

Stroud District Local Plan Review Examination

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Ms Kathy O'Leary

Chief Executive
Stroud District Council

Sent by email

07 February 2025

Dear Ms O'Leary

Stroud District Local Plan Review Examination

1. Thank you for your letter dated 5 December 2024. We wish to extend our thanks to Stroud District Council (SDC) for the additional work undertaken during the pause in the Local Plan (the Plan) Examination. We would also like to take this opportunity to acknowledge the efforts made by all parties involved, including SDC, on their cooperation and joint working in undertaking the different work streams.

Background

2. We held a focused session on 23 March 2023 regarding issues relating to Junctions 12 and 14 (J12 and J14) of the M5 Motorway. The Plan's evidence base identifies the need for large scale improvements to both J12 and J14 during the plan period in order to accommodate the planned additional growth in the District.
3. During that focused session we highlighted concerns that the evidence did not clearly set out when the improvements would be required nor how they would be funded and delivered. At the end of that session, we asked the Council to discuss a way forward on these issues with relevant statutory stakeholders (specifically neighbouring Councils, Gloucestershire County Council (GCC) and National Highways (NH)) and to agree a project timetable with measurable outcomes.

4. On receipt of this further work (Strategic Road Network – Agreed next steps) we wrote to SDC (letter dated 6 June 2023) stating that we were not convinced that the statement addressed our fundamental concerns. We wrote again to SDC on 4 August 2023 setting out our fundamental concerns on issues surrounding the Strategic Road Network (SRN) and the Sharpness new settlement. We also set out concerns regarding the new settlement at Wisloe.
5. Our concerns principally related to whether the J12 and J14 schemes would be deliverable on the basis of outstanding queries relating to project costs and the lack of specific identified external sources of funding. We did not have confidence that these essential infrastructure schemes would be funded and delivered during the plan period. Consequently, we also could not be reasonably certain that the relevant site allocations would be delivered or that the spatial strategy as a whole was sound. On that basis, we recommended withdrawal of the Plan as the most appropriate way forward.
6. A number of letters were subsequently exchanged between ourselves and SDC. In total, eight letters were sent to SDC and throughout we continued to advise that withdrawal of the Plan would be the most appropriate way forward. We continued to emphasise that even once the work set out in the Joint Action Plan (JAP) had been completed that it would be unlikely that significant external funding would have been secured and that as such the deliverability of the SRN mitigation schemes would remain a fundamental soundness concern affecting the Plan (see for example our letter dated 18 December 2023, paragraph 16).
7. Nevertheless, in the spirit of wishing to be pragmatic, we agreed to a ten month pause in the Examination so that further work could be undertaken (in our letter dated 5 February 2024), whilst making it clear that we could not guarantee that the Plan would ultimately be found sound.

Detailed comments on the additional work

8. In our exchange of letters, we specified a number of key outcomes that would be necessary for the further work to deliver in order to address our significant concerns. We acknowledge that progress has been made and a number of the actions have been completed. We will now go on to consider each issue in turn.

Wisloe new settlement

9. Our concerns were in relation to the provision of a pedestrian and cycle bridge. This is a critical piece of infrastructure that would provide a link

to the nearby railway station and other services and would help ensure that the site allocation could be sustainably accessed.

10. During the hearing sessions it became apparent that the costs for providing the bridge and delivery timescales had not been agreed with NH. We were concerned that the costs for this scheme may be higher than indicated which could in turn negatively impact the viability of delivering the site. As part of the further work, we requested that outcomes should be provided and agreed with NH to include project costs, a delivery timetable and updated viability evidence.
11. Further discussions have now taken place between the site promoters and NH. At the suggestion of NH, the scheme costs were benchmarked against a similar scheme (Michaelwood M5 service station). We accept that this comparison may not be perfect in all respects. However, it nonetheless gives a broad indication of the costs that may be anticipated at this stage.
12. Whilst noting that project costs and viability information may not have been fully updated as part of the further work, NH have confirmed that they are broadly in line with what they would expect costs to be on a project of this nature. On that basis, we are content that the evidence submitted shows that the provision of the bridge would be viable and capable of being delivered as part of the site allocation.

