

RIBBLE VALLEY BOROUGH COUNCIL REPORT TO PLANNING & DEVELOPMENT COMMITTEE

Agenda Item No. 7

meeting date: THURSDAY, 12 APRIL 2018
title: CONSULTATION ON REVISED NATIONAL PLANNING POLICY FRAMEWORK
AND ASSOCIATED DOCUMENTS
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1. PURPOSE

1.1 To consider the Council's response to a major national planning policy consultation, the Revised National Planning Policy Framework (NPPF), which is a central planning policy document. This consultation relates to a number of major revisions to the current version, which itself dates from 2012. The changes set out below will potentially involve both a substantial increase in background work to generate monitoring and evidence and also the timing of the final version of the NPPF, anticipated to be summer 2018, will need to be accounted for in the forthcoming Local Plan Review Programme.

1.2 Relevance to the Council's priorities:

- The matters covered in this report will contribute to sustaining a strong and prosperous Ribble Valley through the improvement of its infrastructure and to protecting and enhancing the area's environmental quality.
- Corporate Priorities – The document that is the subject of this report relates to Council ambitions of maintaining an up to date Local Development Framework.
- Other Considerations – it is important to contribute to major government planning proposals.

2. INTRODUCTION

2.1 The National Planning Policy Framework (NPPF) is a central plank of government planning policy and has a direct bearing on both plan making and the treatment of planning applications. This is its first revision since it was first put in place in March 2012 and encompasses a wide variety of changes aimed at both refining and clarifying ambiguities in the original text and introducing significant new elements. It is accompanied by parallel detailed changes to the associated Planning Practice Guidance (PPG). The combined effect is to create a significantly different document.

2.2 The government consultation on the proposed changes to the NPPF) involve the documents listed below. They are available in hard copy in the Members' Room and at the following web link:

<https://www.gov.uk/government/consultations/draft-revised-national-planning-policy-framework>

They are:

- National Planning Policy Framework – consultation proposals (Introduction doc)
- National Planning Policy Framework – draft text for consultation (referred to below as New NPPF)
- Draft Planning Practice Guidance (referred to below as New PPG)
- Housing Delivery Test – Draft Measurement Rule Book

2.3 In addition there is also a parallel consultation on another document which also has a significant bearing on planning matters, titled:

Supporting Housing Delivery through Developer Contributions (referred to below as New Contrib doc)

This report discusses this document too and, in addition to hard copy availability, it is also available at the following web link:

<https://www.gov.uk/government/consultations/supporting-housing-delivery-through-developer-contributions>

2.4 In general the government wants to speed up both plan making and decision making on applications. Its significant main focus is on housing matters, including more effective co-operation with stakeholders on cross boundary issues. Others involve and effective use of land, viability and developer contributions. Rather than a set of amendments to the current NPPF, the changes amount effectively to a new document, termed below “New NPPF”. The various main changes are briefly outlined below in Section 3 but the real detail is in the documents themselves. The main additional documents that will need to be created and potential implications for the LPA marked in **bold**.

2.5 This report is intended to set out the main issues that the documents seem to present rather than at this stage lay out any specific suggestions as to a formal response. There will be a member consultation event on this matter after Easter to inform the Council’s response.

2.6 The deadline for the Council to submit its formal response is 10th May. The government’s intention is to then produce a final version of the NPPF in the summer of 2018.

3. BRIEF DETAILS OF SIGNIFICANT CHANGES TO NPPF AND PPG

3.1 General Plan Making Proposals

3.1.1 It states (New NPPF para 23) that plans should be reviewed every five years. Reviews should also be completed no later than five years from adoption. This implies that **a reviewed RVBC plan should be completed and adopted by the end of 2019.**

3.1.2 The current “Duty to Co -operate” that was a part of the Localism Act has been retained as a concept in the New NPPF version but now LPAs are required to prepare a public “**Statement of Common Ground**” (SOCG) with contributions from neighbouring authorities and other relevant strategic bodies such as infrastructure providers. All LPAs will have to produce one following the

finalisation of the New NPPF. The detail of the SOCG is discussed in the New Planning Practice Guidance (New PPG) within the revised legal Tests of Soundness (New PPG pages 38 to 43 and New NPPF paras 29 and 36 (c)) that all plans have to pass. The implication is that the current Duty to Co-operate has led to some important strategic cross boundary issues being deferred rather than being constructively addressed. The SOCG is meant to set out in much more detail areas of agreement and disagreement on strategic matters. **The development and regular updating of the SOCG will likely imply extra work for the Council.**

