



The Planning
Inspectorate

Report to Milton Keynes Council

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an Inspector appointed by the Secretary of State for Communities and Local Government

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PLANNING AND COMPULSORY PURCHASE ACT 2004 (AS AMENDED)

SECTION 20

REPORT ON THE EXAMINATION INTO MILTON KEYNES CORE STRATEGY

Document submitted for examination on 1 March 2011

Examination hearings held between 10-25 July 2012

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Abbreviations Used in this Report

CIL	Community Infrastructure Levy
CMK	Central Milton Keynes
CS	Core Strategy
dpa	Dwellings per annum (year)
DPD	Development Plan Document
EEA	Eastern Expansion Area
ETP	Employment Technical Paper
GTAA	Gypsy and Traveller Accommodation Assessment
ha	Hectare
HTP	Housing Technical Paper
LTP3	Local Transport Plan 3
MM	Main Modification
MKLP	Milton Keynes Local Plan 2005
MKSA	Milton Keynes Sustainability Appraisal site option
NPPF	National Planning Policy Framework
Plan	Revised Proposed Submission Core Strategy October 2010 as amended by the Post-Submission Changes, September 2011
PPTS	Planning Policy for Traveller Sites
RS	Regional Strategy
SA	Sustainability Appraisal
SARAS	Sustainability Appraisal of Reasonable Alternative Sites
SEMLEP	South East Midlands Local Enterprise Partnership
SEP	South East Plan
SESDA	South East Strategic Development Area
SHLAA	Strategic Housing Land Availability Assessment
SHMA	Strategic Housing Market Assessment
SLA	Strategic Land Allocation
SRA	Strategic Reserve Area
SR1	Land east of Fen Farm (also known as Eagle Farm North)
SR2	Glebe Farm
SR3	Eagle Farm (also known as Eagle Farm South)
SR4	Church Farm
SPD	Supplementary Planning Document
SSSR	Strategic Site Selection Report
SWSDA	South West Strategic Development Area
Tariff	Milton Keynes Tariff
WEA	Western Expansion Area

Non-Technical Summary

This report concludes that the Milton Keynes Core Strategy (the Plan) sets out an appropriate basis for the planning of the borough providing a number of modifications are made. The Council has specifically requested that I recommend any modifications necessary to enable adoption of the Plan. Almost all of the modifications were proposed by the Council but where necessary, I have amended detailed wording or added consequential modifications in the interests of soundness. I have recommended the modifications after full consideration of all the representations from interested persons on the relevant matters.

The modifications can be summarised as follows:

- Confirmation that the Plan's housing target is an interim, minimum figure;
- Changes to the definition of the Strategic Land Allocation, its housing capacity and development principles;
- Clarification about how non-strategic sites will be brought forward and a rolling five-year supply of housing land will be maintained;
- Confirmation that the Council will undertake an early review of the Plan that will address needs in co-operation with adjoining authorities to 2031 and beyond;
- Changes to ensure that the need for traveller sites will be addressed and clarifying how affordable housing policy will be reviewed;
- Amendments clarifying that quantitative and qualitative aspects of the employment land supply will be reviewed in Plan:MK
- Clarification of the Plan's approach to Central Milton Keynes, retail and other town centre development, taking account of national planning policy;
- Amendments to the transport strategy that update it and confirm the priority for sustainable transport;
- Revision of the policy approach to sustainable construction and community energy networks for consistency with national policy;
- Refinement of the Plan's principles for urban extensions wholly or partly within adjoining authorities;
- Clarification of the approach to monitoring to assist the delivery of the Plan, and
- Amendments to ensure clarity about saved policies from the Milton Keynes Local Plan so that the Plan will be effective.

Introduction

1. This report contains my assessment of the Milton Keynes Core Strategy (the Plan) in terms of Section 20(5) of the Planning & Compulsory Purchase Act 2004 (as amended). It considers whether the Plan is sound and whether it is compliant with the legal requirements. The National Planning Policy Framework (NPPF) (paragraph 182) makes clear that to be sound, a local plan should be positively prepared; justified; effective and consistent with national policy. The duty to co-operate in section 33A of the 2004 Act does not apply to this Plan which was submitted more than six months before the duty came into effect in November 2011. The duty applies to the preparation of a local plan and the Act does not require retrospective application.
2. The starting point for the examination is the assumption that the local authority has submitted what it considers to be a sound plan. The basis for my examination is the submitted Core Strategy, Revised Proposed Submission Version, October 2010 as amended by the Post Submission Changes, September 2011, more details of which are set out in the Preamble below.
3. My report deals with the main modifications that are needed to make the Plan sound and legally compliant and they are identified in bold in the report (**MM**). In accordance with section 20(7C) of the 2004 Act the Council requested that I should make any modifications needed to rectify matters that make the Plan unsound/not legally compliant and thus incapable of being adopted. These main modifications are set out in a separate Appendix to the report.
4. A schedule of proposed main modifications that are necessary for soundness has been subject to public consultation and sustainability appraisal (SA). Subsequently, public consultation has taken place on the implications of the revocation of the South East Plan. My report takes into account all of the views expressed on these matters and in this light I have made some amendments to the detailed wording of the main modifications and added consequential modifications where these are necessary for consistency or clarity. None of these amendments significantly alters the content of the modifications as published for consultation or undermines the participatory processes and sustainability appraisal that has been undertaken. Where necessary I have highlighted these amendments in the report.
5. Additional modifications (minor changes) can be made by the Council on adoption of the Plan. Taken together, these should not materially affect the policies that would be set out in the Plan if it was adopted with the main modifications. The Council intends to update factual references and make minor consequential amendments in this way. This will include updating of references to the legislative background and the national planning policy framework, as well as the status of the South East Plan, not all of which are necessary to set out in the main modifications.
6. Reference numbers for documents in the evidence base are provided in square brackets [] in the report.

Preamble

7. The Core Strategy Pre-Submission Version, February 2010 [B109] was subject to public consultation in February and March 2010. It included provision for housing land to meet the requirements of the South East Plan (SEP) which at the time was the adopted regional strategy (RS) for the area. Part of this provision was its proposed allocation of the element of the South East Strategic Development Area (SESDA) that lies within the borough boundary.¹ This part of the SESDA was proposed for a maximum of up to 7,300 homes and a mix of other uses.
8. Following the change of Government in 2010, the Secretary of State announced on 27 May 2010 that he intended to abolish regional strategies and on 6 July 2010 made a decision that purported to revoke them with immediate effect. On the understanding that the SEP had been revoked and taking account of Government advice issued to local authorities on the revocation of regional strategies, the Council decided to re-consider its plans for the future of the borough. This led to the Core Strategy, Revised Proposed Submission Version October 2010 [B133] which was published for consultation in October - November 2010. It proposed a housing target 15% lower than the SEP requirement, taking account of completions 2006-2010. And, scaling back the SESDA, only the four Strategic Reserve Areas (SRAs) to the south-east of the city, identified in the Milton Keynes Local Plan (2005) (MKLP), were proposed as a strategic allocation for a maximum of 2,500 dwellings.
9. As a result of the Cala Homes decision in the High Court in November 2010, regional strategies including the SEP were effectively re-instated as part of the development plan. In the months that followed the Council considered the publication of the Localism Bill in December 2010 and the consultation responses on the revised Core Strategy (October 2010). Also the Sustainability Appraisal of Reasonable Alternative Sites (SARAS) [B110] and technical papers on housing and employment were considered, along with on-going judicial review of matters relating to the proposed revocation of regional strategies. The Council submitted the revised Core Strategy on 1 March 2011 for public examination.
10. Following submission, at my request the Council re-considered the adequacy of the sustainability appraisal process that had been undertaken. As a result, public consultation on the SARAS, together with consultation on the Housing and Employment Technical Papers took place in June-July 2011. Meanwhile the start of the hearings was deferred. Having considered the consultation responses, the Council proposed to amend the allocation of the SRAs by including an additional parcel of land. The revised proposal, known as the Strategic Land Allocation (SLA) was subject to public consultation between September and November 2011. The overall housing provision target for the

¹ The South East Plan envisaged a Strategic Development Area (SDA) with an overall capacity for about 12,900 dwellings, including 5,600 dwellings in Bedfordshire, subject to a review of the East of England Plan. The 7,300 dwellings within Milton Keynes includes 2,500 dwellings in the four existing Strategic Reserve Areas to the south east of the urban area that are identified in the Milton Keynes Local Plan 2005.

plan period and the housing target for the urban extension entailed by the SLA remained unchanged. This process has led to the October 2010 submission version of the Core Strategy, as revised in September 2011 by the SLA, forming the basis for the examination. It is referred to as the Plan.

11. The National Planning Policy Framework (NPPF), published in March 2012, sets out the Government's planning policies and how these are expected to be applied. As a result, in addition to various other amendments to bring the Plan into line with NPPF, the Council proposes a new policy to set out the presumption in favour of sustainable development that is at the heart of NPPF. I recommend this modification (**MM9**) in the interests of soundness. Planning Policy for Traveller Sites was also published during the examination and I return to this below.
12. Following on from the Localism Act 2011 which paved the way for the abolition of regional strategies, on 28 February this year a statutory instrument for partial revocation of the SEP was laid in Parliament. Only policy relating to the Thames Basin Heaths Special Protection Area is to be retained. The Order came into force on 25 March. To all intents and purposes as it applies to matters affecting Milton Keynes, the SEP is now revoked and no longer forms part of the statutory development plan for the area.
13. As is clear from the above, the Plan has come forward during a period of significant legislative and policy change and the examination which commenced in March 2011 has been against this background. As a result of the revision of the pre-submission version of the core strategy, the post-submission work on sustainability appraisal and consequential amendment of the proposals for the SLA, and consultation on the main modifications and on the revocation of the SEP, progress of the Plan has been delayed significantly. It will cover a period of about 13 years if it is adopted by summer 2013 but taking all of the circumstances into account, I consider that this shortened timescale is reasonable. However, given the above and issues related to the duty to co-operate in the new sub-regional geography following SEP revocation, the timing of review of the Plan is important and I return to this below.

Assessment of Legal Compliance

14. Two main questions about legal compliance have arisen in this case. The first concerned the Plan's general conformity with the SEP. However following its revocation, this is no longer a legal requirement. The second relates to the adequacy of the sustainability appraisal (SA) process that has been carried out. There are two main strands to this. One relates to whether the proposed revision of the growth strategy, especially the reduction in the scale of housing development, published for consultation in October 2010, was informed by an adequate SA. The other strand is whether selection of the SLA was properly informed by SA and this is considered in Issue 2 below.
15. Overall, the background documents show that the evolution of the Plan to its current stage has been accompanied by an iterative process of options development and the appraisal of their sustainability impacts against defined objectives. Accordingly, the SA of the Pre-Submission Version of the Core Strategy (February 2010) was re-visited in bringing forward the Revised

Proposed Submission Version October 2010. The implications of the change proposed in the overall housing target were appraised and these, along with other elements for assessment, were set out in the Sustainability Appraisal Addendum report [B107].