Strategic Road Network

13. We acknowledge that a number of workstreams identified in the JAP have been successfully completed. Initial designs have been produced for both junctions that show the impacts arising from development proposed in the Plan could be mitigated.
14. An order of costs estimate has been produced in the form of a range for both junction schemes. This shows that the predicted costs for the J12 scheme would be between £140m -£210m, whereas the predicted costs for the J14 scheme would be between £100m - £120m. Two potential options have been identified for J12 which is reflected in the broader costs range.
15. NH have indicated broad agreement with the costs shown, although notes that the costs for the J14 scheme are at the lower end of the range. A number of respondents have pointed out some costs which may not have been considered and could have implications for future costs such as land acquisition and utilities. Costs have also been calculated on the basis of a single phase for delivery. If it were deemed at a subsequent design stage that the project would need to be split into several phases of development this has the potential to substantially increase costs such as those relating to traffic management. It may well be therefore that costs could be higher than

anticipated. Although this would not be an unusual occurrence for large scale infrastructure projects.

16. SDC's intention is to fund the schemes using approximately 15% from local sources (including developer contributions) and approximately 85% from external sources. This would roughly equate to between £30.6m and £49.5m via local funding and between £204m and £280m from external funding (for both schemes). These are clearly significant amounts of money.
17. In terms of local sources of funding, due to a lack of agreement as to methodology and whether contributions should be required from neighbouring Council's, the additional work assumes that 100% of this amount would be provided by SDC via developer contributions. Questions naturally arise as to when this funding would be available and how that would relate to the timing of when the infrastructure schemes would be required.
18. J14 is at capacity now and no new development can come forward. NH are already in the position of issuing holding directions for new developments impacting on the network. J12 is close to capacity and a scheme will be required during the early plan period. Modelling work indicates the existing junction would be able to accommodate 5-10% of anticipated growth but the exact trigger point for requiring a mitigation scheme has yet to be defined. We note work is ongoing with NH to define this trigger point more accurately, but it is disappointing that this work is not available at this time given the substantial delays that have already occurred during the Examination process.
19. Therefore, in order to ensure capacity constraints are alleviated, funding for the J14 scheme is required now and funding for the J12 scheme will be required early in the plan period. Large scale strategic infrastructure schemes require a significant amount of upfront funding to be available. This is particularly the case if the local contributions are to be used as a basis on which to approach central government so as to help secure sources of external funding. The funding necessary for both schemes needs to be committed now to ensure that the schemes will be delivered at the right time during the plan period.
20. Development contributions are often funded via receipts from developments themselves and clearly the allocations in the Plan will be subject to phasing. We are therefore not clear how this phasing would reflect the likely availability of financial contributions. In many cases, sources of this funding would be likely to be provided towards the middle to later end of the plan period which would not coincide with when that funding would be required. We are also concerned about the viability and practicality of providing 15% of the total cost of the SRN schemes by developments within Stroud alone. We accept that further work could be done on this issue but that would lead to further delays

in the Examination process. We note the support for strong policy wording between SDC and GCC to link the development of sites with infrastructure provision. But this in itself will not realise the actual funding necessary, particularly if upfront funding of that infrastructure has a detrimental impact on the viability of sites.

21. Turning to the information that has been provided on sources of external funding, we appreciate that SDC is able to articulate good reasons why the infrastructure schemes should be funded and that this in turn would allow for much needed housing development within the District of Stroud. We also note the support from the local MP and also NH in supporting SDC in applying and bidding for funding. However, as part of the further work, we requested detailed information on the sources of external funding. We were clear that this information should include the source of funding, the amount of funding that will be provided, the date the funding will be available and whether the funding has been committed and secured. It is of great concern that this information has still not been provided.
22. The need for some level of external central government funding for the schemes was acknowledged as early as the focused SRN session on 23 March 2023. At that time no funding bids were in preparation or actively being sought. In our 4 August 2023 letter we highlighted that it usually takes many years to bid for and secure funding for such large scale strategic road infrastructure schemes. We stressed several times that it is not a quick process.
23. The amount of funding that will be required is significant. We note comments from GCC that in their experience, it is unlikely funding can be secured for two junction improvement schemes at the same time. We also note that whilst NH have agreed to support SDC in bidding for funding, neither scheme is identified in NH's Road Investment Strategies (RIS) up to 2030 and this suggests that they are nevertheless not a regional priority at this time.
24. The fact remains, therefore, that as of February 2025, no specific funding streams have been identified, let alone secured. As a consequence, there are no specific plans for how and when the improvements to J12 and J14 will be funded or delivered. We therefore continue to have significant concerns as to whether the SRN infrastructure improvements required to accommodate the planned growth can be delivered during the plan period in line with requirements. The lack of specific detail regarding external funding remains a significant concern and this goes to the heart of the issue that we have raised.
25. SDC have undertaken work that seeks to identify which allocations could come forwards without traffic impacts occurring on J12 and/ or J14 (most recently EB135). A SATURN model was used to determine

whether any individual sites resulted in additional traffic passing through any link of either junction. Sites meeting this criteria were discounted for the purposes of the exercise.

