

City of London – City Plan

Matter 17 - Infrastructure (Policies S7 and IN1 to IN3)

Are the policies relating to Infrastructure requirements justified by appropriate available evidence, having regard to national guidance, and local context, and are they in ‘general conformity’ with the London Plan?

Policy IN2: Infrastructure Capacity

We object strongly to this policy and its requirement in part 1 for applicants to demonstrate the capacity and reliability of infrastructure, especially water and electricity services. It is contrary to national policy.

Part 1 of the policy states:

Development must not lead to capacity or reliability issues in the surrounding area and capacity projections must take into account the impacts of climate change which will influence future infrastructure demand.

These are not issues that the applicant can resolve. They are matters for the utilities sector, its regulators, and Government. There is a whole separate industry relating to planning for and providing water and electricity services. Water and electricity companies and their regulators are required to plan strategically to ensure that the needs of the plan-led system can be supported so that connections can be provided when they are needed, as they are required to do by law. As paragraph 201 of the NPPF makes clear, plan-makers are entitled to assume that the separate, statutory, regimes relating to the planning for water and electricity, among other things, are operating effectively.

Applicants are not required to produce ‘statements’ or assessments relating to these matters, as paragraph 8.3.4 of the Plan advises. They are housebuilders, not water or electricity companies.

Furthermore, the requirement to “take into account the impacts of climate change” is vague in the extreme. This is unnecessary. Modelling the effects in the future of possible climate change scenarios is a matter for water and electricity companies to consider, as part of their planning, including, as an example, the Water Resources Management Plans that have to be produced by water companies every five years.

If the Corporation has cause to believe that the supply of water and electricity could be an issue that would prevent residential schemes from being approved, then we need to consider that issue as part of the examination of the plan. If correct, that would imply that the local plan is unsound because it is undeliverable.

The ability of the water and electricity companies to support the development requirements of the local plan would be a legitimate matter for the Corporation to assess as part of preparing its local plan. The Corporation is required to do so through the preparation of the evidence to support the local plan, including a statutory Sustainability Appraisal and an Infrastructure Delivery Plan. The purpose of this preparatory work is to ensure that the local plan is deliverable by taking into account constraints, such as those defined in paragraph 20, part b, of the NPPF. As it states:

20. Strategic policies should set out an overall strategy for the pattern, scale and design quality of places (to ensure outcomes support beauty and placemaking), and make sufficient provision for.....

...b) infrastructure for transport, telecommunications, security, waste management, water supply, wastewater, flood risk and coastal change management, and the provision of minerals and energy (including heat); ...

Specifically in relation to water, there are two other important reasons why the approach in policy is unsound. We set out our case below.

1. The role of water companies and the preparation of statutory Water Resources Management Plans (WRMP)

Water companies are required by law to produce Water Resource Management Plans (WRMP) every five years. The Government publishes guidance on the purpose of the statutory Water Resource Management Plans. <https://www.gov.uk/government/publications/water-resources-planning-guideline/water-resources-planning-guideline>

The guidance, updated on 14 April 2023, provides an overview of what is required by water companies at the outset:

If you are a water company in England or Wales, you must prepare and maintain a water resources management plan (WRMP). Your WRMP sets out how you intend to achieve a secure supply of water for your customers and a protected and enhanced environment. The duty to prepare and maintain a WRMP is set out in sections 37A to 37D of the Water Industry Act 1991. You must prepare a plan at least every 5 years and review it annually.

The WRMP is approved by the Environment Agency, and ultimately by Defra. Natural England is also a statutory consultee.

The guidance goes on to discuss the relationship of the WRMP to local plans. Section 1.6 explains the links that must be made with other plans, including local authority land-use plans, in sub-section I, which states:

I. Local authority plans

Local authority plans set out future development, such as housing. Your WRMP should reflect local growth ambitions and plan to meet the additional needs of new businesses and households. (See sub-section 6.3)

My emphasis.

Section 2.3 of the guidance states:

2.3 Local planning

In compiling your plan you should also actively engage with customers and stakeholders at a local or catchment level. You should consider any local pressures and local solutions. For example, local housing growth, or local concern around a particular stretch of river. You should engage with river basin management planning catchment groups and priority catchment groups.

Section 6.3 provides more detailed guidance. It states:

6.3 Forecast population, properties and occupancy

England

Your planned property and population forecasts, and resulting supply, must not constrain planned growth. For companies supplying customers in England you should base your forecast population and property figures on local plans published by the local council or unitary authority. Local authorities will be at different stages of publication of their local plans. You can find the latest list of [local plans](#) on GOV.UK.