16. The Addendum explains the reasons why the Council decided to revise the February 2010 strategy and the process that led to the proposed revisions being approved by Council in September 2010. It identifies the scope of the changes that are entailed, in terms of objectives, policies and the overall strategy, and it highlights the areas where further appraisal work was required. As a result of the detailed appraisal work, a range of positive and negative impacts were identified in the Addendum report and it was published alongside the revised Core Strategy for public consultation.
17. Apart from matters relating to the sustainability of the SLA dealt with in Issue 2 below, in summary the appraisal did not indicate a need for further testing or re-consideration of the Plan's approach. The Addendum report makes clear that the reason for the proposed changes to the strategy was the understanding that the SEP had been revoked and that it was appropriate to review the implications for the Core Strategy as soon as possible. It referred to the reports and minutes for the Council's meetings that explained the selection of the revised housing target, deletion of the SESDA and its replacement with a scaled-back proposal for an urban extension to the south-east of the city.
18. In summary, the new housing target was selected for SA based on the Council's conclusion that in the prevailing market conditions the SEP target would be unachievable by 2026 and therefore a more realistic, deliverable scenario for development of the borough over the next 5-6 years was required. The target figure was the average in the range of 1,500 to 2,000 dwellings per year that appeared to be realistic and achievable while also providing for uplift in delivery. Higher or lower growth options were not considered to be reasonable alternatives, having regard to deliverability factors and growth aspirations respectively. It was made clear that in the longer term the Core Strategy would be reviewed to reflect a new bottom-up assessment of the borough's needs and the implications of economic changes.
19. The limited time apparently spent in considering this revised approach and the level of detail on which the Council relied to make its decision on this matter have raised questions about their adequacy and concerns about retrospective justification of the Plan. Detailed supporting evidence on housing and employment matters was not publicly available until February 2011, shortly before submission of the Plan for examination. However, in regard to the legal duty, the Council is satisfied that the assessment process that it carried out has met the requirements for sustainability appraisal of the Plan and I concur, subject to my recommendations on the SLA below. I turn now to consider whether the housing, employment and other evidence provides a sound underpinning of the revised strategy.

Assessment of Soundness

Main Issues

20. Taking account of all the representations, written evidence and the discussions that took place at the examination hearings I have identified eight main issues upon which the soundness of the Plan depends.

Issue 1 – whether the Plan's target for the provision of new homes is justified

21. The Plan sets an overall housing target for the borough of 28,000 dwellings 2010-2026 (1,750 dwellings per year (dpa)). The basis for this provision figure is set out in detail in the Housing Technical Paper, February 2011 [B126] as updated in April 2012 [B126a] (HTP) which consider need, demand, economic factors, market signals and other relevant matters. As referred to above, the target figure is 15% less than that set by the SEP. The latter no longer forms part of the development plan for the area but the evidence base upon which the SEP was prepared is a material consideration, to the extent that it remains relevant.
22. SEP was adopted in May 2009 when the economy was already in recession but it was widely predicted that the global economy would double in size over the next twenty years.² Also the market conditions affecting the South East region were regarded as short-term.³ The growth rate proposed for Milton Keynes, already the highest in the region, entailed an increase in delivery rates of about 27% compared with what had been achieved over the long term and over 40% in excess of delivery rates in the preceding five years. It also implied a very significant level of in-migration and buoyant economic growth. However the economic downturn has been prolonged, current economic forecasts are much more cautious, and the regional structure and policy framework to support expansion of Milton Keynes as a growth centre for the South East are no longer in place.
23. The sub-regional context has also changed. Around the time of the hearings, options being tested for levels of growth in the draft local plan for Aylesbury Vale were significantly below the SEP level and did not include the South West Strategic Development Area (SWSDA) that was required by the SEP as an urban extension to Milton Keynes. While the extant Mid-Bedfordshire Core Strategy makes provision for growth adjoining the south-eastern boundary of Milton Keynes, it states that its context and extent including the number of new dwellings is to be determined through the East of England Plan review. A review will not now take place since this plan has been revoked. A new development strategy being prepared for Central Bedfordshire does not currently include any provision for major growth on the edge of Milton Keynes.

² South East Plan, paragraph 2.5 [R6].

³ South East Plan, paragraph 7.6 [R6].

I have concluded that, given all of the above, it is appropriate to re-assess the basis for a sound housing target for the borough.

24. Turning to need factors, in the light of the 2008-based household projections (published November 2010) for the period 2008-2033, the Plan's housing target would exceed the projected annual growth of 1,560 households. The very recently published household projections⁴ based on the 2011 interim sub-national population projections show an average annual increase of 1,600 households, 2011-2021 in the borough.⁵ The 2011 Census indicates⁶ that Milton Keynes population has grown slightly faster (by about 1.2%) than suggested by the earlier mid-year estimates from the Office for National Statistics. The Census results are not yet fully reflected in the household projections but I do not consider this is sufficient reason to doubt the relevance of the latter. The official projections are not forecasts but they are a reasonable guide to the household levels and structures that would result if the assumptions based on previous demographic trends and household formation rates were to be realised in practice. On this basis, the Plan's target provision of 1,750 dwellings per year would be likely to meet or exceed the need arising from household growth 2011-2021, allowing a cushion of more than 9%.
25. On the other hand, the Milton Keynes Strategic Housing Market Assessment (SHMA) 2009 update [B108] indicates a need for about 3,300 homes per year over a five-year period. This is on the basis that almost all the need for affordable housing arising in the period would be met. Also, it reflects short-term trends of high levels of net in-migration that took place in the preceding years, much of it international in-migration, which were expected to continue.
26. However there is uncertainty about future trends in international migration, especially given the pace of economic recovery. There is also uncertainty about the realism and deliverability of a target for the Plan period that would reflect the 2009 SHMA, given current understanding about the housing market and the availability of mortgage finance. In the light of all the evidence, I consider that the SHMA figure no longer provides a reliable basis for a housing target for the borough. However, there is now up-to-date evidence of need based on household growth projections over the next eight years and the Plan makes provision to meet it. In the circumstances, while the SHMA is out-of-date, no useful purpose would be served by delaying the Plan at this stage.
27. Turning to labour supply and economic growth factors, the SEP set an indicative growth target of 44,350 jobs for the Milton Keynes Growth Area (which also includes the SWSDA in Aylesbury Vale district) 2006-2026. This was a monitoring target that broadly sought a 1:1 ratio between homes and jobs with the aim of reducing growth of in-commuting, and it matched the homes target set for this area. Given that the Plan refers to a 1.5:1 ratio of

⁴ Department for Communities and Local Government: Household interim projections (2011-2021), April 2013.

⁵ Methodological changes limit the extent to which the two sets of data (2011 and 2008) are directly comparable but the sensitivity test on the 2011-based figures shows a lower growth in households compared with 2008.

⁶ 2011 Census Results, MKC/32.

new jobs to homes, concerns have arisen about implications of the proposed housing target for economic growth and in-commuting.

28. However, as set out in more detail in Issue 4 below, the evidence is insufficient to conclude that there would be significant adverse impacts. The relationship between new housing and jobs growth over the past 15 years has shown considerable variability but generally indicates that growth has been employment-led, with about two new jobs per new home. Future economic growth rates are uncertain but there is no substantive evidence that continued growth in the local economy, as proposed in the Plan, will be constrained by the proposed dwellings target or that it will decrease affordability.
29. In-commuting would be likely to continue growing for some years⁷, but over the longer term there are reasonable prospects for a more self-contained borough as skills shortages in the labour force are addressed and an improved balance of larger homes is provided. This will be supported through programmes by the Council and the South East Midlands Local Enterprise Partnership (SEMLEP) and others, and through implementation of planning policies for the housing mix. On the basis that Milton Keynes should continue its role as a regional and sub-regional centre and that one of its key attractions is its accessible location, it does not seem unreasonable to expect that it will remain a net importer of labour to some extent.
30. The implications for delivery of housing are also important. Given the nature of development in the city of Milton Keynes, the borough's average annual rate of house building tends to fluctuate as large new sites come forward in 'lumps'. Long-term average delivery rates in the borough have been about 1,500 dpa. A 20-year peak in delivery of 2,317 dwellings occurred in 2007/08, well in excess of the demanding rate set by SEP, but it appears to have resulted from a very favourable combination of factors including high levels of market demand, particularly from buy-to-let investors, peak-level house prices, ready availability of mortgages, increased funds for affordable housing and the coming on-stream of a major site. Following that there has been a marked decline, with only 1,295 completions in 2010/2011, but the position improved in 2011/12 with 1,580 completions.
31. Land supply is considered in more detail in Issue 3 below but there is no substantive evidence that the supply is constraining housing delivery in the borough. There is an identified supply for over 24,000 dwellings, of which more than 3,000 have full planning permission and 12,000 have outline planning permission.⁸ The detailed evidence is not sufficient to conclude that patterns of land ownership or the characteristics of the available sites are likely to have any significant effect on the borough's ability to deliver the housing target.
32. The housing trajectory is under continuous review and up-to-date evidence and consultations with landowners and developers informed the trajectory

⁷ See MKC/25: Note on Commuting to and from Milton Keynes.

⁸ Council's response to Main Matter 3 [MKC/8]

available for the hearings.⁹ As discussed below, the trajectory appears sound. But there are two important points to make here. Firstly the trajectory indicates annual completion rates that broadly maintain 2011/12 levels up to 2014 before rising steeply to peak at over 2,400 dpa in 2017/18. Between 2019-2023, annual delivery rates will need to average about 1,800 dpa in order to meet the overall target over the Plan period. This will be challenging and it underlines that the Plan aims for a significant uplift in the supply of housing as expected by NPPF. Secondly, if demand for housing increases significantly in the shorter term, there is enough unconstrained, committed developable land available to provide for this.

