This would result in new development more quickly using up the offsetting created through SNOWS, meaning there would not be sufficient capacity from existing options to offset the increase in water demand. This is a particular concern given that the ability to retro-fit social housing stock and other facilities within Sussex North WRZ is finite, and would necessitate SNOWS relying on less certain options to deliver the additional offsetting required. This would increase risk and add to the cost and complexity of delivering SNOWS in Sussex North.
- 8.9.7 The water efficiency targets were considered and assessed through the Sustainability Appraisal process. This was undertaken jointly and individually, as set out in paragraph 4.6, page 20, of the Joint Water Neutrality Topic Paper, May 2023, (Submission Document Reference: DS/TP/00). Crawley's assessment is set out in the Sustainability Appraisal/Strategic Environmental Assessment (SA/SEA) (Submission Document Reference: KD/SA/01). Paragraphs 6.34-6.37 (page 44) of the SA/SEA explains the joint approach to the assessment of reasonable alternatives. Paragraphs 6.23-6.25 (page 41) reference discounted options and paragraph 6.26 (page 41) concludes the options considered reasonable alternatives to assess.
- 8.9.8 Therefore, CBC considers the proposed 85l/p/d water efficiency standard to be justified and effective. Through the Water Neutrality Study, the local authorities have demonstrated that, having assessed reasonable alternatives, the 85l/p/d standard represents an appropriate strategy to deliver growth identified in Local Plans whilst achieving water neutrality. Were a less ambitious standard to be included in the Local Plan, this would use up the available offsetting capacity more quickly and less efficiently, undermining the ability of Local Plans to achieve the necessary certainty required to satisfy the Habitats Regulations. Further, the 85l/p/d standard is deliverable over the Plan period, was identified through effective joint working and is needed to address what is a pressing cross-boundary strategic matter.

Viability

- 8.9.9 CBC further considers that the 85l/p/d standard is viable when considered in combination with other policies in the Plan, as has been set out through a robust assessment of the measures required to meet the target and their anticipated costs.
- 8.9.10 Through the Part C Water Neutrality Study (ES/SDC/05) a costings exercise has been undertaken with developers to obtain indicative costs of building to a target of 85l/p/d from the adopted 2015 Local Plan baseline of 110l/p/d. Although limited responses were received to this exercise, feedback obtained identified two different approaches to achieving 85l/p/d. A fittings-based approach would cost between £349 and £431 per dwelling. Where appliances (i.e. dishwashers and washing machines) are not part of the standard fit-out this cost range would increase to £1,049 to £1,531 (representing the additional cost of supplying appliances specified to the required water-efficient standard). An approach using greywater recycling would result in a cost of between £4,000 and £4,340 per dwelling. For viability testing, Part C advises that upper figures of the range for the fittings-based approach should be used (£431 per dwelling if appliances are included, and £1,531 if they are not). This seeks to strike a balance, responding to concerns raised by developers so as not to disproportionately increase the cost of new housing, whilst recognising that offsetting options in Sussex North are limited meaning that it is necessary to go significantly further than the 110l/p/d water efficiency standard set out in current Building Regulations.
- 8.9.11 The cost of achieving a water efficiency standard of 85l/p/d has been considered in conjunction with the projected cost of offsetting, which the Part C study estimates as ranging between £2.20 and £3.20 per litre per day. Again, it is the upper end of this range that is used for viability testing. It should be noted that the contribution made from Southern Water's demand reduction activities means that only a proportion of the total water demand from a new development needs to be offset. A more detailed explanation and worked example are set out in the Planning Obligations Annex (pages 291-292) of the Submission Crawley Local Plan, May 2023 (Submission Document Reference: CBLP/01).
- 8.9.12 The impact of these requirements on the viability of residential development are considered in the Viability Assessment Update, December 2022 (Submission Document Reference: DS/VA/01a). This assumes a £2,000/dwelling development cost, representing a precautionary figure that factors in cost projections related to on-site water efficiency measures at 85l/p/d, contribution to offsetting residual net increase in water consumption, and contribution towards management/monitoring/overheads of the offsetting scheme. Having tested this additional cost alongside other policy costs against a range of brownfield and greenfield residential typologies, the viability assessment finds that incorporating costings associated with water neutrality (i.e. achieving a standard of 85l/p/d plus proportionate contribution towards offsetting) development is considered to remain viable.
- 8.9.13 The optional technical standards were published in 2015, since then there have been advancements in water efficient devices and the overall costs to building to a more efficient standard are now lower than when the standards were published. Importantly, planning applications in Crawley are being submitted to achieve a water efficiency standard of 85l/p/d. These have related to residential development at a

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range of scales and have included affordable as well as market housing. Applications include schemes as set out in the table below, demonstrating that this standard can be achieved across a range of residential types and tenures, without viability acting as an impediment to development. The experience of Development Management officers at Crawley is that the achieving of 85l/p/d is proving to be achievable from both a technical and viability perspective.