26. The submitted Plan's housing requirement is 12,600 new homes. Of the various figures outlined in EB135, the number of houses that could be brought forward without severe impacts on J12 and J14 would be approximately 7,932). This is equivalent to approximately 63% of the overall housing need and would represent a significant shortfall. The 5 year housing land supply position of the Plan on adoption would also be, at best, marginal.
27. The site promoter for the Sharpness allocation has put forward a scheme that they consider would mitigate impacts on J14 sufficient to deliver 1000 houses from that individual site alone. If this figure is included in the calculations, this would take the number of houses capable of being delivered to between 8,967 and 9,330. Whilst NH in their Statement of Common Ground (SoCG) agree that this scheme could be provided, they highlight that it would have an impact on the local road network and that further discussion will be needed with South Gloucester District Council on this issue. Whilst we accept that these discussions could take place, that would add further delay to the Examination process and the outcome would be uncertain.
28. Additionally, a number of respondents to the consultation exercise proposed interim solutions for individual sites that would allow their site to come forwards. However, we note that SDC has responded indicating that a more strategic and comprehensive solution is required. It therefore isn't clear on what basis the decision to put forward an interim scheme for one individual site was reached as there appears to have been no formal assessment or explanation to support this.
29. Furthermore, the evidence shows that there are limited alternatives to the delivery of a major junction improvement scheme in order to adequately plan for future growth. Whilst small scale interim schemes may allow for individual developments to go ahead, these will not provide a comprehensive solution to allow for wider growth within Stroud District to go ahead nor that of the wider sub region. For these reasons, we have treated the proposed interim Sharpness scheme with caution.
30. However, of greater concern is that technical modelling work supporting the updated housing delivery assumptions in document EB135 remains outstanding at this stage. NH in the SoCG have stated that they require further modelling work to support the assumptions made. They also state that they are still waiting for modelling data to be provided by SDC. It is concerning that at this late stage, such information remains outstanding. Without this technical modelling work

the housing delivery assumptions are effectively untested and we are unable to verify the findings of this work without the evidence to support it. For these reasons, SDC's assertion that 63% of housing need could be delivered without impacting on J12 or J14 cannot currently be substantiated.

31. We accept that further modelling work could be undertaken to explore this issue and used to confirm whether NH are content that the sites identified could be delivered without impacting on J12 and/or J14. However as things currently stand that would lead to further delay and uncertainty in the examination. It is disappointing that, given the 10 month pause in the Examination that was agreed, this work has still not been completed.
32. For these reasons, we do not have confidence that the J12 and J14 schemes can be successfully funded so as to ensure that they are delivered during the plan period in line with when they will be required. Consequently, we cannot be assured that a large proportion of the Plan's site allocations are capable of being delivered during the plan period.

Sharpness new settlement

33. Sharpness is proposed as a new sustainable garden city style settlement where the prioritisation of transport by means other than the private car is fundamental to its ethos. We have highlighted a number of concerns relating to the viability and deliverability of the provision of alternative transport at the site. These include a passenger rail service and a bespoke Mobility as a Service scheme (Maas). Our specific concerns related to uncertainty as to the costs of both schemes and how funding for them would be secured to ensure they would be delivered.
34. Cost estimates for providing a rail service at Sharpness are presented as a range of options by the site promoter. Detailed information notes that when comparing cost revenue with operating costs, both options for operating the branch line from Sharpness to the wider rail network would generate a large loss. The deficit is identified as being between £22m and £90m per annum. It concludes that the rail options would offer poor value for money if delivered (EB136, Appendix 3, p 42).
35. This is an opinion reflected by several respondents to the consultation, including GCC and Network Rail (NR). Specifically, NR state that there is no strong financial case for any of the heavy rail options considered, with operational costs outweighing revenue in all scenarios. NR also note some omissions, such as the need for further work to look at operational issues at Gloucester to understand how the proposed service would fit into the existing timetable and that this may require additional infrastructure. This would have additional cost implications

for the proposed scheme which would further exacerbate financial viability concerns (EB138 Letter from NR dated 30/09/2024).