33. Balancing all of the above, the residual rate of 2,195 dwellings per year that would have been required to meet the SEP target by 2026 does not appear justified. There is insufficient evidence that it is needed for the projected growth in households at least up to 2021. It also does not appear necessary for continued growth of the Milton Keynes economy or maintenance of a reasonably sustainable jobs-home balance in the borough. There are strong reasons to conclude that the SEP target would not be a realistic, deliverable target for the Plan period, since it would require a very marked, rapid and sustained increase in market demand for which there is inadequate evidence.
34. As the Council acknowledges, a greater overall target would offer increased potential to reduce the likely gap between affordable housing need and affordable housing provision. However, I have found insufficient reason to conclude in the current circumstances that an increased level of provision is reasonably achievable. In the light of all of the above, the other targets put forward during the examination for housing growth up to and above SEP level by 2026 are on balance, not reasonable alternatives.
35. Taking all of these matters into account, I consider that the current evidence supports a housing target at or around that proposed in the Plan. In the absence of an up-to-date SHMA the target selected is generally in accordance with the demographic and other evidence referred to above. Also it would provide a stimulus for recovery by significantly increasing the supply of housing in the borough. On balance, I conclude that it is a justified target that is consistent with the overall intent of NPPF and a sound plan. It should however be expressed as a minimum figure since there is no overriding sustainability reason to treat it as a cap.
36. This target has the support of much of the development sector represented in the examination if it is regarded as an interim one. As the Preamble above indicates, the Plan has come forward in a period of some uncertainty about the wider sub-regional and regional context for the future growth of Milton Keynes. For so long as the legal requirement for general conformity with the SEP remained in force, there has been a fairly wide measure of agreement amongst participants in the examination that the housing target must at least be treated as an interim one. Revocation of the SEP has removed the legal

⁹ See the Appendix 3 in MKC/8. Note: A further update of the trajectory was published with the draft main modifications.

requirement but I do not consider that the matter should be left there. In any event the Council is very firmly of the view that Milton Keynes remains "open for growth".

37. Having considered all the evidence and views on this matter, I agree that the most significant policy deficits and planning challenges that may arise, following SEP revocation, are related to cross-boundary issues and the ability of the borough to respond to demographic and economic change. This now has added importance since the latest household projections do not extend beyond 2021. The borough sits at the centre of the SEMLEP area and is very well placed as a focus for strategic growth. These issues need to be addressed positively and effectively, applying the duty to co-operate, and joint working should be informed by updated assessments of the housing, economic and other needs of the wider area. The Plan has a limited time horizon and there is a large measure of agreement that its adoption would be in the public interest. But an early review is needed for greater clarity about the role that Milton Keynes and its hinterland will play in the longer term. This will complement initiatives to help deliver growth locally and ensure that the potential for significant uplift in housing and other requirements will be planned in the most sustainable way.
38. The draft main modifications reflected my initial finding that an early review of the Plan is justified. They placed the SEP as its starting point. Now that it has been revoked, these references should be amended. Nonetheless, early review in the form of Plan:MK, as the Council has identified it, is still necessary to ensure a positively planned framework for sustainable growth of the wider area up to 2031 and beyond. This work should be undertaken as early as possible and therefore, notwithstanding the elapse of time since the relevant modifications were first suggested, the date for the review should stand. Therefore, I recommend **MM3**, **MM14** and **MM18** which incorporate the necessary amendments, provide the context for this review, and reflect the revocation of the SEP. These modifications are required so that the Plan as a whole is sound.

Issue 2 – whether the proposals for the Strategic Land Allocation are justified, including that it represents the most appropriate of the reasonable alternatives, and that it is deliverable within a reasonable timescale

39. Policy CS 5 of the Plan allocates a site for a maximum of 2,500 dwellings and employment, services and other facilities in and adjoining the south-eastern part of Milton Keynes urban area. The Council accepted during the hearings that the imposition of a maximum figure is unjustified and proposed instead that the capacity should be 'in the region of 2,500 dwellings'. In accordance with the Plan, this broad figure would make up the shortfall in the identified supply of housing land in the urban area¹⁰ to meet the Plan's overall target of 28,000 dwellings up to 2026.

¹⁰ See Issue 3 below for detail on the land supply in the rural area and the proposals for the site allocations DPD.

Planning Background for the SLA

40. As referred to above, the SLA has come forward in the context of the SEP which has recently been revoked. However the SLA provides for a much reduced quantity of development compared with the SESDA that was required by the SEP. The size of the SESDA was related to the overall quantity of growth proposed by the SEP for the borough and wider Growth Area; the scaling back of the urban extension of Milton Keynes entailed by the SLA is a reflection of the reduced housing target proposed in the Plan.
41. The SLA respects the direction for expansion of the urban area identified in the SEP and would not foreclose options for further growth to the south-east in the longer term. However, for the reasons set out elsewhere in the report, given the land supply that is available for growth in the borough and current knowledge about housing and other needs during the plan period, there is insufficient justification for an allocation on the scale of the SESDA at this time. In these circumstances, the Plan's proposal for a reduced scale of strategic expansion to the south-east of Milton Keynes is justified and overall, I have found inadequate reason to doubt that the overall spatial distribution of growth is the most sustainable of the alternatives.
42. Nonetheless, I have considered if the Plan should provide a steer for Plan:MK by directing further growth to the south-east of the city. On balance, given uncertainty about the timescale within which further significant expansion will be required, the revocation of the SEP, and to allow adequate flexibility for all reasonable options to be considered in due course, a directional steer would not be appropriate. It would be sufficient to future-proof the SLA, to ensure that sustainable options for further expansion are not prejudiced, and this is addressed by the modifications recommended below.

Justification for selection of the SLA

43. As summarised in the Preamble above, the SLA represents an amendment of the Plan's originally proposed strategic allocation to the south-east of the urban area. Concerns were raised about the way in which the original allocation was selected, given the requirement for strategic environmental assessment of plans, but the Council has taken steps to remedy these defects, leading to the amended proposal before the examination.
44. The focus only on sites that are capable of delivering 2,500 dwellings has given rise to criticism that it ignores the potential of smaller sites to contribute to the overall requirement. However, the strategic housing land availability assessment (SHLAA) is regularly updated to take account of all potential sites, and a site allocations development plan document (DPD) is in preparation that will bring forward non-strategic, smaller sites. I agree with the Council that in the context of Milton Keynes, it is reasonable to consider about 2,500 dwellings as the minimum size for a strategic allocation in the Core Strategy. Also, the site selection process has been reasonably flexible in allowing consideration of smaller land parcels that can be combined to form a strategic allocation; the SLA has emerged in this way.
45. The alternative options, numbered MKSA1 to MKSA11 in the sustainability appraisal and site assessment reports, considered all potential directions of

growth around the city even though the south-east and west/south-west had emerged from previous studies as the most sustainable option for expansion on the scale of the SESDA and SWSDA.¹¹ The reasons for ruling out certain options were explained, including the south-west option that lies outside the administrative area of the borough.

46. An objective and systematic basis for assessment was devised, based on the sustainability appraisal objectives and relevant objectives of the Core Strategy. The decision on which site to allocate reflected a balance between the different considerations set out in the Strategic Site Selection Report (SSSR).¹² Having taken all of the evidence into account, there is insufficient reason to disagree with the Council's conclusion that growth to the south-east of the city is the most sustainable option, thereby supporting the identification of the SLA in this broad location.
47. The SLA includes the Strategic Reserve Areas (SRAs) from the MKLP, identified as land east of Fen Farm (also known as Eagle Farm North) (SR1), Glebe Farm (SR2), Eagle Farm (also known as Eagle Farm South) (SR3) and Church Farm (SR4). These are physically separate parcels although SR1 and SR4 adjoin the existing urban area. The post-submission changes to the Plan in September 2011 amend the strategic allocation by including the land in between SR2 and SR3 which is currently the Wavendon 9-hole golf course. In effect the SLA is a hybrid of a number of alternative options that were tested through the sustainability appraisal process. The principle of a hybrid solution is not at issue, but the reasons for incorporating the components that make up the hybrid need to be clearly explained with reference to the parts that have been excluded. This affects the validity of the sustainability appraisal process and the justification for the selected option.
48. MKSA4 includes the parcels SR1, SR2, SR3, land on the western side of Newport Road to the west of SR2, and the Wavendon 9-hole golf course, but it does not include SR4. The Sustainability Appraisal Addendum (2) report¹³ says that the chosen option (the SLA) is similar to MKSA4 but with a reduced risk of coalescence with Wavendon. It can be inferred that this is because the SLA does not include the western part of MKSA4 that lies west of Newport Road. However, SR4, which is not part of MKSA4, and SR2 are adjacent to Wavendon, and the appraisal of the alternative options does not adequately explain why the SLA should include SR4 and SR2 while excluding the western part of MKSA4.
49. SSSR, referring to the tested options as a whole, says at paragraph 7.60 that the main issue in the south-east is considered to be coalescence with Wavendon and Woburn Sands although this was identified as being a less significant risk for the SRAs. Paragraph 8.1 sets out that the decision on which site to recommend for allocation in the Plan is based on a balance

¹¹ Milton Keynes and South Midlands Study, Sept 2002 [SR2]; Milton Keynes/Aylesbury Vale Growth Area Assessment Studies, May 2003 [B51 & B52]; Milton Keynes South Midlands Sub-Regional Strategy 2005 [SR3]; MK2031 – A Strategy for Growth to 2031, 2005/06 [B18],

¹² Strategic Site Selection Report, September 2011 [B139].

¹³ Sustainability Appraisal Addendum (2) Report, September 2011, paragraph 5.12 [B138].

between the different considerations, and paragraph 8.5 refers to the way in which the concerns about the separate nature of the SRAs have been overcome i.e. by the allocation of most of MKSA4 allowing for a more joined-up development with greater sustainability benefits.

50. There is no doubt that the protection of Wavendon's identity and setting are important. The need for settlement character to be respected has been a consistent theme in the studies and strategies for large scale expansion in this area. As the assessment of MKSA4 makes clear¹⁴, its overall impact on the rural character of Wavendon could be mitigated by careful planning. Given the landscape characteristics and settlement form and from full consideration of all the evidence, it is reasonable in my view to conclude that the mitigation measures could be applied both to the south-western part of SR2 and the southerly, more elevated section of the land to the west of Newport Road.
51. The existing landscape form and tree belts around Wavendon Business Park and The Stables and the openness of the area immediately to the north of Wavendon's settlement boundary together provide an attractive green setting for the village. This can be retained and opportunities to extend and enhance the green setting can be taken while integrating the lower-lying land further north into the developed area of SLA. This would provide an appropriate, long-term, defensible green buffer for Wavendon. Therefore in terms of settlement identity and setting, there is no need to exclude the area to the west of Newport Road from playing any part in the SLA. Also, its inclusion would offer significant benefits by enabling an integrated plan-led approach to the whole of the area between Wavendon and the A421.
52. Committed and existing employment areas, major centres for education and a large swathe of the built-up area lie to the west and south-west of MKSA4. The exclusion of the western portion of MKSA4 from the SLA therefore limits opportunities for its integration with the main urban area and constrains opportunities for pedestrian and cycle linkages to the south of the A421. This has added importance since the assessment of the SLA highlights the potential of the A421 to act as a barrier to access to the north¹⁵. Figures 2.9 and 3.4 of the draft development framework¹⁶ for the SLA illustrate the gap in the network of pedestrian and cycle routes that is likely to be perpetuated by excluding the western part of MKSA4 from the SLA. Overall, it is difficult to reconcile this with the objective to integrate the SLA with the rest of the city or with the urgent need to facilitate more sustainable travel in the borough.
53. Nonetheless, concerns have been raised about the potential impact of additional traffic generation from development of land west of Newport Road, particularly taking account of the impact of existing traffic and committed and proposed development that will affect Wavendon, Woburn Sands and the rural areas south of the A421. The Council has estimated that as a result of including all of the additional land parcels (see below), the SLA could

¹⁴ Strategic Site Selection Report, Appendix 2: Site Assessments [B139].