Application ref	Site	Development	Water use (l/p/d)	Resolution
CR/2023/0357/OUT	Telford Place	Outline for up to 300 self-contained affordable residential units to provide later living (C2 use class) and affordable rent/shared ownership (C3 use class) accommodation with private and communal amenity space, two units for either commercial (Class E) or Local community and learning (Class F).	84.8	Due at next Planning Committee.
CR/2019/0185/FUL	28 Cobbles Crescent	Erection of 1 x attached two storey 3no. bedroom dwelling.	84.65	No concerns raised by developer on viability and they are also making an affordable housing contribution.
CR/2020/0192/RG3	Breezehurst Drive	Erection of 85 affordable house & flats, comprising: 18 x one bedroom flats, 38 x two bedroom flats, 9 x two bedroom houses, 17 x three bedroom houses, 3 x four bedroom houses, access roads, car parking, sports pitch, open space and associated works.	83 (flats) 90.3 (houses)	Planning Committee resolution to grant subject to S106.
CR/2020/0024/FUL	Longley House	Demolition of Longley House offices and erection of building ranging between 4 to 9 storeys to provide 121 x residential units (Class C3) with associated sub-station, car/cycle parking, tree works, public realm improvements and landscaping.	81.98 (uses greywater recycling)	Planning Committee resolution to grant subject to S106.
CR/2021/0525/FUL	Ewhurst, The Mardens	Erection of dwelling with parking and amenity space.	64 (uses rainwater harvesting)	Will be a delegated decision - Awaiting conclusion of S106 which secures water neutrality measures. Again, no concerns raised by developer on viability and they are also making an affordable housing contribution.

- 8.10 Question 8.10: The 85 l/p/d standard is a tighter efficiency standard than that contemplated in the optional technical standards in the PPG (para 56- 013- 20150327). Is this standard the only realistic and reasonable solution to the water neutrality issue in the Sussex North Water Resource Zone? Have other options (standards) been assessed as part of the SA/SEA process?
- 8.10.1 The 85l/p/d standard is considered to represent the only realistic and reasonable solution to the water neutrality issue in Sussex North WRZ. Through joint work on the Water Neutrality Part B, April 2022 (Submission Document Reference: ES/SDC/06) and Part C, December 2022 (Submission Document Reference: ES/SDC/05) studies, a range of water efficiency standards have been explored. Of these, two specific water efficiency standards are considered in detail through the Part C work and further assessed through the Sustainability Appraisal/Strategic Environmental Assessment (SA/SEA) process, these being the Building Regulations optional technical standard of 110l/p/d, and the tighter standard of 85l/p/d.
- 8.10.2 The Part B Water Neutrality Study considers the combined development forecast for Sussex North WRZ against five water efficiency standard scenarios, and in each case identified the total water demand that would be generated. This considered the Building Regulations default standard of 125l/p/d and optional standard of 110l/p/d, in addition to more ambitious standards of 100l/p/d, a 'realistic achievable' standard of 85l/p/d and an 'ambitious' standard of 62l/p/d which assumes adoption of latest technology. Invariably, where development is designed to a less water efficient water, a greater level of water demand arises.
- 8.10.3 It should be noted that the specific target of 85l/p/d is equivalent to the former Code for Sustainable Homes Level 5 (i.e. 80l/p/d indoor water consumption, with an additional 5l/p/d for outdoor use added in accordance with Building Regulations), just as the 110l/p/d 'optional requirement' is based on the former Code for Sustainable Homes Level 3 (105l/p/d indoor water consumption, plus 5l/p/d for outdoor use), and the current Building Regulations baseline of 125l/p/d is based on Code Level 1 (120l/p/d+5l/p/d). The 85l/p/d standard therefore has a clear logic as an enhanced water efficiency requirement, and has existed as a recognised standard (in the context of the – now discontinued – Code for Sustainable Homes) since at least 2010, see Code for Sustainable Homes: Technical Guidance – November 2010, pages 82-86 (Post-Submission Document Reference: PS/ES/SDC/18).
- 8.10.4 As summarised in the Joint Water Neutrality Topic Paper, May 2023 (Submission Document Reference: DS/TP/00) the standard Building Regulations requirement of 125l/p/d is not considered reasonable to progress, given that existing adopted plan requirements are already more stringent, requiring 110l/p/d in response to the serious water stress in the area. The 100l/p/d standard (reflecting Southern Water's "Target 100") is found not to offer significant improvement over the 110 l/p/d standard. The option of 62l/p/d is considered too stringent to be realistic, as it would require extensive use of rainwater harvesting and greywater recycling as well as some smart devices.
- 8.10.5 Part C therefore considers in detail two standards progressed from the Part B work; the Building Regulations 110l/p/d optional standard and the 'realistically achievable'

85l/p/d standard. These options have been assessed through the SA/SEA process, having regard to the water neutrality evidence.