- 3.1.3 Also within the new Tests of Soundness (New NPPF para 36 section b) is a statement that Local Plans should only be required to set out “**an** appropriate strategy” as opposed to the current and time consuming need to produce **the** most appropriate one. **This is a potentially helpful change meant to reduce argument and time in plan making over the LPA’s current need to in theory consider a wide variety of competing appropriate strategies.**
- 3.1.4 In terms of how planning applications are considered the New NPPF **does not change the current position on prematurity.** In general a new plan’s policies only gain some weight in the consideration of planning applications once it has been formally submitted for examination (New NPPF paras 50 and 51).
- 3.1.5 New NPPF states that it will only apply to emerging plans which are submitted from 6 months after it is finalised. This means that our HED DPD, submitted to be examined in August 2017, will most likely be examined under the current, not the New, NPPF. **This will be very helpful as otherwise this may have implied significant extra work.**

3.2 Housing Matters

3.2.1 Housing Need

As expected New NPPF focuses significantly on matters relating to housing need and supply (New NPPF Chapter 5). This includes a new standardised way to calculate an LPA’s overall housing need and methodologies to be used by LPAs to prove that housing supply is actually being delivered at the right pace to address its need.

An important part of this is a **new Standard Methodology for Housing Need** (introduced in New NPPF para 61 and described in more detail in New PPG Pages 24 to 31). This is intended to reduce the current time consuming debate about how exactly local housing requirement figures are derived and from which issues such as the 5 year supply (see below) spring. This was a hotly debated issue within earlier government consultations. The figure derived from this calculation may be relied upon (ie cannot be questioned) for two years from the time a plan is submitted (New PPG page 27 4th para.)

As a part of the definition of need in the above New PPG breaks this down into different types and tenures of need (New PPG pages 28 to 29) including older people’s need and student housing, private rented and self-build.

3.2.2 Affordable Housing Need

It also defines affordable housing need and its calculation. New NPPF (paras 63 to 65) re-iterates the current position regarding thresholds below which affordable housing contributions cannot be sought. It states (para 65) that a minimum of 10% of major housing development should be for affordable housing except in the following cases: for Build to Rent developments; specialist accommodation (such as for the elderly or students); self-build or for exclusively affordable rural or entry level exception sites.

New NPPF para 79 also states that in rural areas “exception sites” should be supported to provide affordable homes and also LPAs should “consider whether allowing some market housing on these sites would help to facilitate this”.

New NPPF Annex 2 Glossary also contains an updated definition of Affordable Housing which now includes Starter Homes with eligibility to purchase set at a household maximum income of £80,000.

3.2.3 Farm Related Housing

New NPPF (para 81 a), in considering isolated housing development in the countryside, states that one exception to this position would be for as essential need for a rural worker. This includes an addition to the current NPPF thus, “including those taking a majority control of a farming business, to live permanently at or near their place of work in the countryside”. This could be read as allowing a son or daughter or other relative taking control of a farm to build an extra dwelling for their use while allowing the previous controlling interest to remain in the current farm. This may have some implications in the more rural areas of the Borough.

3.2.4 Use of Small Housing Sites

In terms of the land needed for any new housing the Government has introduced (New NPPF para 69 (a)) the need for all LPAs to identify at least 20% of all housing sites to be on small scale sites of half a hectare or less to help stimulate small local builders and encourage small sites to come forward, as they are considered more likely to be built out more quickly than major sites. This could impose more work for the Council, for instance in revising its SHLAA evidence documents.

New NPPF para 72 also states that, unless they have already met such needs, LPAs should allow “exception sites” for first time buyers or renters on unallocated land adjacent to existing settlements. A “high proportion” of these should be for discounted sale or affordable rent.