¹⁵ Sustainability Appraisal Addendum (2) September 2011 page 90.

¹⁶ See MKC/22.

accommodate in the region of 2,900 dwellings and other uses.

54. However, as the sustainability appraisal of the proposed main modifications identifies [MKC/43], the enlarged allocation will improve accessibility and transport links from residential areas to key services and facilities and employment areas over the short and medium terms. While a positive long-term effect remains in question, measures that could address specific weaknesses are identified in the sustainability appraisal, and the importance of master planning in mitigating issues such as congestion and accessibility is emphasised. It also notes that inclusion of the additional land in the SLA would result in increased integration with the existing city to the west of SR2, which may be beneficial, particularly in terms of pedestrian links.
55. Highway modelling has been carried out for planning purposes up to 2026 which tests growth scenarios both for the level proposed by the SEP and the lower level proposed in the Plan. This shows that operation of the highway network including the strategic road network at 2026 under both SEP and Plan levels is worse than in the base year (2009). The Council has nonetheless concluded, and Highways Agency has not disputed, that the network would still operate effectively and efficiently.
56. Taking all of the evidence into account, there is no reason to conclude that an allowance in principle for an increased capacity of about 400 dwellings and associated land use changes in the SLA would have such significant effects on the highway network that it should be ruled out. The enlarged site would offer potential for more sustainable travel patterns. Also, detailed transport assessments and travel plans will in any event be required for development proposals on the SLA lands in accordance with MKLP Policy T11.
57. These will ensure that all relevant factors, including changes in forecast traffic growth associated with recently completed and proposed development outside the SLA are all taken into account. Any adverse effects of traffic growth on local communities will therefore be assessed and appropriate measures to mitigate such impacts will be identified. Implementation of the required mitigation would be secured through detailed development approvals and other plans and programmes by the Council and other stakeholders. However, for the avoidance of doubt on this matter, I recommend the inclusion of additional text in Policy CS 5 which reflects a similar provision in Policy CS 6 for transport assessment. This is included as an amendment to MM32.
58. Taking account of all these factors and having regard to the Plan's objectives and the SA findings, there are inadequate reasons for excluding the land to the west of Newport Road and without it the sustainability of the SLA would be diminished. As referred to below, inclusion of this land would also provide an important additional element of flexibility and confidence about the SLA's capacity to meet requirements by providing an option for the location of a secondary school to serve the SLA and wider area.
59. A related matter is whether the inclusion of SR4 (Church Farm) in the SLA is not consistent with the Plan's objectives or the sustainability appraisal findings. SR4 was assessed as part of MKSA6 which also includes the western part of MKSA4 and other land to the east and south-east of Wavendon as far as the edge of Woburn Sands. It was also assessed as part of MKSA7.

60. Paragraph 8.6 of the SSSR concludes that while MKSA6 and MKSA7 should not be seen as the most reasonable alternatives in their entirety, the part of the site identified in both of them i.e. SR4, has potential, given the ease with which it can be integrated with the urban area as a standalone site. However there is also some uncertainty over how it links to the rest of the SLA, although the appraisal acknowledges that it should be able to access services through Old Farm Park. The conclusion of the detailed assessment of the SLA refers to the need for SR4 to be carefully integrated with Old Farm Park to avoid it becoming isolated.
61. On balance, I consider that the inclusion of SR4 as part of the strategic allocation has advantages because of its relationship to the existing built-up areas of Wavendon Gate and Old Farm Park and the opportunity it provides for additional choice and flexibility in development mix across the SLA as a whole. I have found no convincing evidence that it could not be adequately serviced. As in the case of the land west of Newport Road, its master planning can mitigate against coalescence with Wavendon and its topography, which drops away from the crest at Wavendon, can assist in this respect. Given that a green buffer can be retained around the village, Wavendon's character would be protected even with the development of both SR4 and the lower-lying land west of Newport Road referred to above.
62. Turning to the reasons for rejecting the other options to the south-east of the city, the Council acknowledges that there was little identified in sustainability terms to choose between the various options. MKSA6 is the best-performing option against the Core Strategy objectives, and along with MKSA7 and MKSA11 outperforms MKSA4 and the SRAs. But the objectives are not weighted, and it is reasonable for the final decision to rest on a balanced judgement of the overall suitability of the options. This is set out in Section 8 of the SSRS. Having considered all the evidence and visited the locations, I agree with the reasons for ruling out the other options because on balance, their coalescence effects and poorer integration with the city should carry particular weight.
63. Taking account of the Government's announcements on the East-West rail project¹⁷, some of the rejected options would be likely to offer more direct support for its development and utilisation. Plan:MK should give further attention to the implications of the project. However, given the reasons for supporting a lesser scale of expansion to the south-east than was proposed in the SEP, at the present time I do not consider that any of the factors in support of those rejected options outweigh the benefits of the SLA allocation. This is subject to the proviso that the relevant policies and supporting text are modified to include the land west of Newport Road, as detailed below. On this basis the SLA would be justified as the most appropriate of the alternative options and the concerns about the SA's underpinning of the SLA's selection and thus its legal compliance are addressed.

¹⁷ See the 2005 Railways Act Statement [B157B] and other documents under B157. Also, the more up-to-date position about electrification has been set out in the representations on the main modifications.

Definition of the Allocation

64. A significant amount of work has already been undertaken to help ensure delivery of the SLA, leading to the publication of a draft development framework.¹⁸ This emerged from on-going engagement with the local community, developers/landowners and other stakeholders. Taking into account the proposed westward extension of the allocation referred to above, and a number of other detailed adjustments to the boundary proposed by developers or landowners, public consultation has taken place on the proposed amended boundary for the allocation. This is shown on the draft revision to the Policies Map (formerly known as the Proposals Map) [MKC/46].
65. Dealing firstly with the SLA boundary west of Newport Road, MKC/46 indicates that the revised boundary would generally extend to the built-up edge of Wavendon and adjoin the edge of Wavendon Gate. It is not precisely the same as the area assessed within MKSA4 referred to above. However that boundary was generalised in a way that was reasonable for its purpose, and the boundary now proposed does not include significantly more land. Also, it aligns with the village envelope for Wavendon. The proposed boundary includes a number of smaller landholdings that are intended to form part of the green buffer that would protect the setting of Wavendon and are not under the control of developers hitherto engaged in the joint working on the draft development framework. The green buffer is shown by a generalised notation on MKC/46. As the consultation responses show, there are concerns about the effect of the revised boundary on delivery of the SLA and about the clarity of the proposal for the green buffer.
66. A fundamental element of the amended SLA boundary is the opportunity it provides for a long-term defensible green buffer for Wavendon. Therefore master planning for the SLA should ensure that proposals for the whole area, including the additional land to the west of Newport Road, are properly integrated. In principle this should include the land necessary to provide clear separation between Wavendon and the new development. Without this, there would be a danger of a piecemeal approach to the fringes of the village that could erode the openness of the area between the village and the new development. Neighbourhood planning is underway for Wavendon but I have not been made aware of any potential conflict between this process and the designation of the SLA. Therefore the proposed SLA boundary, which abuts the settlement boundary of Wavendon and adjacent built-up areas, is justified.
67. Further work will be required to finalise the development framework taking account of the detailed implications of the enlarged allocation. But having regard to all of the concerns raised, there is insufficient reason to conclude that this is likely to give rise to such complexities or delay that it would seriously affect the timescale for planning and delivery of the allocation or render it ineffective. Therefore on the current evidence it is reasonable, as Policy CS 5 seeks, to have an approved development framework in place

¹⁸ Strategic Land Allocation Development Framework, Supplementary Planning Document, Draft June 2012 [MKC/22]. Public consultation on this document was carried out in the period up to October 2012.

before planning permission is granted on parts of the SLA.

68. The clarity of the proposed requirement for a green buffer is also in dispute. However given the significance of this requirement for the SLA I am satisfied that it is appropriate to include it on the Policies Map. The proposed notation, albeit not aligned with field boundaries or other physical features, clearly indicates the general extent of the green buffer and is sufficient to guide more detailed proposals for the SLA in the development framework and planning applications. Its purpose, to maintain separation between the existing settlements and the new development in the SLA, is a sufficiently clear basis on which to take forward detailed planning proposals for the latter and determine any proposals that may arise for development of lands within the buffer. The Council can consider whether more specific policy protection should be given to the buffer in due course. Overall, it is justified and likely to be effective.
69. And in regard to its size and adequacy, as referred to above, there is an existing green setting for Wavendon that forms the basis for this buffer. The policy notation generally reflects this, indicating a reasonably sized area of elevated ground that will visually and physically maintain separation. Any specific measures to ensure a satisfactory relationship with the edges of the development areas within the SLA can be considered through the development framework.
70. Turning to other issues about the definition of the allocation, as proposed by the Plan, three small areas of mostly woodland are excluded from the section of the SLA north of the A421. However the Council accepts the developer's view that there is benefit in including these parcels, and I agree since it would enable a more integrated approach to the overall development of the area while respecting its landscape features¹⁹.
71. To the south of the A421, the Council has proposed that the SLA boundary should be modified to include a small, triangular-shaped field of about 3 hectares (ha) adjacent to Wavendon Lodge on Lower End Road. This has raised concern about its impact on the deliverability of the SLA proposals for the surrounding area and about its suitability in principle. Wavendon Lodge is a listed building and its special interest including its setting would require protection in any development proposal, but inclusion of the field would offer potential for more efficient use of land. On balance, taking all the evidence into account, there are inadequate reasons to conclude that issues relating to the listed building or other factors that may arise are enough to exclude the field from the SLA. More detailed consideration can be given to the site through the development framework.