- 8.10.6 The status of Sussex North WRZ as being under ‘serious water stress’ means that 110l/p/d represents the current default standard. Water neutrality is an issue that is required even where development is being designed to the 110l/p/d standard. The implications of water neutrality are far reaching, and if water neutrality is to be achieved, it is necessary to go beyond this default level of water efficiency.
- 8.10.7 As discussed in response to Question 8.9, if the current 110l/p/d standard is included in Local Plans, water use will be greater, and a greater amount of offsetting will be required to achieve water neutrality. Ultimately, to the end of the Local Plan period, the 110 l/p/d scenario results in additional daily demand of 0.973 megalitres per day – or almost 1 million litres of extra water required per day, in comparison to the 85l/p/d standard (Submission Document Reference: ES/SDC/05, paragraph 75). Should the ‘realistically achievable’ 85l/p/d standard be applied, around 88% of water demand generated by new development would be offset by Southern Water’s contributions, leaving 12% to be met by additional offsetting. Should the optional standard of 110l/p/d be used, only 74% of water demand generated by new development would be offset by measures proposed by Southern Water and thus 26% of the water used by new development would have to be met by additional offsetting (Submission Document Reference: ES/SDC/05, paragraph 212).
- 8.10.8 Based on a standard of 85l/p/d, taking account of water reduction measures from Southern Water, sufficient offsetting options within the control of the local authorities are available to SNOWS to deliver the level of growth identified in Local Plans. At a standard of 110l/p/d, more water is used and therefore a greater amount of offsetting is required. This increases cost and uncertainty, and delivery of offsetting becomes less certain due to the finite options available within the water resource zone. At a standard of 110l/p/d, burden would be placed on the local authority-led SNOWS offsetting scheme as it would need to rely on less certain options to deliver offsetting, increasing the complexity and risk. Based on known offsetting options, Part C finds that 8,335 new dwellings could be built in Sussex North up to 2030 if the more ambitious target of 85l/p/d were adopted. This figure would reduce to 6,345 dwellings at a standard of 110l/p/d as a result of more water being used and there being increased burden on SNOWS.
- 8.10.9 This rationale has informed assessment of the 110l/p/d and 85l/p/d options through the SA/SEA process. The Local Plan water neutrality policy (Policy SDC4) was subject to detailed policy assessment against reasonable alternative options, set out in Appendix G, pages 289-290 (Submission Document Reference: KD/SA/01). Paragraphs 6.34-6.37 (page 44) of the SA/SEA explains the joint approach to the assessment of reasonable alternatives. Paragraphs 6.23-6.25 (page 41) reference discounted options and paragraph 6.26 (page 41) concludes the options considered reasonable alternatives to assess.
- 8.10.10 Through the SA/SEA, it is the 85l/p/d option that was chosen as the preferred option, as by reducing the water consumption from new development, and thereby reducing the amount of offsetting required, the local authorities will be able to use their finite offsetting resources more effectively. This will ultimately enable a

greater amount of development to come forward whilst achieving water neutrality. Whilst the 85l/p/d standard is tighter than that set out in the Building Regulations optional standard, CBC is of the view that the evidence underpinning this approach is robust, and given the low burden on applicants to build to this higher standard, and the reduced risk to the implementation and operation of the SNOWS scheme, that it represents a realistic and reasonable requirement that will achieve water neutrality whilst maximising the amount of development that is able to come forward over the Plan period.

8.11 Question 8.11: Is it viable for industrial / commercial development to deliver a score of 3 credits within the water category of BREEAM in combination with mitigatory offsetting?

8.11.1 CBC consider that it is viable for industrial/commercial development to deliver a score of 3 credits within the BREEAM Wat 01 issue category in combination with mitigatory offsetting.

8.11.2 Regarding the BREEAM requirement for non-residential development, the additional costs associated with this would be limited. The methodology and requirements for the awarding of credits within the Wat 01 issue category are set out in the BREEAM New Construction 2018 (UK) Technical Manual, pages 202-211 (Submission Document Reference: PS/ES/SDC/19). The approaches set out here include the ‘Standard Wat 01 method’, which is assessed through a calculator tool available only to accredited BREEAM assessors, as well as an ‘Alternative Wat 01 method’, which is more directly linked to specified benchmarks for individual types of water fitting, as shown on Table 8.3 of the Manual. The fifth column of the Table sets out a model specification for achieving a performance level of 3 (thereby guaranteeing at least 3 credits), and it will be seen that the water efficiency standards shown here are broadly comparable with those needed to achieve a standard of 110 litres/person/day in a domestic context, the only significant additional requirement arising from the BREEAM standard being that 25% of water used for WC or urinal flushing must come from recycled non-potable water. This would suggest some form of greywater recycling, which can often be more feasible on larger buildings care of an increased building footprint, although the model specification set out here is not prescriptive and applicants would be able to use other means (e.g. more efficient water fittings) to achieve the required 3 credits. As such, CBC maintains that the technical requirements required for the achievement of 3 credits do not significantly extend beyond current good practice.