36. In the same letter, NR highlights the lack of an identified funding strategy for the scheme, other than seeking to add it to the national Rail Network Enhancement Pipeline. NR note that, taking into account the current situation, it is difficult to see a scenario in which any of the heavy rail proposals would be a viable proposition. This is particularly so as the pipeline is already oversubscribed with projects that do deliver viable solutions. Whilst acknowledging the capacity constraints in the area, NR state that adding the proposed service at Sharpness would only serve to exacerbate the current issues.
37. The developer has previously said that the scheme would be self-funded by the development. However, as previously stated, this leaves limited flexibility should costs rise as is often the case with infrastructure projects. Furthermore, the developer advised that any subsidy for the railway service would end after 3 years at which point it would be expected to be self-funding. We are not convinced that this would allow a sufficient timeframe for a new service to be established.
38. Whilst larger economies of scale associated with increasing the frequency of rail services between Gloucester and Bristol may allow for the offset of some of the operating costs for the scheme, this would be a longer-term aspiration. It would be unlikely to align with the plan period or the details of the anticipated delivery rates for the Sharpness allocation as set out in SDC's most recent housing trajectory.
39. In summary, there is a lack of identified external funding to deliver a rail scheme and even if it were to be delivered it is likely that the operating costs would outweigh any future revenue projections. We acknowledge the further work undertaken by the site promoter. However, based on the information before us, we are not convinced that introducing a rail passenger service at Sharpness would be viable or deliverable.
40. Further work has been undertaken in response to the concerns that we identified relating to the MaaS scheme. However, there remains a lack of detail regarding the costs to set up, launch and run a MaaS at Sharpness. We appreciate providing a costs estimate may be challenging, for example in the case of the coach / bus service the reason given for the lack of information on costs is the uncertainty in the timing and costs of the M5 J14 motorway improvement scheme (EB136 Appendix 5).
41. Some of the assumptions underpinning the financial case for the coach / bus service raise questions as to whether it would be viable. For example, an hourly service assumes that residents would want to depart at set times which is not always a realistic reflection of commuting patterns. The case also relies on increasing the use of a

bus/coach for trips to work from 6% to 15%. This may well be at the higher end of what would be realistic.

42. There also remains a lack of detailed information regarding how the scheme would be funded with no significant external funding having been secured. Some examples provided of MaaS schemes operating elsewhere rely on substantial public funding (£2.4 million in the Solent example), which we understand would not be available here. Moreover, the scheme is not supported by GCC's Integrated Transport Unit who consider it to be more akin to a private hire on demand service rather than a genuine public transport service. Whilst some funding may be available from the developer initially, we were advised during the hearing sessions that this would be time limited. We are therefore concerned that this funding, in the absence of substantial external funding, would not be sufficient to establish a MaaS scheme nor ensure its long term viability.
43. We note that examples of MaaS schemes operating in other areas have been provided as part of the additional work undertaken. Clearly there are difficulties in comparing these with the Sharpness allocation concept as none relate to new settlements or areas where a range of transport services have been started from scratch. The examples provided illustrate where a MaaS scheme has been used to co-ordinate existing alternative means of transport. There was therefore already an established customer base for those services and reasonable certainty that those services would continue to operate in the future.
44. Therefore, whilst we note that additional evidence has been submitted regarding the MaaS scheme, this does not provide indicative costs for implementing such a scheme at Sharpness or demonstrate how it would be funded. We therefore remain concerned as to whether it would be viable. In addition, in the absence of any comparable examples or other evidence from which to take comfort, we have doubts that a MaaS scheme here would stand a reasonable chance of success, either initially or in the longer term.
45. Taking these issues together, they call into question whether sustainable access to and from the site can be achieved. We note that the site promoter has stated that delivery of the allocation is not contingent on the provision of MaaS or the train service individually. However, without them, Sharpness would essentially be a large new settlement where the use of the private car for external journeys would likely become the only option for the majority of residents. This outcome would fundamentally conflict with the Plan's overall vision and spatial strategy for the allocation.

Summary of outstanding concerns

46. In summary, there continues to be a lack of detailed and specific information regarding how the J12 and J14 M5 improvement schemes

will be funded and when they would be delivered. No sources of external funding have been identified as being available to fund the J12 and J14 M5 schemes. Without this information it is not clear to us how SDC can fund the construction and delivery of two major infrastructure projects that would cost between £240m and £330m. This is particularly so given that both projects are required during the early part of the plan period. Successfully bidding for funding of this scale takes time and given the severity of the capacity constraints at the junctions, time is not on the Council's side. These points go to the heart of our concerns as to the soundness of the Plan.

47. Work has been done to identify which housing allocations could come forward without impacting on these junctions. However, even then only 63% of the District's housing need would be met. Furthermore, the modelling assumptions that sit behind this work has still not been shared with NH. Without NH being able to confirm that they have seen these assumptions and are content with them, they remain untested assertions.
48. Regarding Sharpness new settlement, the uncertainties that exist around whether alternative transport modes are viable and deliverable call into question whether this allocation could be delivered in line with the strategy and relevant Plan policies. Rather, it is likely that the vast majority of future occupants would be reliant on the private motor car for external trips to and from the site. This would not represent sustainable development and could exacerbate the existing capacity SRN constrains identified.