Detailed Principles of Policy CS 5

72. The draft development framework provides for a site for a 5-form entry

¹⁹ The proposed changes to the Policies Map [MKC/46] identify the three areas but the text of the modifications refers only to two areas. I have corrected the text of the modifications accordingly.

secondary school to meet the SLA's requirement but the need for it has been disputed. Inclusion of the land west of Newport Road provides an alternative option for location of a new secondary school, if required, thus increasing the flexibility of the allocation and offering increased capacity to accommodate the required housing, educational and other facilities. Taking this and all of the above into account, a modification that makes clear that the allocation is for "in the region of 2,900 dwellings", rather than the 2,500 dwelling maximum figure as currently expressed in the Plan, is necessary to ensure that the policy is justified and effective.

73. In addition to this, other modifications to the Plan's detailed proposals for the SLA are required for soundness. In the light of all the evidence, it is important to maintain protection for a route that will secure full implementation of the Bedford to Milton Keynes waterway project. This would yield significant environmental, transport and economic benefits in the longer term.²⁰ However, the proposed alignment of the waterway, which was protected as a transport reservation by Policy T13 of MKLP, would cause serious fragmentation of the development area of the SLA.
74. A revision to the alignment was discussed at the hearings and put forward in the draft main modifications [MKC/46]. However, representation from the Bedford-Milton Keynes Waterways Trust on MKC/46 raised concern that the alignment does not show a workable solution for the route around the north-eastern corner of the SLA, nor where it lies between the M1 and A421. It was also clear from other representations that further revisions of the alignment were being explored jointly with the prospective developers of the SLA to address these difficulties.
75. I have taken account of the responses from the interested parties to my request for clarification on this matter. In this light I am satisfied that the Plan should make provision for the waterway as shown on MKC/46. There is insufficient reason to doubt that as part of detailed planning for development of the SLA, a deliverable scheme for the waterway around the north-eastern corner of Eagle Farm North and for its crossing of the A421 will be facilitated. The safeguarded alignment on the Policies Map would allow reasonable flexibility to make adjustments in the detailed design of the route at the locations concerned and these can be considered as part of refining the development framework and through planning applications. Therefore, provided that the Policies Map reflects the safeguarded alignment shown in MKC/46, the proposals for the SLA would be sound in this regard [**MM1**].
76. Also, the proposal to safeguard land for a new junction and/or a future bridge with access to the M1 should be deleted from the Plan since it is no longer justified, having regard to the completion of improvements to Junction 13 and the general presumption against creation of additional accesses to the motorway network.
77. Principle 6 of Policy CS 5 safeguards land for a multi-modal transport hub in

²⁰ Bedford to Milton Keynes Waterway, A-Z Project Delivery Plan [B154].

the SLA. This concept originated in the proposed SESDA and it relates to the potential for rail freight and other interchange offered by the proximity of Junction 13 and the proposed East-West rail scheme. However a specific reference to a transport hub is no longer justified in the context of the reduced size and extent of development proposed for the SLA. Amendments to Policy CS 11 on transport, discussed below, would provide an appropriate context for future planning and development. Accordingly principle 6 of Policy CS5 should be deleted together with the reference to it in principle 18 as set out in the recommended modifications.

78. Principle 18 is not supported by evidence in respect of financial contributions that would be required to the dualling of the A421 and it lacks clarity in this respect. The role of the A421 is returned to in Issue 5 below but for soundness reasons principle 18 requires modification, as set out in my recommendations, to address the concern about justification and clarity.
79. Principles 2 and 5 include references to the city's grid road system. The matter is considered in detail under Issue 5. On this basis, and having regard to the contribution that would be made by the grid roads to future proofing any extension of the SLA and providing flexibility for changes in transport needs, there is insufficient justification to delete the references. The draft development framework indicates the broad layout of grid road extensions from the north and from the west (adjacent to Church Farm) and in principle this should not preclude the shaping of attractive, legible neighbourhoods while meeting sustainable travel objectives. The design of the grids and public transport routes should address the local circumstances but these are detailed matters outside the scope of the Plan.
80. In order to accord with the Plan's strategy for a greater emphasis on knowledge-based industry, the Council's preference is for Class B1/B2 development on SR1 (Eagle Farm North), rather than Class B8. The Plan's overall strategy for economic development is considered in Issue 4 below. Consistent with my findings there, any proposals for office development in the SLA should reflect the sequential approach to such development in Policy CS 3 (as modified). Therefore, the supporting text to Policy CS 5 should be modified accordingly, so that it is consistent with national planning policy.
81. Principles 7 and 8 refer to sustainable construction standards and energy networks. For the reasons set out in more detail under Issue 6 below, there is inadequate justification for requiring development to exceed national standards or placing the onus on the developer to prove that a community energy network is not feasible on technical or economic grounds. The recommended modifications to these principles address these concerns and therefore are necessary for a sound Plan.
82. The requirement in principle 10 that the development should where possible improve facilities in existing settlements is unclear about what might be expected or the basis on which it would be applied. The development may give rise to such opportunities but the requirement should be deleted because it is not justified or effective. Similarly, principle 13 should be modified so that it is clear that financial contributions to the improvement and extension of infrastructure and facilities in nearby existing settlements will only be required if they are made necessary by the development.

83. Subject to the above, the work that has already been carried out on the development framework including securing arrangements for provision of the necessary infrastructure all underpin confidence about the capacity of the SLA to meet the Plan's objectives and that it is deliverable. The timetable for bringing forward development on the site has been carefully considered, the density assumptions appear realistic and appropriate, and delivery programmes will be regularly updated. The additional areas for development identified in the modifications increase the capacity and flexibility to secure delivery. Provided that the Plan is modified in accordance with **MM1, MM2, MM4, MM8, MM16, MM17²¹, MM31 and MM32** which reflect the conclusions above, and provided that the Policies Map is changed so that it is consistent with these recommendations, the proposals for the SLA are sound and legally compliant. The Council may wish to replace the references in the policy and text to former policy/sustainability appraisal descriptions (e.g. SR1, MKSA4) by locational descriptions as part of its additional modifications.

Issue 3 – whether in all other respects the land supply is capable of meeting the housing requirement, including in the rural parts of the borough, and whether the Plan's approach to affordable housing and other housing needs is justified

Land Supply

84. Based on the evidence for the hearings, the overall land supply position indicated that there are identified sites for about 24,300 dwellings in the borough. There were 2,875 net completions in the first two years of the plan period. Measured against the Plan's target of at least 28,000 dwellings this indicates a shortfall in the land supply of at least 825 dwellings. The shortfall is in identified sites to meet the specific target for the rural/rest of the borough that was derived from RS Policy MKAV1 and is considered further below.
85. Turning to the adequacy of the supply for the urban/growth area, over 70% is comprised of large strategic sites in the greenfield expansion areas to the east and west of the city and in the remaining areas of the city estates. More than 60% of all the available land has planning permission, about 20% of which has full planning permission. There is detailed, systematically assessed and regularly updated evidence on the land supply and a very well established monitoring regime.²²
86. From all the evidence, there is insufficient reason to doubt that the identified supply is fit for purpose and provides a reasonably broad offer in market terms, with a range of sites and locations to meet demands including for larger, family homes. Even though the bulk of the supply is in large development areas, there is good evidence that it offers sufficient choice and flexibility in the supply.²³ In many cases site capacities, densities and development mix have already been tested through planning applications,

²¹ I have corrected MM17 to include reference to the additional areas of land included in the SLA.

²² As detailed in the SHLAAs, HTPs and Annual Monitoring Reports.

²³ As detailed in MKC/23, MKC/24 and MKC/27. See also Rep 273046/15 (Gallagher Estates).

downward adjustments have been made to reflect changes in the market for apartment schemes, and there is insufficient reason to differ from the Council's assessment of the overall capacity. Particular attention has been given to the expectations for Central Milton Keynes (CMK), especially to the effect of the changed market for apartments and the viability of mixed use schemes. Therefore in these regards there is no need for the Plan to allocate additional sites in a range of locations.

87. Given the concentration of the supply in a few very large sites, delivery rates are of particular importance. Detailed trajectories have been provided for the components of the Western and Eastern Expansion Areas (WEA and EEA) and the other strategic sites, with supporting detail on infrastructure works, release of land parcels and completion rates. There is no convincing evidence of any significant infrastructure, viability or other barriers to the delivery of these sites. The WEA has been delayed, with a combination of technical/regulatory issues and the economic downturn leading to slippage of the start date. But in the light of the evidence before me, there can be reasonable confidence that completions will be achieved on parts of the site over the next few years.
88. I have also taken account of recent rates of delivery on the borough's large sites, the extent to which delivery is facilitated by the operation of the Milton Keynes Tariff (Tariff) programme and the re-negotiation of long-stop dates²⁴, the number of sites on which 'starts' have already been made and all the other evidence. On this basis the forecast delivery rates for the Plan period, while challenging, can be achieved. The impact of measures to unlock market demand will be kept under review as part of the regular monitoring of sites. Also, the inclusion in the trajectory of an optimism bias allowance allows for anticipated slippage in sites coming forward in the longer term and will help to ensure that the overall target is met or exceeded.²⁵
89. Having regard to the above, at the time of the hearings the Council was able to demonstrate an overall housing land supply of more than 5.3 years against the Plan's target and that, following the adoption of the Plan the supply would be about 5.7 years. No allowance for urban windfalls has been included in these figures, although continuation of past trends would yield about 200 dwellings on small sites over the five-year period. Also, land use changes, particularly redevelopment of redundant employment land, appears likely to maintain a trend for larger windfalls to come forward in the urban area, but these will be identified as far as possible through updates of the SHLAA.
90. The five-year land supply does however include an allowance for windfalls in rural areas at a rate of 40 dpa. The Council's evidence²⁶ that this is now justified, given NPPF guidance, is soundly based. Windfalls have provided about 47% of rural housing completions over the past 15 years and 29% have been from small sites (less than 10 dwellings), not including any significant

²⁴ The date on which developers (land owners) are required to pay the outstanding Tariff contribution.

²⁵ MKC/8, Appendix 3 and MKC/47 (updated trajectory).

²⁶ HTP Update, March 2012 [B126A].

number of garden developments. A variety of sources have contributed to windfalls, the most consistent being infill, redevelopment and conversions, and the evidence supports the continuation of these trends.

