

Planning and Development

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Your Ref:

21st July 2022

Dear Hannah

TOWN AND COUNTRY PLANNING ACT 1990

Application No.: 21/01630/OUT

Applicant's Name: Firethorn Developments Ltd

Proposal: Outline planning application for up to 530 residential dwellings (within Use Class C3), open space provision, access, drainage and all associated works and operations including but not limited to demolition, earthworks, and engineering operations, with the details of appearance, landscaping, layout, and scale reserved for later determination

Location: Land at North West Bicester
Home Farm, Lower Farm and SGR2
Caversfield

Parish(es): Bicester

In discussions with Bioregional, HLD and RLF and following the receipt of the detailed costings submitted to the Local Planning Authority and your viability appraisal, we have been considering your interpretation of the requirements of the scheme (in particular in relation to construction standards and costs) and the impact on development viability.

As you are aware, the NW Bicester site is allocated by Policy Bicester 1 for a new zero carbon mixed use development. Zero carbon is defined within a footnote to the Policy as 'The definition of zero carbon in eco-towns is that over a year the net carbon dioxide emissions from all energy use within the buildings on the eco-town development as a whole are zero or below'. The Policy and SPD set out a range of other requirements which contribute as a whole to the site being sustainable and built to Eco Town standards.

As a result of these discussions, there are a number of queries raised regarding the level of information we have available to consider in respect of each standard and, reviewing the information

you have provided so far, we believe that there may be potential refinements to be made to your assumed build cost specification which will hopefully improve development viability. It is acknowledged that the current build cost includes elements that respond to the Policy requirements relating to NW Bicester in contributing to the creation of a sustainable Eco Town Development. Whilst these are positive matters, there are some elements where an alternative approach might be appropriate.

Firstly, based upon advice from Bioregional, it is understood that your Future Homes Standard (FHS) scenario includes elements that go beyond the measures necessary to deliver a FHS dwelling (a standard FHS dwelling that will be required by the proposed amendment to the Building Regulations that will apply from 2025) based upon the draft notional specifications that are so far available.

For example, the FHS (like the current building regulations Part L) will require a Target Emission Rate, Target Fabric Energy Efficiency and Target Primary Energy Rate. These TER, TFEE and TPER targets are based on the FHS notional specification, which includes excellent fabric efficiency in terms of the U Values, alongside low carbon heating. But these targets can be met without PV or additional air tightness measures. PV addition would only be necessary if the fabric or heat system are less efficient than the FHS notional specification. Although building regulations allow the FHS, TER and TPER to be achieved through any combination of measures, it is likely that greater investment in fabric (and efficient heat system) would be a more cost-effective way to meet those targets, compared to adding PV. Without transparency in the building specification, we cannot be sure that the most cost-effective measures have been pursued before adding the more expensive PV to get to FHS. Additionally, to demonstrate that the FHS targets for primary energy and fabric energy efficiency are met (as well as the emissions rate), the clearest and simplest way would be to directly match the actual FHS notional specification.

In order for there to be a clear understanding of the cost of each scenario and the impact that the True Zero Carbon (TZC) requirement has on the Build Cost, the Council would expect:

- that the Base Build cost would be based upon commonly accepted inputs (as we understand is the case, as it is based upon each QS' analysis of BCIS costs and other sources),
- that the FHS cost would be based upon the draft Future Homes Standard Specification (the draft notional specifications available) to give a cost that could be expected from any new build property when the FHS applies in 2025,
- that the TZC cost would be based upon those elements added to achieve this standard (i.e. PV/ heat recovery systems etc – the addition of which would be required to offset anything beyond achieving a standard FHS dwelling)
- It would also then be helpful to have costs of other parts of the build cost included separately to respond to the specific requirements at NW Bicester. These should be broken down to each proposal (i.e. rainwater harvesting, air tightness standards, ventilation (unless it is an energy saving measure) etc) so that we can clearly see each input and this can be used in sensitivity testing.

This would also highlight elements whereby an alternative approach that will respond to the requirements at NW Bicester but in a more cost-effective way could be considered. We appreciate that this is the thrust of how the Cost Plans have been undertaken, however the key difference would be that items 2, 3 and 4 above are currently wrapped up in the 'additional FHS'. Once the costs are clear and the basis for those costs, then the opportunities for cost savings may be more easily seen.