8.11.3 In the experience of CBC, non-residential buildings are already achieving (and in some cases exceeding) the required BREEAM score of 3 credits within the water category. This is borne out by a number of recent major planning applications and permissions, as follows:

Planning Ref	Site	Development Type	BREEAM Ene 01 Credits Achieved
CR/2021/0247/FUL	The Office, Crawley Business Quarter	Storage & Distribution	5 out of 5
CR/2020/0719/FUL	Vanguard & Victory House, Churchill Court	Flexible use (B2, B8 and E (G) (III) (Industrial Processes))	3 out of 5

Planning Ref	Site	Development Type	BREEAM Ene 01 Credits Achieved
CR/2017/0516/NCC	2-3 Gatwick Road, Crawley	Office and training facilities	3 out of 5

8.11.4 Non-residential developments in Crawley are already starting to achieve water neutrality by combining these standards of on-site water efficiency with additional contributions towards offsetting. Among the above examples, The Office at Crawley Business Quarter was able to demonstrate a reduction in annual water consumption from 9,913m³ year for the existing office use, reducing to 9,621m³ / year for the proposed warehousing. Having demonstrated that a water saving would be made, no further offsetting was required. In another recent case, three large warehouse units have been developed on the cleared former GSK site, Napier Way (CR/2021/0249/FUL). With no recently operational units on site prior to the application, the applicants have been required to offset all water use from the development. This has been achieved first by maximising the use of water efficient design, principally through installation of a rainwater harvesting system in each unit to provide water to toilets, and use of water efficient fittings. This reduced water consumption to a calculated 5,542 litres/day. This has been offset through water credits generated from the retrofit of Crawley Homes housing stock, which based on average occupancy of homes being fitted, equated to 86 dwellings. The cost of retrofitting works is £24,596 which the applicant agreed to pay as a contribution.

8.11.5 Therefore, there are clear, local, practical examples of non-residential developers already achieving the required BREEAM water score of 3 credits outside of there being a Local Plan requirement within Crawley. It is in the interests of the developer to maximise water efficiency at the design stage, as this reduces the amount of offsetting that needs to be undertaken. Even where it has been necessary for a developer to purchase water credits from CBC, the applicant has been able to incorporate water efficiency measures into design and pay the necessary water neutrality contribution to secure the offset credits required. Again, practical experience shows that non-residential development is being designed to the required BREEAM standard in combination with securing the required offsetting.

8.12 [Question 8.12: Is it justified that the onus in the short to medium term \(to c.2030\) is on the development industry rather than the water utility company to demonstrate / achieve water neutrality?](#)

8.12.1 On 14 September 2021, CBC received the Natural England Position Statement (Post-Submission Document Reference: PS/ES/SDC/13). This sets out that it cannot be concluded that existing abstraction within Sussex North WRZ is not having an impact on the protected Arun Valley sites. Development within this zone must not add to this impact. Under the Conservation of Habitats and Species Regulations 2017 (s.63), Crawley Borough Council is the Competent Authority and has a duty to consider the impact of development on protected species and habitats. These Regulations and the Natural England Position Statement require that, as a point of law, applications for planning permission in Sussex North WRZ have to demonstrate that they do not increase pressure on water resources and that they are “water neutral”. This position is supported by independent legal advice obtained by the local authorities following issue of the Position Statement.

- 8.12.2 The approach taken by the Sussex North local authorities, including CBC, towards water neutrality is justified as a positive response to the Natural England Position Statement. Through joint working, Natural England has advised that water neutrality should be addressed on a strategic cross-authority basis via Local Plans, consistent with the approach being taken by the Sussex North local authorities, as set out in the Joint Water Neutrality Topic Paper, May 2023 and July 2023 Update (Submission Document Reference: DS/TP/00). Moreover, it is important to note that issue of the Position Statement, whilst entirely justified, for some time prevented development from progressing. The local authorities, government agencies and development industry have each been seeking to find a way forward, and the approach set out through Local Plan Policy SDC4 represents a positive and sound approach to unlock development whilst achieving water neutrality.
- 8.12.3 CBC agree that there is an onus on Southern Water to deliver measures that mitigate the impacts of water neutrality requirements, and ultimately to address the matter of water supply permanently through strategic scale solution(s) that mitigate potential harms to the Arun Valley sites. The Crawley Borough Submission Local Plan, May 2023, paragraph 1.37, page 15 (Submission Document Reference: CBLP/01) is clear that should Southern Water implement a strategic, permanent alternative water supply for the Sussex North Water Resource Zone, the Local Plan's water neutrality requirements will be reviewed.
- 8.12.4 Southern Water will be contributing positively towards water neutrality from 2025 through its programme of demand reduction measures. However, it is acknowledged that Southern Water may need to develop several different options to mitigate the impacts of abstraction in the Arun Valley. Through its response to consultation on Southern Water's draft Water Resource Management Plan (WRMP), CBC and the other affected local authorities have been clear that a permanent water supply solution is needed as a priority, though acknowledge that such measures cannot be brought online immediately and will require time for planning and implementation.
- 8.12.5 CBC is aware that discussions remain ongoing between Southern Water, Environment Agency and other relevant parties, regarding measures that Southern Water will be implementing as part of their next WRMP, and the impact that these might have on water neutrality requirements. However, the outcome of any such discussions is not within the local authorities' powers to influence, other than via responses to consultations on the WRMP and ongoing engagement with partners through the Water Neutrality governance structure (set out in Appendix B, page 29, of the Joint Water Neutrality Topic Paper, May 2023). The local authorities will continue to lobby Southern Water, Ofwat, and government departments to ensure that sufficient funding and resources are being put in place to meet the unique needs in West Sussex.
- 8.12.6 Until such time as Southern Water implements an alternative water supply source(s) for Sussex North, CBC and its neighbours cannot permit development unless water neutrality is demonstrated, in line with the Conservation of Habitats and Species Regulations 2017, and Natural England advice. Therefore, there will inevitably be a lag between planning and implementing new sources of water, which requires an interim solution, such as that proposed by the Sussex North local authorities. On this basis, whilst it is agreed that the onus is ultimately on Southern Water to identify an