3.2.5 Five Year Housing Supply Calculations

While New NPPF (para 68 a)) re-iterates the current need for all LPAs to demonstrate a 5 year supply of deliverable housing land (5YHLS), it goes on to produce (Paras 74 to 78) more detailed and amended policy on this seriously

contentious and very time consuming issue which regularly threatens the application of LPAs' housing policies. These are described briefly below.

Once an LPA has calculated its initial 5YHLS by applying the new housing requirement methodology mentioned above, the New NPPF (Para 74 a) to c)) states that it should then apply one of a series of three "buffers" or additions to the initial figure. Either:

- 5% "to ensure choice and competition" or:
- 10% where an LPA wishes to demonstrate a 5YHLS.

If an LPA wants to take this 10% option it will have to prove it has a reliable 5YHLS through another new calculation – an **Annual Position Statement (APS)**. This will need to be agreed after consultation with stakeholders, including developers, and then been approved by the Secretary of State. **This could also be a potentially time consuming exercise and how this will work in practice is yet to be seen. In theory an agreed APS means that the LPA's housing supply figure cannot be challenged for a year until the APS is re calculated and re-submitted.** The detail of the APS is set out in the Housing Delivery Test chapter of updated PPG (New PPG Pages 18 to 20).

- The third and last of the buffers is to add 20% onto the initial figure if the LPA has a "significant" under delivery of housing over the previous three years.

(Note the under delivery is assessed against the average annual housing trajectory figure, itself derived from the overall housing need figure.)

3.2.6 Housing Delivery Test

Going further, and as a part of the above, the government focuses on actual housing delivery, ie housing that is actually completed as opposed to the permissions granted. New NPPF introduces a new Housing Delivery Test (New NPPF Paras 74 to 78 and Annexe1 and Housing Delivery Test section within New PPG chapter on Housing Delivery, pages 20 to 23). This Test is a part of the 5YHLS issue. It calculates the actual delivery of housing completions as a percentage of the number of homes required via the new proposed Housing Need Methodology mentioned above. As an indicator of the importance government attaches to this matter it has also included as a separate consultation document a Housing Delivery Test Measurement Rule Book. The Test will apply from November 2018.

Briefly it defines what "under – delivery" of housing actually means in terms of New NPPF para 75 and therefore the application of the 20% buffer mentioned above. It sets out a series of time orientated delivery points which trigger under delivery, the first being delivery below 25% on the overall housing requirement over three years as of November 2018 and moving towards a trigger of 75% by November 2020.

As a further indication of the government's attitude, even if an LPA's Delivery Test figure only falls below 95% of its requirement over three years it is still

required to prepare, within six months, an **Action Plan** that sets out ways the LPA plans to rectify the situation. **The work to prepare and update the Delivery Test requirements and any associated Action Plan will require extra work by the Council.**

Also New NPPF para 78 allows LPAs to consider setting a condition stating that development must begin within, ie less than, the current three year default period to discourage slow delivery of permitted sites, a measure which appears to be addressed at perceived slow delivery by developers.

3.3 **Effective Use of Land**

This matter does not appear as prominently in the current NPPF. New NPPF re-iterates support for brownfield development. In addition it supports (para 118 d) and e)) use of space above existing dwellings and commercial premises, including spaces above shops and, consistent with prevailing heights, upwards extensions of houses.

It also (New NPPF paras 120 and 121) refers to the re-allocation of land that has not been developed for its allocated use to a “more deliverable use” as a part of a plan review and also, and possibly more significantly, “in the interim, prior to reviewing the plan, applications for alternative uses on the land should be supported, where the proposed use would contribute to meeting an unmet need for development in the area.”