Please provide Cost Plans in the format requested above so that this can be replicated by RLF in their Cost Plan to ensure transparency and comparison.

Before some specific elements are detailed, we require further information to understand what your FHS specification is based upon. For example, we do not have information regarding the actual specifications of the buildings from which the costs were derived. This includes matters such as the U values of all elements, air tightness, ventilation system, heating system for heating and hot water, insulation/ glazing and whether associated requirements such as radiators are sized to be suitable for a low temperature heat system. This information is also not included within the originally submitted Energy Statement but it is important because we need to understand whether there are inherent

inefficiencies in the fabric and heat pumps proposed which are being offset by more expensive PV as explained above. Whilst we appreciate that this is an outline planning application, this issue has always been critical to the determination of any application at North West Bicester which seeks to move away from policy requirements on the grounds of viability.

It also means that the cost basis would be comparable to any new build property from 2025 as they will all need to meet those standards. The point of this exercise is to ensure that the buildings themselves are as efficient in terms of fabric efficiency and heat pumps as possible before additions are made to offset remaining carbon (such as PV – which would be an element going beyond FHS towards TZC). It is the view of Bioregional that fabric measures should be more cost effective than PV in terms of meeting FHS requirements and this should therefore be the starting point (especially where it is argued that the cost of these requirements impact on viability, which is the case in your viability submission). Improved fabric measures may also enable further cost savings in the size of the heating system.

Your response of the 27 June 2022 is noted but it does not confirm the standards assumed at this stage and whilst PV costs could be excluded, this would not give a clear picture as to whether the buildings are built to FHS without them. Please also clarify whether the FHS fabric or the Energy Saving Trust guidance has been used as there is some contradiction within the Energy Statement (appendix B) and which version of the Government's fabric standard has been applied – the 2021 or 2025 version?

Once this information is provided, it is considered that there would be a clearer picture as to the cost of additions over and above FHS which could then be tested as to which enable the building to respond to TZC and which relate to other sustainability matters. Both areas could then be reviewed in terms of other options to assist with reducing build cost (as the Council have not been prescriptive about how to meet the various standards). It may also be that with a more efficient building, the level of PV required to get to TZC on site could be achieved without needing to rely on offsite measures. In addition, have all options to achieve TZC on site been pursued? Are there other options that might be more cost effective?

Notwithstanding the above, we have already identified a range of areas which could be considered to reduce cost and improve development viability. We understand that some of these issues have already begun to be addressed in your updated viability appraisals in response to our comments in previous correspondence; however, for completeness, we set these areas out below:

- Garages and Car ports – this is predicted to come at a significant cost and is something that I have previously commented upon. The provision of garages/ car ports is not a policy requirement and the number should be reduced where this assists the viability of the scheme. The Council would prefer to reduce the number of garages/ car ports leaving more value available to meet the TZC requirement and mitigation to be secured via the S106.
- Permeable paving to housing plots should not form part of the build cost for FHS or TZC. It should either be part of the base build cost or not included (if it is not possible to achieve due to ground conditions for example). This will rely on a consideration of the drainage strategy to understand if permeable paving is possible. If it is and would be part of the strategy, then it should be included within the base build cost as this would not be exclusively required at NW Bicester as an Eco Town (i.e., permeable paving would likely be required as a normal part of a drainage strategy on any site where it can be achieved as a Sustainable Drainage option).
- *Lifts to apartments* – Although this would be a benefit, this is not required to meet either FHS or TZC. The consideration of the requirement for this element relates to the standards at the site (covered elsewhere with regard to Lifetime Homes Standard or the Council's Affordable Housing Standards).
- *Passive Ventilation (5% of dwellings)* – we are unclear as to whether this is part of your strategy to get to TZC. If so, then further details are required as to what has been costed as part of the Build Cost for this element (i.e. what technology is included). If this is not part of this strategy then we may be able to consider this element to reduce build costs and improve viability.