91. NPPF requires that the five-year land supply should include an additional buffer of 5% (moved forward from later in the plan period) to ensure choice and competition in the market for land. The requirement would be met in this case, with buffers ranging from 8.5% to 13.8% being maintained over the next six years.²⁷ However, where there has been a persistent record of under-delivery, NPPF requires that the buffer should be increased to 20% to provide a realistic prospect of achieving the planned supply as well as ensuring a competitive land market.
92. Arguably the 20% buffer could apply to the borough given recent under-delivery although the balance of the evidence indicates that this has mainly been caused by lack of market demand. In any event, the quantity of developable land already identified (more than 24,000 dwellings) is capable of being delivered much earlier in the plan period if there is sufficient market demand. And as referred to above, the Council is bringing forward a site allocations DPD to make up the deficit in the supply for the rural part of the borough as well as allocating smaller, non-strategic sites in the urban area. This is set out in Policies CS1, CS 2 and Table 5.2 of the Plan.
93. The Council has put forward modifications clarifying the role of the site allocations DPD in providing short-term flexibility and contingency as well as ensuring that the housing requirement for both the urban and rural parts of the borough will be met by 2026. These also explain that by allocating sites for about 1,000 dwellings (based on 2012 forecasts), the site allocations DPD would ensure that a deliverable five-year land supply plus a 20% buffer would be maintained.
94. On the balance of all the evidence, I consider that this is a sound approach since it will ensure that there is sufficient contingency in the short term to respond to an uplift in demand for housing, and it will provide an appropriate additional level of choice and competition in the local housing market, increasing opportunities for earlier release of sites. Therefore, the Plan should be modified in accordance with **MM10-MM13, MM15, MM38** and **MM57** which address the above points.
95. In regard to the specific needs for the rural/rest of the borough, this approach would also be sound. There is no dispute that the rural areas housing target should be separated from that for the growth area around Milton Keynes and this gives rise to the target of 1,760 dwellings 2010-2026. The evidence to the hearings indicated a deliverable five-year land supply, and the balance of the requirement over the Plan period will come from site allocations in the forthcoming DPD and from windfalls. From the work already undertaken on the SHLAA, there should be no difficulty in allocating sufficient sites and there is already a major reserve, not counted in the supply, at Tickford Fields,

²⁷ Based on the evidence presented to the hearings.

Newport Pagnell, which has capacity for about 600 dwellings and is identified as a SRA in MKLP Policy EA4A.

96. However I do not agree that there are good enough reasons to identify additional areas for growth in the rural settlement hierarchy. The strategy in Policy CS 1 represents a sound balance of the sustainability considerations that should guide the location of new development. The particular identification of Sherington to accommodate limited expansion in response to local demand does not alter this conclusion.

Affordable housing

97. The general policy for housing set out in Policy CS 10 seeks to meet specific needs including for affordable housing. However in the short term the Council intends to rely on saved policies H4 and H5 of the MKLP and the affordable housing supplementary planning document (SPD), as adopted in March 2013. MKLP was adopted in 2005 and therefore it might be expected that its affordable housing targets and thresholds would merit review by now.
98. However, the majority of new housing that is due to be built over the next five years already has planning permission, with an affordable component that has been secured under MKLP policy and through the Tariff. Also, the SHMA 2008 supports continued application of the 30% overall target although, as referred to earlier, the SHMA should be updated to inform Plan:MK. Performance in recent years has somewhat exceeded 30%, although the SPD's tenure mix (as it applied at the time) was not fully met. Saved policy H5 requires that site and market conditions should be taken into account in setting the affordable housing requirement in any particular case. Detailed consideration of viability is underway as part of the Council's preparation of a Community Infrastructure Levy (CIL) charging schedule and review of Section 106 planning obligations.
99. Taking this background into account and having regard to the advice in NPPF on viability, there is sufficient justification for the Council to continue to rely on its saved policies until the overall level of need and the viability of provision will be reviewed through Plan:MK. However, it is necessary for soundness to clarify that review of the affordable housing target and related matters will be undertaken formally in this way, thus ensuring public scrutiny, and that the requirement for the SLA will be based on the saved policy. It should also be clarified that updates of the SPD will be evidence-based, reflecting the latest assessment of needs. The Council's suggested re-wording of Policy CS 10 and its supporting text addresses these points and therefore I recommend that the Plan be modified by **MM39** and **MM40**.

Traveller Sites

100. Paragraph 10.8 of the Plan says that the Council intends to allocate a site for travelling show people in the site allocations DPD and if necessary, site(s) for travellers, subject to the findings of a future review of needs in the borough. The evidence base is limited to the Gypsy and Traveller Accommodation Assessment (GTAA) (2007), which looked to 2011, and the background work for the partial review of the SEP. The latter indicated a potential need for 36 additional pitches 2006-2016 but the partial review was not adopted and the requirement figure is not regarded by the Council as an objective assessment

of need because it was based on a compound growth rate applied to the GTAA estimate.

101. MKLP allocated three sites which would have made a significant contribution to meeting the GTAA requirement to 2011 (36 pitches). However development of one of the sites (Fenny Lock) has been stopped and another is under review because the Council has concerns about their cost effectiveness in meeting priority housing needs. Alternative sites are to be explored, and refurbishment/expansion of the existing site at Willen Road is being pursued as an interim measure to accommodate priority need.
102. Set against the Planning Policy for Traveller Sites (PPTS), the Plan is not founded on an up-to-date assessment of travellers' needs and the evidence is inconclusive on the existing level of unmet need. However, the Council has suggested that MM39 and 40, referred to above, should include confirmation that a local assessment of need will be undertaken in line with national policy requirements. This will be completed as part of Plan:MK and will inform the allocation of sites, where a need is identified, within that plan. In the interim period, any need will be met in accordance with national policy and MKLP saved Policy H12 that sets out the basis for determining planning applications.
103. While the Plan would still not meet the expectations of paragraph 9 of PPTS concerning the identification of deliverable and developable sites/broad locations over particular time periods, the proposed modifications form the basis to do so following an updated assessment of needs. On balance, this is acceptable given that publication of PPTS post-dated the submission of the Plan and that there is already a policy basis for windfall sites to be brought forward in the interim period. I have noted the concern that the Council's commitment should be reflected in the local development scheme, but this would not be binding on the Council and I have no reason to doubt its intention to press forward with Plan:MK. Overall, taking all of the above into account, provided that the Plan is modified accordingly it is sound.

Issue 4 – whether the Plan's policies for employment and town centres are consistent with NPPF

Employment Land and Future Requirements

104. Policy CS 3 (Employment Land Supply), together with Policy CS 7 for CMK and Policy CS 16 (Delivering Economic Prosperity), generally set the Plan's framework for future economic growth of the borough. This seeks to continue Milton Keynes' development as a major centre of employment in the region, with a strong focus on knowledge-based jobs that would build on its existing strengths, maximise the potential of CMK and ensure that allocated and proposed new employment sites will come forward for development
105. Table 5.3 of the Plan, though now dated, identifies the supply of available land (not including the SLA) in the borough and floorspace in CMK and estimates that its jobs potential lies between 50,000-67,000 approximately. The Employment Technical Paper (ETP) Update (2012) [B127A] indicated that the available supply had increased slightly (to about 205ha). With the SLA's employment land component, the supply would rise to about 217ha.
106. The adequacy of this broad scale of provision to meet the quantity and type of

employment growth expected for the borough was examined in the Employment Land Study (ELS)²⁸ and reviewed through the ETP 2011 [B127] and its 2012 update. It should be seen in the context of the Council's preferred strategy of attracting a greater number of skilled jobs as a percentage of all new jobs, and in broad terms it would imply that the jobs:dwelling growth ratio would be about 1.5:1 over the Plan period. I return to the latter below. But in summary, on this basis the Council remains confident that even on more cautious assumptions, there is sufficient capacity for the continued growth of Milton Keynes as a major centre of employment as well as meeting the needs of its own labour force.

107. Nonetheless, one of the risks to the success of the Plan is whether the size and quality of the available sites will be enough to support demand for clusters of knowledge-driven and high technology industries. From all the evidence it seems reasonable to expect that CMK, together with the other high quality sites available in the borough, will be able to play a large part in meeting such needs. Substantive, innovative work is being undertaken by the Council and its partners to identify what should be done to foster increased growth in the knowledge economy, and at least up to the medium term, it does not indicate a need for a science park facility. There are also well-developed frameworks and organisational structures to facilitate business enquiries, monitor economic trends and land take-up and inform policy making.

108. Overall, the evidence suggests that the Plan has properly reflected the above needs and demands and will be effective. However, the employment land portfolio comprises mainly small sites. In order to take full advantage of growth opportunities that may arise, some qualitative or quantitative deficiencies in the employment land portfolio may need to be addressed in the medium to longer term. This should help to ensure that the potential for all forms of economic development, including for Class B8 use, is reassessed. **MM19, MM20** and **MM22** set the context in which Plan:MK will take this forward and are recommended in the interests of positive planning.

109. Related to the above, CMK should be enabled to play its full role as the primary focus for knowledge-based employment growth in the borough. Development of CMK is vitally important for the success of the employment land strategy even though dispersal of employment land across Milton Keynes was a key element of its original master plan.²⁹ The evidence base and national policy now support a stronger focus on CMK and the Council accepts that the Plan does not fully reflect this. **MM21** and **MM23** address this by confirming that CMK will be the preferred location for Class B1a/B1b proposals above a threshold of 1,000 square metres. In the interests of clarity and for consistency with national policy I have amended the reference to transport links in Policy CS 3 to confirm that these should be sustainable.

²⁸ Milton Keynes Employment Land Study; GVA Grimley, May 2007 [B19].

²⁹ The Plan for Milton Keynes (1970) [B54].

Jobs-Homes Ratio

110. The expectation that jobs growth will be approximately at the rate of 1.5 new jobs for each new dwelling has given rise to a number of concerns about its impact on other local economies and on in-commuting, and also whether the local labour supply would act as a restraint on economic growth. The SEP referred to an intention to seek a 1:1 ratio for the Milton Keynes Growth Area in order to secure no net change in overall net out-commuting, but this was not intended as a development control tool to constrain development.
111. The 1.5:1 ratio includes jobs from all sources, including growth in local services as well as from development of new employment land. It is a reasonable approximation of the long-term relationship between the growth in jobs and new housing in the borough since the 1970s. Its origin lies in the ELS which recommended an aspirational scenario for the future economic growth of the borough based on recent past trends and which would be equivalent to more than 1.5 new jobs per dwelling.
112. As the Council has emphasised, similar to the SEP approach, this ratio is not intended to constrain the growth of housing or employment. It will be used as a monitoring indicator as explained in paragraph 5.23 of the Plan but there is no reason to conclude that it will undermine growth prospects in other parts of the sub-region or that an unsustainable pattern of growth will be encouraged. Given the role of Milton Keynes as a higher-order centre, it is likely to remain a net importer of labour but changes in the net level and the sustainability implications can be kept under review. For example, the Council's strategies to up-skill the local labour force, encourage a mix of housing including 'executive homes' and promote sustainable travel are likely to have impacts on Milton Keynes' self-containment and sustainability. This may indicate a need to re-consider the ratio in due course.
113. On balance, none of the evidence leads me to conclude that the way in which the ratio has been used has led to an unsound plan. However for consistency with the Council's case as set out above, references to the ratio need to be amended in the interests of clarity and effectiveness, particularly to ensure that it will not be narrowly interpreted as a target that will restrain development. Therefore I recommend amendment of paragraph 5.30 (**MM22A**), and the modifications in regard to the SLA include an amendment of principle 14, replacing the target of 1.5 jobs to one dwelling with a reference to the Plan's employment objectives.