appropriate water supply solution for Sussex North, the timeframe for delivery of these measures is by no means certain. This places onus on the local authorities and development industry to unlock development in the short to medium term, which CBC believe Crawley Borough Local Plan Policy SDC4 helps to achieve.

- 8.13 Question 8.13: Noting that the Water Neutrality Part C Study cautions that offsetting must be in place before water demand is generated, when will the proposed offsetting scheme be operational and is this appropriately reflected in the housing delivery trajectory and employment trajectory? Is there any further update on the delivery plan outlined at Appendix 1 to the Water Neutrality Progress Update (DS.TP.00b)?
- 8.13.1 The Local Authorities have continued to make progress with the SNOWS offsetting scheme. The current intention is to launch the proposed offsetting scheme mid-2024, acknowledging that there are still several project plan documents and deliverables to be produced, funding secured, additional resources procured, and offsetting capacity to be generated over the coming months. The targeted launch date will be challenging with the current project resources available, although the local authorities are actively pursuing funding opportunities that will allow for an accelerated launch date.
- 8.13.2 Since June 2023, progress on the offsetting scheme has focused on the Delivery Plan. Testing on the proposed 'Access Prioritisation Protocol' (i.e. how scheme access will be managed for applications) has recently been completed. The results are now being assessed, before making any adjustments, re-testing as required, and finalising the access process.
- 8.13.3 A further aspect of the Delivery Plan that has progressed since June is development of the scheme's operational processes, setting out the process, data, and documentation requirements for applicants, local authority planning officers, and the SNOWS scheme officers to respond to applications, appeals, pre-applications, management of offsetting properties and suppliers, and financial management. Currently, the application process has been subject to two rounds of internal consultation.
- 8.13.4 The other processes are not as advanced but are also less complex than the application process. Discussions have also taken place with DEFRA regarding the scope for SNOWS to utilise and adapt a digital system that is being created to assist in the monitoring and management of nutrient neutrality, which DEFRA has agreed to in principle – this will reduce the overall production time for a digital registers system that will ensure applications, offset properties, water savings and financial information are properly recorded.
- 8.13.5 Work on procurement is also progressing, with the first draft of the Procurement Plan produced and reviewed by the project sponsors and initial discussions taking place with Horsham District Council's Finance and Procurement teams before the Plan is finalised and approved. Once the plan is approved, procurement of necessary services can take place, prioritising legal support for the project and procurement of an offsetting supplier for the first phase of offsetting.

8.13.6 An update on the Delivery Plan has been added to the Local Plan Examination Library (Post-Submission Document Reference: PS/DS/TP/00c).

Crawley Homes Retrofitting Programme

8.13.7 It is important to set out that CBC's Crawley Homes retrofitting programme is continuing and around 1,700 homes in the council's housing stock have now been fitted with a flow regulator, since 2021/22. CBC anticipate around 6,500 homes as being suitable to be fitted with the device, with the caveat that any fitting on each home is subject to the tenant's agreement. The resulting water savings are clearly accruing, and so far these have only physically been used to offset a storage & distribution warehouse scheme at the former GSK site, Napier Way (CR/2021/0249/FUL) – as mentioned in response to Question 8.11, the offsets necessary to deliver this scheme were achieved through the retro-fitting of 86 Crawley Homes property with the flow regulator. Two CBC-led residential schemes, at Breezehurst Drive and Longley House, and totalling 206 affordable homes, have resolutions to grant from Planning Committee and Appropriate Assessments agreed by Natural England. The related S106 agreements are progressing. CBC anticipate those two schemes needing offsetting support from around 750 retrofitted Crawley Homes.