Local plans are likely to cover the first 10 to 15 years of the planning period. You will need to check the duration of, and timescale for, producing plans with your local council and use the latest information up to 3 months before the publication of the plan. In some cases you may need to use your own property forecasts.

If your local council has:

- a published adopted plan that is not being revised – you should take account of the planned property forecast. You will need to ensure your planned property forecast, and resulting supply, does not constrain the planned growth by local councils and strategic housing developments. If you adjust the planned property forecast and select a higher or lower number you will need to justify why you have selected a higher forecast and provide evidence*
- published a draft plan, but it has not yet been adopted – you should take account of and use this as the base for your forecast. You should discuss with your local council whether it expects to make changes to the forecast for the adopted plan*
- not started or published a draft plan – you should use alternative methods such as household projections from the Office for National Statistics (ONS) or derive your own analysis using methodologies outlined in the UKWIR (2016) report [Population, household property and occupancy forecasting](#)*

Where your area includes major strategic housing and growth developments such as the Oxcam Arc or Garden Communities, you should include an estimate of the planned growth in the baseline. You should contact the relevant local authorities to obtain data on planned property and population numbers.

Where relevant, you should also work with your regional water resources groups to assess and test the impact of these developments and possible scenarios on your plans. You should consider the uncertainty around these forecasts in scenarios. An adaptive plan might be useful to manage significant uncertainty.

Local authorities in England are now required to use [local housing need](#) calculations to inform their local plans as they are revised and updated. This assessment may indicate that the number of properties could be higher or lower than the forecasts in current adopted local plans. If there is a significant difference between the local plan and the local housing needs numbers you should contact the relevant authority to discuss the implications of this for future plans.

ONS also produces [population projections](#) and [household projections](#). Population projections provide an indication of the future size and age structure of the population based on mid-year population estimates and a set of assumptions of future fertility, mortality and migration. However, it is worth noting that these projections have limitations as they are based on recent trends in data that can be influenced by recent economic, political and natural situations. Therefore, it is appropriate to test the impact of alternative population and household growth scenarios on your plan. You should consider an adaptive plan where there is a significant difference in projections, particularly where this might affect your investment decisions in the first half of your plan. You should make sure your plan does not lead to over-investment or constrain planned growth.

You should set out how you have developed and used alternative scenarios in your plan and the impact they have had on your plan. You should explain any uncharacteristic changes in projected properties or population in your forecasts.

You should work with regional groups and neighbouring companies to make sure you develop consistent planning scenarios where relevant. This includes regional groups adjacent to your own.

From the above it is clear that water companies (statutory undertakers) are required to take account of planned levels of housing growth as part of their planning. They must do so to ensure that connections can be provided when needed. If the WRMP is unable to ensure this, the plan could not be approved by the Environment Agency, or by Defra.

2. What housebuilders pay for

Housebuilders are required contribute financially towards the construction of infrastructure for water services through the payment of connection charges to water companies. The industry has done so since 1989. Since sector privatisation in 1989, and up to April 2018, house builders had already paid to water and sewerage companies a very conservatively estimated £4 billion in infrastructure charges (research by HBF revealed that housebuilders had paid water companies £1bn in the last three years alone). These charges were split equally between water and sewerage infrastructure. The payment of this charge is to ensure that water companies can invest to meet the needs of the plan-led system.

HBF research in 2022 demonstrated that housebuilders contributed £1.05bn to water companies between 2020/21 and 2022/23. This included:

- £427m in developer payments for Infrastructure Charges and connection fees; and
- More than £600m in new assets being added to water company balance sheets in the form of new pipes and other infrastructure from which water companies will ultimately also derive a long-term income stream from

Housebuilders make the payments to subsidise water the capital expenditure programmes of water companies but they are not responsible for 'what goes into or out' of the dwelling, nor planning for this.

Conclusion

It is possible to quote more from government guidance, but I hope this is sufficient to persuade the Corporation that assessing water capacity is not an issue for development management. It is a consideration for government, including its statutory regulatory bodies and agencies, and potentially it is a question for the local plan-making authority to consider when preparing its local plan if there is evidence that, despite the role of the WRMP, the water services required to support residential development cannot be supplied. But it is certainly not a matter that applicants for planning permission for residential schemes are required to assess and resolve.