Town Centres, Retail and Leisure Provision

114. Policy CS 4 of the Plan explains how retail and leisure development will be managed to deliver the objectives for the town and other centres in the borough as defined in the hierarchy in Table 5.5. It refers to CMK although Policy CS 7 sets out more detailed guidance on certain aspects of CMK. However, the Council accepts that Policy CS 4 does not adequately reflect the primacy of the retail core of CMK which operates as a regional shopping centre, nor is the Plan clear about the relative importance of leisure and other appropriate development in the centres or consistent with NPPF regarding out-of-centre development.

115. For this reason, **MM24**, **MM26**, **MM28**, **MM29**, **MM29A** and **MM30** make amendments to the supporting text, Tables 5.5 and 5.7 and Policy CS 4. These address the above concerns by distinguishing between the retail, leisure and other elements of the policy, and they define the Primary Shopping Area of CMK in which regional-scale comparison shopping will be focused. **MM36** and **MM37** ensure that Policy CS 7 which deals specifically with CMK is consistent with the above. I have amended MM28 so that the policy title retains the reference to leisure development, given the policy's content, and MM29 to ensure that it is consistent with NPPF in regard to out-of-centre proposals. These modifications are necessary for the clarity and effectiveness of the Plan and consistency with national planning policy on town centres; they provide a sound overall policy framework on these matters.
116. Turning to the requirement for additional retail development in locations throughout the borough, the Plan takes account of the retail capacity and leisure study (2010) which, broadly speaking, does not identify a need for significant additional convenience shopping space other than foodstores within the WEA and EEA. Since that study was published, planning permission has been granted for foodstores in both expansion areas. There is some dispute about whether the study and the subsequent update in 2011 take adequate account of qualitative as well as quantitative need, particularly in respect of any deficiencies in the northern part of Milton Keynes. However I do not consider there is sufficient evidence to recommend a change to the retail hierarchy in respect of Stantonbury.
117. Nonetheless, the Council acknowledges that the Plan should refer to the 2011 update study and that additional detail on the retail studies' findings would help to explain the context for any future development proposals. **MM5** and **MM25** provide this clarity, including that any application for additional convenience floorspace will be considered on its merits. However I have amended MM25 by removing the reference to 'need' in the third bullet point of new paragraph 5.36, since it is inconsistent with NPPF, and replacing it by a reference to the latter. Also, in referring to new retail floorspace that may come forward in appropriate locations, it should be made clear that this may include town and district centres. I recommend the above modifications, as amended, so that the Plan is justified and effective.
118. Additional retail floorspace has been permitted recently so that the details in Table 5.6a are no longer up-to-date. The data represents a snapshot in time and it would not undermine the soundness of the Plan were it to remain as such. Any updating can be dealt with by additional modifications.
119. Paragraph 5.41 of the Plan refers to the proposed development of a regional sports facility, located at various venues throughout the borough. The Council accepts that this should be updated for clarity and effectiveness, to refer to Milton Keynes' potential more generally and to the International Sporting City concept in particular. **MM27** resolves this matter.
120. In conclusion on this issue, subject to the modifications recommended above, I am satisfied that the Plan sets a positive framework for sustainable economic growth and for retail and other appropriate development in the borough's centres, and it is consistent with NPPF's policies and objectives in these matters.

Issue 5 – whether Policy CS 11 and the strategy as a whole provides for integrated, sustainable solutions to the need for movement in and adjoining the borough

121. The considerable volume of evidence on transportation in the borough and the wider area has been augmented by the third in the series of local transport plans, Local Transport Plan 3 (LTP3)³⁰ which was adopted by the Council since the submission CS was prepared. As a result some references in the Plan require updating to ensure reasonable clarity and effectiveness. The Council has put these forward in **MM6**, **MM41-MM44** and **MM52-MM54** but in any event there is no fundamental conflict between the spatial strategy and LTP3. Nor is there any substantive inconsistency with Government objectives for sustainable transport as set out in NPPF. In broad terms, the spatial strategy for growth will harness the opportunities for sustainable access and facilitate modal shift to non-car modes over the Plan period.

Prioritisation and Modal Share

122. Notwithstanding the above, a recurring concern about the Plan as it has evolved to its present form is whether it is sufficiently clear about the priority for sustainable transport. The strands of the transport strategy are interrelated and thus interventions in any one element will have effects on others. Nonetheless, it is difficult to accept that LTP3's overall vision - that by 2031 Milton Keynes will have the most sustainable transport system in the country - is properly reflected in the Plan.

123. This is a matter of soundness since there is no doubt that the Council must seek to introduce changes to the ways people travel, especially around the city, given the pressures that will be placed on the road network by future growth and also so that climate change is addressed. The borough is characterised by small numbers of trips to a very large number of destinations. The transport modelling work has forecast the impact of the planned growth level on traffic congestion, assuming that existing trends in car usage and modal share were to continue.³¹ As the Council acknowledges, the results highlight the importance of managing the demand for car travel now, to ensure the efficiency of the transport network and improve access to jobs, services, schools and other essential facilities.

124. Implementation of the LTP to achieve the right balance, for example between improvements to public transport, walking and cycling facilities on the one hand and restraint of car use on the other, will be crucial for the success of the Plan. Accordingly, **MM50** is necessary to signal the importance of sustainable transport interventions and give greater emphasis to behaviour change while acknowledging the interrelationships between the elements of the strategy. Read in context with LTP3, the modified Plan will give stronger encouragement for sustainable travel and is sound in this respect. It is noted that an update of paragraph 11.14 of the Plan is required to refer to LTP3 and the Council's

³⁰ A Transport Vision and Strategy for Milton Keynes: Local Transport Plan 3, 2011-2031 (April 2011) [LP17].

³¹ Milton Keynes Transport Model, Traffic Forecast Report, Halcrow, May 2012 [B143].

Local Investment Plan, but these are minor matters that will be addressed by the Council before adoption of the Plan.

East-West Rail

125. During and after the hearings, the proposal for significant improvements to east-west rail services that run through the borough was advanced by further Government announcements concerning its status and electrification. The Council is committed to paying its share of the funding by the partnership of local councils, and the Plan makes reference to the project, but it does not adequately recognise its potential and enhanced status. As a result, modifications are necessary to Policy CS 11 and the supporting text that confirm the western section of East-West rail forms part of the Government's strategy for rail transport, with the project likely to proceed in the period 2014-2017. And it is also important to recognise its significant economic, environmental and social benefits for the borough and how these and operational benefits can be realised. **MM46** and **MM49** address these points and are necessary in the interests of a positive, effective plan.
126. The relationship between East-West rail and the scale of development to the south-east of the city is referred to in Issue 2 concerning the SLA. Although the business case for the project was based on the housing requirement set by the SEP, the balance of the evidence does not indicate that it is dependent on this level of growth. However, the potential that could arise for a multi-modal hub and other supporting development associated with East-West rail is an important planning consideration for the longer term. The Council will no doubt explore jointly with Central Bedfordshire Council and other stakeholders how to maximise the net benefits of the project in planning for future development of the wider area. This would accord with MM46 and MM49.

Park and Ride

127. Policy CS 11 provides for park and ride facilities at various locations within or straddling the borough boundary. However it has become clear that further evidence-based investigation is necessary in order to justify some of the specific proposals. **MM48** addresses this concern by replacing principle 8 of Policy CS 11 with new text. This sets out the intentions for development of high-quality transport interchanges and park and ride sites in suitable locations in the borough and is a justified, effective way forward.

Grid Roads

128. The Plan reflects the Council's commitment to the grid road principle that has shaped the city's development and its green environment and is regarded by the Council as a success story that should continue. Nonetheless this entails a change from MKLP which recognised that the grid road system along with other features of the city's development pattern did not lend themselves to efficient and comprehensive public transport provision. As a result, MKLP required that development in the Expansion Areas would still be based on the city's road hierarchy of primary, district and local distributors without necessarily conforming to a grid road layout.
129. This led to the 'city street' principle that was carried forward in the development frameworks for the EEA and WEA. In the case of the WEA,

subsequent to the grant of outline planning permission, the Council decided that the grid road principle should be retained and this resulted in a hybrid road network in the approved layout of WEA that contains both a city street and grid roads. From all of the evidence it appears that the hybrid solution in WEA has not been well-received although details remain to be worked out that may help to ameliorate concerns about design and place-making, public transport operation and other issues.

130. The draft development framework for the SLA reflects the Plan's re-affirmation of the grid road principle but concerns remain amongst a wide range of interests about its continued justification, taking account of urban form, sustainable transport, efficient use of land and other matters. Also, the prospects for extending grid roads into adjoining local authorities as part of any future expansion of the urban area are uncertain.
131. However, the existing grid road network in itself is a major asset, offering considerable in-built flexibility. It includes safeguarded corridors for future mass transit schemes and is not necessarily incompatible with the aim to provide effective sustainable transport opportunities. Therefore, arrangements that would modify the non-strategic grid roads for particular reasons should be considered carefully so as not to undermine the flexibility of the grid road arrangement. And for future expansion of the city, it would be unwise for the Plan to foreclose the option of expanding the grid road network.
132. Given these strands and the potential conflicts that may arise, there is no doubt that high quality design and careful attention to the layout of new development areas will be required so that the priority for sustainable transport is met in the SLA and more generally in the borough. Principle 4 of Policy CS 5 requires that opportunities for sustainable travel are maximised in the SLA and this must not be compromised by Principle 2 of the same policy which refers to the continuation of the grid road principles. However the details of how this will be achieved are not a matter for the Plan. And therefore, on balance, it would not be justified on the basis of the evidence before me to recommend that the Plan should depart from the broad principle of the grid road network.

Role of the A421

133. Dualling of the A421 from Junction 13 of the M1 westwards towards the city has long been an objective of the Council but given uncertainty about prospects for its implementation, it was not included in the transport model. The modelling work indicates that the road network can accommodate the Plan's growth up to 2026 without dualling the remaining length of single carriageway. It has nonetheless remained a Council priority, with the expectation that it would be funded wholly or partially by development of the SLA. However, this is not a reasonable basis on which to expect financial contributions from the SLA and therefore modifications in this regard are recommended under Issue 2 above.
134. In addition, the Plan needs greater clarity about the role that is played by the A421 and the Council's intention to seek improvements to it. This will help to ensure that the financial contributions that are expected from new development and from other sources are understood. Additional text in

Chapter 11 of the Plan as proposed by the Council will give the necessary clarity, provided that the reference to "the development" is amended to "new development". I recommend **MM51** accordingly.