Para 121 goes on to say that LPAs should also “take a positive approach to applications for alternative uses of land that is currently developed but not allocated for a specific purpose in plans, where this would help to meet identified development needs.” It goes on, “use retail and employment land for homes in areas of high housing demand provided this would not undermine key economic sectors or... town centres.” **Taken together the above could place more pressure on current used but unallocated, or unused allocated employment and retail land, most significantly for housing uses, and may be significant for Councils looking to develop their economic bases.**

New NPPF para 123 also states that homes should not be built at low densities where there is a shortage of land. LPAs should develop a **minimum density standard** which “will be tested robustly at examination”. These standards should seek a “significant uplift in the average density of residential development” and that LPAs should refuse applications that they consider fail to use land efficiently. There is no detailed guidance as to how to set this standardised minimum density however. **Calculating this minimum housing density, which may require consultation and some comment by the developer sector, also implies additional work by the Council.**

3.4 **Rural Economy**

New NPPF adds to the current position the following (para 85) “Planning policies and decisions should recognise that sites to meet local business and community needs in rural areas may have to be found outside existing settlements, and in locations that are not well served by public transport.” This could be taken to mean that the consideration of a site for sustainable development should not rest solely on its inability to be accessed by public transport.

3.5 **Viability**

Alongside New NPPF the government has produced new planning guidance (New PPG pages 4 to 12) on viability in planning as viability has, over the last few years, also proved to be a very contentious area in relation to developer contributions, such as those relating to affordable housing. Viability assessment is a complex process of assessing whether a site is financially viable to a developer after considering matters such as an LPA's requirements for developer contributions to offset its impact on local infrastructure and for affordable housing. All local plan policies, such as those in the Core Strategy such as planning obligations policies, are tested for their effect on overall viability at examination before the plan can be adopted.

These new proposals are also intended to work with the Community Infrastructure Levy (or CIL) legislation. While RVBC does not currently have a CIL it does negotiate developer contributions through Section 106 agreements. The New PPG viability proposals will directly relate to viability debates within section 106 agreements within particular planning applications.

The government's general position is that, given that the LPA's plan has already been tested for its effect on viability, viability debates on individual application proposals should not in principle be necessary. However, to reduce time consuming debate on issues related to key inputs into complex viability calculations relating to individual site proposals that can come to the LPA as planning applications, the government proposes to set standard definitions (New PPG pages 7 to 10) on matters such as Gross Development Value (GDV), Land Value, Existing Use Values and Development Profits (confirmed as 20% return on GDV).

Another important point is that a viability assessment "should be prepared on the basis that it will be made publicly available other than in exceptional circumstances" (New PPG page 11). A standard template to set out such publicly available assessments is being developed by government and this should be used to provide an executive summary of all Section 106 agreements.

3.6 **Other Matters relating to New NPPF**

In general terms, while there is some re-wording, New NPPF appears to maintain the current NPPFs general positions, with only minor changes, on matters such as economic issues, Green Belt, environmental and heritage matters, sustainable transport, design, communications infrastructure, climate change and flood risk, renewable energy and minerals and waste issues.

3.7 **Supporting Housing Delivery Through Developer Contributions Consultation. (New Contrib doc)**

As mentioned above, and parallel to the above consultations on New NPPF, the government is also holding a consultation on the above document (referred to below as New Contrib doc). This essentially deals with possible Community Infrastructure Levy (CIL) reforms. At present RVBC does not have a CIL, though there is a commitment to developing one within the Core Strategy. However the new proposals also refer to Section 106 contributions, which the Council does still engage in.

New Contrib doc (pages 17 to 18) states that the government wishes to withdraw the current restriction on the pooling of Section 106 monies, currently set to no more than 5 separate contributions. This may affect the Council in relation to future development on strategic sites.

- 3.8 As Members will note, this is a significant consultation and consequently it is proposed to hold an informal briefing and consultation meeting to which Members will be invited to discuss the draft proposals in more detail and contribute to the preparation of the Council's response. Details will be circulated separately. At this meeting it is proposed to review the government's consultation questions set out in the documents to generate a response.

4 RISK ASSESSMENT

4.1 The approval of this report may have the following implications:

- Resources – No direct in house staff and other in house resources will be required at this stage.
- Technical, Environmental and Legal – None.
- Political – No direct political implications.
- Reputation – It is important that the Council responds to important national planning policy consultations.
- Equality & Diversity – No implications identified.

5 **RECOMMENDED THAT COMMITTEE**

5.1 Note the consultation and instruct the Chief Executive to submit a response on behalf of the Council in consultation with the Chair of this Committee and as informed by the proposed Member Consultation event.

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