8.13.8 These developments are factored into the Water Neutrality Study Part C (ES/SDC/05) calculations, which accounts for Crawley's planned housing and employment growth, alongside that of the other local authorities. As SNOWS is not yet operational, where there is an opportunity in Crawley to unlock development that is consistent with the Local Plan, CBC is using some of the water credits already 'banked' to help bring forward development. As mentioned, this is consistent with the SNOWS strategy, as these developments are already counted in the Part C calculations, and several schemes that are identified as likely to come forward next in Crawley are either affordable housing or Local Plan allocations, both of which fit with the SNOWS access and prioritisation discussions. This means that in the event that SNOWS were to be delayed, CBC would still have opportunity to use its banked water saving credits to provide the offsets necessary to deliver new development.

Development Trajectories

8.13.9 Turning to the housing delivery trajectory, CBC confirm that in practice there has been a slowdown in delivery resulting from water neutrality. This is reflected in the submission draft Housing Trajectory Base Date 31 March 2023 (H/HD/01). On the basis of information available in the spring of 2023 the Trajectory points to delivery ramping up again relatively quickly after a significant fall in 2022/23, reflecting the role of the Crawley Homes retro-fitting scheme in delivering offset credits, and these savings feeding into SNOWS when it is formally launched. Further updates to housing delivery expectations due to new information (including the implications of the judgement in *C G Fry & Son Ltd v Secretary of State for Levelling Up Housing and Communities & Anor*) would be expected to result in some changes to individual projected development trajectories, and may result in a modest overall slowdown in the anticipated rate of residential development. Further detail on these implications is to be set out in CBC's response to Matter 6 Issue 4.

8.13.10 The Employment Land Trajectory sets out the employment land supply pipeline for a base date of 31 March 2023. This is largely comprising of redeveloped sites within

existing main employment areas, many of the sites making up the land supply already benefit from planning permission or are subject to extant permission having technically commenced. There are some sites which are affected by water neutrality, for example Land at County Buildings. However, given that employment numbers are factored into the Water Neutrality Part C calculations, it is anticipated that these schemes would be able to access SNOWS should this be required. The Gatwick Green Strategic Employment allocation falls entirely outside of the Sussex North WRZ and, therefore, is not required to demonstrate water neutrality. As such, water neutrality would not impact upon delivery of the Strategic Employment site.

- 8.14 Question 8.14: Is it that only development located within the Sussex North Water Resource Zone as shown on the Policies Map should provide details for offsetting? Do criteria 4 and 5 of Policy SDC4 apply to all development proposals and should criterion 4 come before criterion 5?
- 8.14.1 In its Addendum to Position Statement November 2022 (Post-Submission Document Reference: PS/ES/SDC/17), Natural England clarifies that the water neutrality requirement applies to new developments where water abstraction is required from Pulborough as defined by the Water Companies. The Sussex North WRZ, as shown on the Policies Map, sets out the Southern Water supply area. In practice, water neutrality applies to all development that is located within the Sussex North WRZ.
- 8.14.2 The Criterion 5 requirement to provide a Water Neutrality Statement applies to all development within the Sussex North Water Resource Zone. This is a key measure in demonstrating that water neutrality is achieved: first through calculating existing water use within the development site, then expected water use within the proposed development, before setting out how any remaining water use will be offset. It may not always be necessary for development to provide details of offsetting. If development were to result in a net reduction in water use, for example through replacing a building of higher water use with a less consumptive development, no offsetting would be required. However, this would still require a Water Neutrality Statement to establish the difference in water consumption between existing and proposed use, and then whether offsetting is required, and if so, how this will be provided.
- 8.14.3 Criterion 4 is intended to cover applications seeking to use an alternative source of water supply that is not connected to the Arun Valley sites. Where alternative water supply is proposed, a Water Neutrality Statement will still be required, as 'certainty of delivery' will need to be demonstrated. For connection to an alternative water company, this could be achieved by confirming that the alternative water company has sufficient capacity and will take on supply to the development. For a private supply borehole or other source of supply, this will require evidence that sufficient water supply is available to meet demand arising from the proposed development, and demonstrating with certainty that the alternative supply source does not impact upon the Arun Valley sites.
- 8.14.4 CBC has no issue with Criteria 4 and 5 being swapped, but consider that the suggested modification (Submission Document Reference: CBLP/07) to Policy SDC4, Criterion 4 should be made in conjunction with any change to the running order. As a

result of this change, the councils suggest further modifications as follows to assist with policy interpretation:

- 8.14.5 That Criterion 4 is modified to change reference to the 'statement' to read the '[Water Neutrality Statement](#)'. This is to make clear that a Water Neutrality Statement is required for all development in Sussex North WRZ, including where connection to an alternative water supply source is proposed.
- 8.14.6 The councils suggest the following modification to Paragraph 15.51, to make clear the 'certainty of delivery' point, and to clarify the information required in Water Neutrality Statements where connection to alternative water supply is proposed. This would take the form of splitting Paragraph 15.51 into a new Paragraph 15.53 with additional text suggested as follows:
- Should applicants not utilise the Local Authority OIS, [certainty of delivery of alternative offsetting will need to be demonstrated](#). The Water Neutrality Statement should supply full details of the offsetting scheme that their development would rely upon. [Similarly, certainty of alternative supply will need to be demonstrated in the Water Neutrality Statement. For connection to an alternative water company, this could be achieved by confirming that the alternative water company has sufficient capacity and will take on supply to the development. For a private supply borehole or other source of supply, this will require evidence that sufficient water supply is available to meet demand arising from the proposed development, and demonstrating with certainty that the alternative supply source does not impact upon the Arun Valley sites.](#)*
- Finally, the councils suggest taking the final sentence of Para 15.51, and adding additional text to clarify the 'certainty' point. This would form a new Paragraph 15.54 as follows:
- [To provide the necessary certainty, measures to deliver water neutrality will need to be secured through the Development Management process.](#) The council will seek to provide additional guidance to further assist applicants with water neutrality statements.*
- 8.14.7 These additional suggested modifications are set out in Examination Document: CBC/CBLP/07b.
- 8.15 Question 8.15: Is it necessary for soundness for Policy SDC4 to require offsetting to be in place prior to occupation of dwellings and commercial premises as set out in the Sussex North Water Neutrality Study Part C Mitigation Strategy Final Report, November 2022? Are the proposed amendments to paragraph 15.45 and Policy SDC4 presented in document CBLP07 sufficient to address the issue of timing of offsetting?
- 8.15.1 CBC is of the view that for soundness of Policy SDC4 it is necessary to require that offsetting is in place prior to the occupation of dwellings and commercial premises. Through its September 2021 Position Statement (Post-Submission Document Reference: PS/ES/SDC/13), Natural England sets out that "As it cannot be concluded that the existing abstraction within Sussex North Water Supply Zone is not having an impact on the Arun Valley site, we advise that developments within this zone must

not add to this impact. This is required by recent caselaw¹, (often referred to as the Dutch Nitrogen cases)". Natural England continue: "Between them these cases require Plans and Projects affecting sites where an existing adverse effect is known (i.e. the site is failing its conservation objectives), to demonstrate certainty that they will not contribute further to the existing adverse effect".

- 8.15.2 This position is reiterated in the Natural England Advice note regarding water neutrality within the Sussex North Supply Zone, February 2022 (Post-Submission Document Reference: PS/ES/SDC/14) which states: *"Whilst a range of (water neutrality) measures are likely to be possible, it will be important to ensure that any measures take the form of mitigation rather than compensation to the Habitats Sites, in order to comply with the 2017 Regulations. This means that measures must avoid impacts (reduction in water reaching the Habitats Sites), rather than addressing the impacts once they have occurred"*.
- 8.15.3 To avoid an adverse effect on site integrity, the conservation status of a habitat must, if favourable, be preserved. If unfavourable, it must not be further harmed or rendered more difficult to return to a favourable status. It is for this reason that sufficient offsetting must be in place prior to occupation of development if Policy SDC4 is to be effective. If sufficient offsetting is not in place at the time of occupation, this will result in development increasing abstraction in the Sussex North WRZ, likely further undermining what is an anticipated 'unfavourable' status for the Arun Valley sites. Therefore, CBC considers that sufficient offsetting must be in place prior to occupation.
- 8.15.4 Turning to the proposed amendments, CBC has suggested modifications (Submission Document Reference: CBLP/07) to address the issue of the timing of offsetting. The first of these is a new sentence inserted to the end of Para 15.45: *"Offsetting is expected to be provided prior to occupation of new developments and this shall be enforced by conditions."* CBC would now wish to propose a further amendment to this additional sentence to allow for the potentially broader range of means for guaranteeing offsetting, potentially including legal (i.e. S106) agreements as well as conditions, as follows: *"Offsetting is expected to be provided prior to occupation of new developments and this shall be secured through the Development Management process."*
- 8.15.5 A new paragraph (to be numbered 15.50) sets out how access to the Local Authority offsetting scheme (SNOWS) will be managed.
- 8.15.6 CBC considers that the proposed amendments are sufficient to address the issue of timing. However, it is noted that Policy SDC4 does not itself stipulate the requirement that offsetting is in place prior to occupation of development – such an addition may assist with clarity and CBC is happy to include wording to this effect should the Inspectors consider it necessary to do so.