- *Rainwater harvesting and greywater harvesting to houses and apartments* – This is not a requirement for FHS or TZC. It is acknowledged that this is part of the submission which relates to the requirements around water, and it is noted that the SPD expects proposals to be ambitious with regard to water and that rainwater/ greywater harvesting might be an option. For example, RLF's review of your build cost identifies that this proposal comes at a significant cost of approximately £5,908,072. Officers would encourage you to consider alternative options that could reduce these costs significantly whilst still being ambitious with regard to water. For example, what standard in terms of litres per person per day are you targeting? In this respect, the view of Officers is that if some of this cost could be reduced by a proposal to make use of water efficient appliances to contribute towards water neutrality, this would likely be favourably looked upon.
- *Additional foundation requirements to FoGs* – This is not a requirement for TZC nor FHS, therefore this should be included as part of the base build cost (if it is assumed to be required).
- *Fruit tree variety to each private garden* – It is noted that this element is part of the proposals to create a sustainable community and whilst we do not wish to discourage such proposals, where there are viability issues as you have identified, the Council would be willing to consider not requiring such provision (providing there are opportunities for fruit trees as part of the development in areas such as community orchards/ allotments) or enabling younger (and hence cheaper) fruit trees to be planted in each garden rather than more mature (and hence more expensive) fruit trees to be planted in each garden.
- *Electric Vehicle Charging Infrastructure* – The proposals for EV provision are noted and maximising this is supported. This is a cost not required for FHS or TZC standard. It is understood that changes to the Building Regulations have been made and therefore I would suggest that the cost be established as to what the minimum to meet the Building Regulations requirement would be. This should result in some form of cost saving.
- *Lifetime Homes* – The cost difference between a lifetime homes standard dwelling and a non-lifetime homes dwelling would be of interest to review. Lifetime homes standard is encouraged but again, this may be an area where there could be flexibility to a proportion of dwellings meeting this standard if it would assist in improving viability. There will be standards required for the affordable housing units (in terms of meeting Nationally Described Space Standards). We recognise that dwellings will still need to be brought forward in line with market demand in terms of dwelling sizes.
- *Abnormal foundation investment* should not be included in build cost scenarios for FHS or TZC. It should be an abnormal cost that would apply to any build standard.
- Please consider the cost of the equipment so far costed to ensure that it is justified (especially the difference between heat pump system compared to gas system). Bioregional raised comments with regard to the costs identified in comparison to studies undertaken on some of these points especially taking into account economies of scale, and opportunities for fixed cost savings during construction, such as installing solar panels when scaffolding is already up, and the avoided cost of laying gas mains, if not already deducted from the FHS and TZC scenarios. It is though accepted that current build costs are escalating. Any cost escalation should also be applied to the base build, not only to the additional measures.

Based upon the above, we consider there could be cost savings within the build cost which could make a significant positive impact upon the viability picture and ought to be explored before the Council considers reducing S106 requirements or moving away from the standards required at the site. However, and as above, if the costs are split out as suggested, then this would enable the Council to consider and viability test the proposals and to prioritise what should be included within the build cost albeit it would also highlight high costs which could then be further reviewed as to where an alternative proposal could be considered. Your suggestion with regard to an upward only review

mechanism in terms of a list of matters that could be included where viability improves later is noted in this respect.

There remain queries relating to the offset calculation as previously advised. The actual starting amount of carbon is unclear and contradictory. Is it 490 or 460 tonnes/year and is this before PV is added? We have presumed it is 490 tonnes/year pre-PV but would appreciate this to be confirmed.

There also appear to be discrepancies with what is said in the Energy Statement (appendix B) which says that the predicted carbon emissions are 851 tonnes/year whereas the figures in table 6.1 of the statement add up to a total of 280 tonnes/year. Further clarification is therefore required on this element alongside that which has been provided to support the viability submission, as again there could be potential savings. The matter of a contribution will be considered once it is clear what level of offset is required and against the wider viability picture (i.e. Bioregional raised a point regarding the potential for a regression to reflect the projected decarbonisation of grid electricity, and an updated cost per tonne of carbon to reflect the most recent nationally determined value).

It is accepted that there is a need for flexibility for the energy strategy; however we need to ensure that the build cost work to support your viability process is transparently underpinned by appropriate and justified assumptions as far as possible, to ensure that the impact on development viability (and hence the ability to deliver other requirements such as affordable housing and infrastructure) is properly understood.

I trust that this is of assistance at this stage. Please accept that this advice is provided without prejudice.

Yours faithfully

Caroline Ford
- Team Leader