Other Matters concerning Transport

135. The need for a by-pass for Olney was raised during the examination. It is not referred to in the Plan but LTP3 makes clear that it is supported in principle, subject to design, feasibility (including affordability), public consultation and funding. Also, Policy T12 of MKLP protects alignments for a by-pass. The Council proposes to correct an error that omitted the protection policy from the Proposals Map that accompanied the adopted MKLP. This is a matter for the Council and it is not in my power to recommend it. Therefore MM1 as set out in the Appendix attached to this report does not refer to it.
136. The Council has advised that funding for improvements is being sought and that the aim is to reduce through-traffic. The A509 is a primary route through the centre of Olney and I understand concerns about the effectiveness of measures other than a by-pass to reduce the environmental and other impacts of through-traffic on the town. But given the scope of the examination and the evidence before me, it would not be appropriate to make any recommendations on this matter.
137. Amongst the transport measures listed in the Plan is a proposed new junction (Junction 13a) on the M1. However, the Council has accepted the advice of the Highways Agency that all references to the new junction are at odds with Government policy and are no longer justified. **MM7**, **M45** and **MM47** make the necessary deletions and updating and are required for soundness.
138. In conclusion on this issue, provided that the modifications recommended above are made to the Plan, I am satisfied on the evidence before me that it provides for integrated, sustainable solutions to the need for movement in and adjoining the borough and is sound in this respect. I deal with implementation matters in Issue 8 below.

Issue 6 – whether the Plan's requirements for sustainable construction and community energy networks are justified and likely to be effective

139. As the Plan states, Milton Keynes has a history of promoting leading-edge, energy-efficient buildings and the Council wishes to ensure that future development will help to achieve its objective for carbon-neutral growth. This is consistent with the thrust of national policy but NPPF also emphasises the importance of viability and deliverability. Policy CS 14 is not adequately justified because it has not been demonstrated that it is supported by sufficiently up-to-date evidence of technical feasibility and economic viability. In response to these concerns the Council proposes the deletion of the policy and supporting text and will review its standards as set out in MKLP through Plan:MK (**MM55**). This resolves the soundness concern about the policy.

140. Policy CS 15 deals with community energy networks and large-scale renewable energy schemes. I have given careful consideration to the detailed evidence on this matter³² but for reasons similar to the above, the policy is not sufficiently justified and it is over-prescriptive. In particular, criterion 2 of the policy is unduly onerous, given the available evidence. The Council has put forward an amended policy that would address these concerns while encouraging the development of community energy networks for larger schemes (**MM56**). In conclusion, pending the review of the policy framework through Plan:MK, these modifications will not prevent the Council and its partners supporting the highest standards of sustainability in construction and energy developments that can be realistically achieved. I recommend MM55 and MM56 in the interests of a sound plan.

Issue 7 - Whether Policy CS 6 concerning place-shaping principles is justified and likely to be effective

141. Policy CS 6 refers to development that may come forward on the edge of Milton Keynes that is wholly or partly within the administrative boundary of a neighbouring authority. It sets out place-shaping principles that the Council will put forward during joint working on planning, design and implementation in this event. While it has given rise to a number of concerns, I consider that on the balance of all the evidence the policy is justified in principle. It reflects the geographical context of Milton Keynes, the intrinsic value of the city's unique planned form, and the potential cross-boundary development that may be required in the future.

142. For the most part its detailed elements are also justified and will contribute to effectiveness. Principle 2 seeks the inclusion of grid road principles, redways and linear parks in any urban extensions. Along with all of the policy's principles, this will be subject to joint working and agreement, but for the reasons given in more detail in Issue 5 above, the option of expanding the grid road network should not be foreclosed by this Plan. Therefore principle 2 does not require amendment for soundness. However, the Council agrees that in order to be justified and effective, the policy and its supporting text should include more reference to the local context for any urban extension. **MM33**, **MM34** and **MM35** make appropriate amendments and updating of the policy context and I recommend them accordingly. I note that principle 10 is superseded by MM27 that deletes the reference to development of a regional sports facility. For clarity and consistency, I have amended MM34 accordingly.

Issue 8 - whether adequate mechanisms for funding and implementation of the strategy are in place, and whether in all other respects the spatial strategy is sound

143. Chapter 16 of the Plan sets out the arrangements for co-ordinating and

³² Targets for Renewable Energy Generation and Energy Efficiency in New Developments in Milton Keynes (2008)[B113] and 2009 Update [B114].

delivering infrastructure necessary to implement the overall strategy.³³ Operating on a multi-agency basis, the Local Investment Plan, which is updated regularly, and the Programme Management Board and Joint Delivery Teams appear to provide a robust framework to secure the necessary infrastructure. This is likely to be enhanced by the streamlining and other benefits that will result from the transfer of the Homes and Communities Agency's Tariff functions (as well as its property asset functions) to the Council, although other risks associated with the Tariff transfer have been recognised and mitigation measures are being implemented.

144. The Tariff framework is very significant in securing the delivery of the necessary infrastructure through a forward funding arrangement and it will continue to apply to sites for which full planning permission has been granted before April 2014 or before a charging schedule is in place³⁴. The Council intends to adopt a charging schedule under the Community Infrastructure Levy Regulations. In due course this will also help to fund infrastructure provision, while contributions for more site-specific requirements will continue to be secured through legal agreements. Over and above these and contributions from other sources, there is no doubt that direct financial support from Government will also be required.
145. Inevitably there are some uncertainties about detailed costs and about income from various funding streams that will be available at particular times. Also, the funding gap for infrastructure may be greater in future. It appears that CIL receipts may yield less than the Tariff³⁵, and reductions in Government funding and in benefits-in-kind works carried out directly by developers, together with other demands on Council funding, may increase the funding gap. However while taking all of these risks into account, there is no substantive evidence that the Plan will be fundamentally undermined by a shortfall in infrastructure funding or that there will be a failure to deliver key infrastructure that is required for development to proceed.
146. The case for a substantially increased housing target as a means of generating funding for key infrastructure, for example through the New Homes Bonus or enabling development, has been made during the examination. But there is not enough evidence to conclude that it would tip the balance, in terms of delivering essential infrastructure that could not otherwise be provided. It has been suggested that the Plan would not provide a sufficiently long-term view to inform the CIL charging schedule, but given the Council's commitment to bring forward Plan:MK, and that the charging schedule will be revised as necessary and will provide only a part of the total funding package, this is a manageable risk.
147. Overall, the Council with its partners has considerable experience and a very strong track record in planning and delivering infrastructure. With current

³³ I have taken into account the minor updating changes to the Chapter that are necessary and were made available for the hearings in document MKC/13.

³⁴ Government consultation is on-going about whether the 2014 deadline should be extended by 12 months.

³⁵ Cabinet Meeting (20 June 2012)- Transfer of HCA property assets – Annex A Tariff Risk Management Plan [C10a].

economic forecasts this will be a more challenging task. But on the balance of the evidence, I have insufficient reason to doubt that there are sound financial planning, risk management, co-ordination and delivery arrangements in place to support implementation of the overall spatial strategy.

148. Section 18 of the Plan is helpful in identifying the relationship between the development milestones and the provision of infrastructure. **MM58** contains more up-to-date, borough-wide housing and population figures, and it provides for an updated Appendix F that will set out the latest population projections for each year of the Plan period. Along with the proposed replacement text for paragraph 18.8, this enhances the clarity and effectiveness of the Plan and I recommend it accordingly. Any other updating of factual details in Section 18 can be addressed by the Council before adopting the Plan.
149. Critical success factors and monitoring indicators are set out in Table 17.1 of the Plan, along with risks, actions and contingencies in Appendix D. This assists implementation of the Plan. However the Council accepts that there are omissions and inconsistencies in this overall framework and that for clarity and effectiveness the two parts should be combined. A revised Table addresses these matters and is put forward in **MM60** which I recommend in the interests of a sound plan. This includes an amendment of the reference to the jobs growth target in the Risks and Events column of Objective 3 as a consequence of my recommendation in Issue 4. Also, Appendix C of the Plan identifies the policies in MKLP which are replaced by the Plan or will be replaced in due course in future DPDs. I recommend that this is revised as set out in **MM59** for consistency with the other main modifications to the Plan.
150. The Plan includes policy guidance on a range of other matters. Individually and together they provide a sound underpinning of the spatial strategy. A wide range of issues has been raised in the representations and at the hearings but those that do not affect the soundness of the Plan are not referred to in this report. Having taken account of all the points raised, I have concluded that no other modifications are necessary to ensure that the Plan is sound.

Assessment of Legal Compliance

151. My examination of the compliance of the Plan with the legal requirements is summarised in the table below. I conclude that the Plan meets them all.

LEGAL REQUIREMENTS	
Local Development Scheme (LDS)	The Core Strategy is identified within the approved LDS 2009-2012. The Core Strategy is compliant with the LDS. The original timescale set out in the LDS has not been met and the reasons for this are given in the Annual Monitoring Reports.
Statement of Community Involvement (SCI) and relevant regulations	The SCI was adopted in December 2006 and consultation has been compliant with the requirements therein, including the consultation on the post-submission proposed 'main modification' changes (MM)

Sustainability Appraisal (SA)	SA has been carried out and is adequate.
Habitats Regulations Assessment (HRA)	The Habitats Regulations HRA (April 2007) has been carried out and is adequate.
National Policy	The Core Strategy complies with national policy except where indicated and modifications are recommended.
Sustainable Community Strategy (SCS)	Satisfactory regard has been paid to the SCS.
2004 Act (as amended) and 2012 Regulations.	The Core Strategy complies with the Act and the Regulations.

Overall Conclusion and Recommendation

152. The Plan has a number of deficiencies in relation to soundness and legal compliance for the reasons set out above which mean that I recommend non-adoption of it as submitted, in accordance with Section 20(7A) of the Act. These deficiencies have been explored in the main issues set out above.

153. The Council has requested that I recommend main modifications to make the Plan sound and legally compliant and capable of adoption. I conclude that with the recommended main modifications set out in the Appendix the Milton Keynes Core Strategy satisfies the requirements of Section 20(5) of the 2004 Act and meets the criteria for soundness in the National Planning Policy Framework.

Mary Travers

Inspector

This report is accompanied by a separate Appendix containing the Main Modifications