¹ Case C-323/17 People over wind and Sweetman. Ruling of CJEU (often referred to as sweetman II) and Coöperatie Mobilisation for the Environment and Vereniging Leefmilieu Case C-293/17

- 8.16 Question 8.16: Is it necessary for soundness to amend criterion 4 of Policy SDC4 to say there should be certainty that alternative water supplies can be secured?
- 8.16.1 As set out under Question 8.15 above, the Natural England Position Statement (Post-Submission Document Reference: PS/ES/SDC/13) requires development to demonstrate with certainty that it will not contribute further to existing adverse effects on the designated Arun Valley sites. Where applicants are meeting water neutrality requirements through the local authority offsetting (SNOWS), there is certainty as the local authorities hold the water credits and will manage access to the scheme to ensure that sufficient offset credits are available to support development that is using the scheme.
- 8.16.2 Applicants are in some cases seeking to utilise alternative water supply sources as a means of satisfying the requirement for water neutrality. These may be relatively straightforward, for example where development connects to a water supply company outside of the Sussex North WRZ to avoid impact upon the designated Arun Valley sites. Other proposed solutions have been more innovative, for example connection to private boreholes. In these cases, it is necessary for the applicant to demonstrate that their proposed offsets will provide the necessary certainty so that CBC, as competent authority, is able to appropriately determine the application.
- 8.16.3 A recent appeal decision in Horsham District, relating to the provision of a proposed single pitch settled gypsy accommodation site (PINS Ref APP/L3815/W/22/3303112), found the applicant's proposal to offset water use through importing water from outside Sussex North via tanker would not be enforceable. In dismissing the appeal, the Inspector concluded that *"in the absence of suitable mitigation, adverse harm would be caused to the integrity of the SAC, SPA and RAMSAR site"* (para 37). In this regard, the proposed offsetting was not enforceable, so it could not be demonstrated with certainty that the development would not contribute further to existing adverse effects on the designated Arun Valley sites.
- 8.16.4 Therefore, CBC considers that the amendment to Criterion 4, requiring certainty that alternative water supplies can be secured, to be necessary.
- 8.17 Question 8.17: Various modifications are proposed to Policy SDC4 in document CBLP07. Are these changes necessary for plan soundness?
- 8.17.1 The remaining suggested changes to Policy SDC4, not already covered by previous questions, are considered necessary for plan soundness. These are discussed below.
- 8.17.2 The first of these changes is to amend reference to 'Local Planning Authority led' in Paragraph 15.45 and Policy SDC4 bullet points 2 and 3 to refer to '*Local Authority and South Downs National Park Authority (SDNPA)-led*' (Post-Submission Document Reference: CBC/CBLP/07b). This is because there is a distinction between the role of the Local Authority (which will lead on SNOWS) and the Local Planning Authority. It is also necessary to distinguish the South Downs National Park Authority which is not a local authority but will be involved in SNOWS.
- 8.17.3 A further amendment is proposed to the second bullet point of Policy SDC4. This proposes to add the words 'and infrastructure' to the existing wording. In context, the modified wording (underlined) would read: *A local authority and South Downs*

National Park Authority (SDNPA)-led water offsetting scheme will be introduced to bring forward development and infrastructure supported by Local and Neighbourhood Plans (Submission Document Reference: CBLP/07a).

- 8.17.4 The reason for this addition is to ensure that delivery of housing, where this has already demonstrated water neutrality, is not held up due to there being insufficient water offsets available to support delivery of social infrastructure that is needed to support it. This is particularly in reference to the provision of education by West Sussex County Council as, although WSCC will be able to offset some of its planned school provision through the retrofitting of existing schools, SNOWS may need to be drawn upon to deliver these in a timely manner. The wording would not therefore generate an additional requirement for developers. Rather, it is proposed to ensure that SNOWS sets aside sufficient water credits to ensure that housing delivery is not held up by delays in the delivery of school places due to water neutrality.
- 8.17.5 A second suggested modification relates to the third bullet point of Policy SDC4. In context, this suggests the additional text, shown underlined: *Development proposals are not required to utilise the local authority and SDNPA-led offsetting scheme and may bring forward their own offsetting schemes. Any such development proposals will need to have regard to the local authority and SDNPA-led offsetting scheme and associated documents* (Submission Document Reference: CBLP/07a).
- 8.17.6 The reason for this text is to ensure that any alternative offsetting scheme is able to co-exist with SNOWS. Specifically, SNOWS will be keeping a record of all buildings that have been subject to water reduction measures, in order to ensure that these are not double counted – thus providing the necessary certainty. Where offsetting is proposed by a third-party provider, this will also need to demonstrate certainty that the offsets are derived from ‘new’ savings, and share this information with SNOWS to ensure that the applicant is not ‘double counting’ water saving measures. As such, this wording is considered necessary to satisfy the ‘demonstrate with certainty’ requirement.
- 8.17.7 To assist with clarity, the councils suggest the following additional modifications:
For Policy SDC4, the council suggests as a modification [moving Section 5 \(Water Neutrality Statement\) up to Section 2](#) (Post-Submission Document Reference: CBC/CBLP/07b).
- 8.17.8 This is to make the policy structure more logical. It is based on the recognition that all applications within Sussex North Water Resource Zone are required to submit a Water Neutrality Statement, and this represents a first port of call. It then follows that an applicant would logically consider the subsequent sections relating to Offsetting Schemes or Alternative Water Supply.