Suggested way forward

49. We have carefully considered the additional work, along with the consultation responses received. We are conscious that all parties involved have engaged proactively with the work and that there has been a considerable amount of time and effort involved in completing it. However, in previous letters to SDC, we highlighted the possibility that following the pause in the Examination we could still be in the position of writing to advise you that, in our view, withdrawing the Plan remains the best option. We also emphasised the risks associated with a pause in the Examination, in terms of time and costs, in undertaking the additional work, if it did not provide the evidence that we sought.
50. In assessing the outcomes of the further work, it is important to focus on what we requested to be provided as that is the basis on which a pause in the Examination was agreed. Specifically, we requested that additional information be provided on external funding for the J12 and J14 schemes. We were clear that this information should include the source and amount of funding, the date that funding would be available and whether the funding has been committed and secured. It is of great concern that this specific information has not been provided

by SDC, despite this originally having been highlighted by us as a gap in the evidence back in March 2023.

51. We remain mindful of the Council's desire to have a Plan in place. We recognise the contribution towards sustainable development objectives that having a Plan in place would make, not least by increasing the supply of housing and employment opportunities which are important Government objectives. However, this growth must be planned and delivered sustainably. Part of that consideration involves ensuring that the necessary infrastructure will be in place to support that growth.
52. National policy emphasises the need for development, including new settlements, to be supported by necessary infrastructure. The Planning Practice Guidance (PPG) sets out how a Plan can demonstrate that it can deliver strategic matters, through identifying how infrastructure can be funded and brought forward, and where existing infrastructure cannot meet forecast demands how these can be addressed. Also, whilst we continue to acknowledge that there may be uncertainty regarding securing funding for strategic infrastructure, the PPG states that it must be demonstrated that there is a reasonable prospect that proposals can be developed within the timescales envisaged.
53. We have always been clear right from the point that we raised these issues and in all subsequent communication with the Council that our key concern is how the J12 and J14 schemes will be funded. Given the issues that we have identified regarding the SRN and the lack of any identified funding, we have little confidence that the schemes can be delivered during the early part of the plan period in line with requirements. It therefore follows that a significant proportion of the Plan's allocated sites do not have a realistic or reasonable prospect of being delivered during the plan period. This consequently also puts into question the overall spatial strategy of the Plan.
54. As before, we have carefully considered possible ways forward, including whether an early review of the Plan would be acceptable or whether pausing the Examination again to allow for the preparation of further evidence on the SRN and the Sharpness new settlement issues would be productive. We continue to believe that our concerns are so fundamental to the Plan as a whole that this would not be something that could be appropriately addressed by an early review of the Plan.
55. We strongly believe that given the length of time that has already elapsed in this Examination (over three years since submission of the Plan), it would not be in the best interests of the Council or the businesses and communities of Stroud District to agree to further delays in the Examination. The outcomes of this work cannot be predicted and could ultimately result in a fundamentally different spatial distribution of development which would be likely to require further extensive consultation and assessment. It would not be

appropriate for this to be dealt with through an ongoing Examination. Moreover, in the unlikely event that such a further delay did enable the Plan to be found sound, the Plan would be one not in accordance with up to date national planning policy and would be likely to fall significantly short of meeting the current assessment of housing need for the district as set out in the December 2024 NPPF.

56. Agreeing to a further considerable delay or pause in the Examination process is also likely to cause other issues as some existing evidence is likely to become outdated, requiring more delays to allow for updates. We are therefore not convinced that further significant delay to the Examination would be effective.

57. We believe that we have been pragmatic throughout the Examination to date. However, unfortunately and despite the best efforts of all involved, this has not resulted in a position where we envisage we will be able to find the Plan sound. We are mindful of the Minister of State's 30 July 2024 letter to the Chief Executive of the Planning Inspectorate, in which he states "Pragmatism should be used only where it is likely a plan is capable of being sound with limited additional work to address soundness issues". This is not the case with the Stroud Plan. The letter also states "Where a plan is unable to be found sound, the local authority will need to work in partnership with their local community to bring forward a new plan." In the light of this we consider that withdrawal of the Stroud District Local Plan Review from this Examination is now the most appropriate way forward.

58. We appreciate that the Council will be extremely disappointed by this letter. However, we trust that you recognise that we have not reached these conclusions lightly and have done so only after careful consideration of the evidence.

Yours sincerely

Victoria Lucas and Yvonne Wright

Inspectors appointed to examine the Stroud District Local Plan Review