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REPORT FROM:	STUART BATCHELOR DIRECTOR OF COMMUNITY AND PLANNING	OPEN PARAGRAPH NO:
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SUBJECT:	PLANNING FOR THE RIGHT HOMES IN THE RIGHT PLACES: CONSULTATION PROPOSALS	REF:
WARD(S) AFFECTED:	ALL	TERMS OF REFERENCE: PL01

1.0 Recommendations

1.1 That Members endorse the response to the current consultation by the Department of Communities and Local Government (DCLG) on 'Planning for the Right Homes in the Right Places' set out in this report. The means of response is to answer a set of 30 questions represented in the discussion in Section 4 below.

2.0 Purpose of Report

2.1 To make Members aware of the scope of the current consultation 'Planning for the right homes in the right places'. This consultation sets out the Government's proposals to reform the planning system to increase the supply of new homes and increase local authority capacity to manage growth.

3.0 Executive Summary

3.1 The Government is currently consulting on proposals to reform the planning system through its consultation document 'Planning for the right homes in the right places'. The consultation follows on from the Housing White Paper published earlier this year 'Fixing our Broken Housing Market'.

3.2 The consultation covers a range of issues, including a standard method for calculating local authorities' housing need; the drawbacks with the current system are highlighted and views are being sought on a different approach.

3.3 The consultation paper sets out a plan for more effective joint working, where planning issues go beyond individual authority boundaries, through a statement of common ground. The statement of common ground would set out how authorities intended to work together to meet housing needs.

3.4 Another issue covered by the consultation document is how neighbourhood planning groups can have greater certainty on the level of housing need that must be planned for. Here the consultation paper is seeking views on whether national policy should

expect local authorities to set out, within their plans, a housing figure for designated neighbourhood planning areas and parished areas within their local area.

- 3.5 How viability assessments could be improved to make them simpler, quicker and more transparent, is being consulted upon, including whether changes to planning guidance could be made to improve the way that plans are tested for viability to ensure they are deliverable.
- 3.6 Following on from the Housing White Paper earlier this year, the consultation discusses an increase in planning application fees for those areas where local authorities are delivering the homes their communities need. The Government is seeking views on the most appropriate criteria to enable this fee increase to be applied.
- 3.7 The proposed response to the consultation document is set out in the Appendix 'Consultation Response Proforma'.

4.0 Detail

4.1 The Government has previously published the Housing White Paper 'Fixing our Broken Housing Market' which Members considered earlier in the year. The Government has now published 'Planning for the right homes in the right places: consultation proposals' which deals with a range of issues including:

- a standard method for calculating local authorities' housing need
- how neighbourhood planning groups can have greater certainty on the level of housing need to plan for
- a statement of common ground to improve how local authorities work together to meet housing and other needs across boundaries
- making the use of viability assessments simpler, quicker and more transparent
- increased planning application fees in those areas where local planning authorities are delivering the homes their communities need

Proposed approach to calculating the local housing need

- 4.2 The consultation highlights that the current system of calculating housing need lacks transparency and 'relies on assessments commissioned by individual authorities according to their own requirements, carried out by expensive consultants using their own methodologies'. It is proposing to introduce a three stage process which the Government considers is simple, based on publically available data and realistic.
- 4.3 The approach proposed would firstly identify the need for homes based from projections of household growth for every local authority area (these are published by the ONS every two years) and would then adjust the number having regard to affordability of homes (based on a data set published by ONS annually). DCLG have published a formula to allow the affordability adjustment to be made but in effect in areas where affordability is stretched the adjustment would require a higher number of homes than indicated by the baseline, as it is assumed that greater housing provision will reduce prices.
- 4.4 In some locations the number of homes required would increase significantly. A cap is therefore proposed to limit the number of homes which will be required when Authorities review their plan. However it is unlikely that such a cap would bite in

South Derbyshire based on available information published alongside the consultation report.

- 4.5 An indication of future housing need in South Derbyshire and within the wider Housing Market Area (HMA) as set out in the Consultation is set out below:

	Current Objectively assessed need 2011-28	OAN based on DCLG methodology 2016-26	Change
South Derbyshire	576	589	+13
Amber Valley	435	404	-31
Derby City	964	890	-74
Total (per annum)	1975	1883	-92

- 4.6 Overall based on DCLG calculations the Objectively Assessed Need for South Derbyshire would increase by 13 homes per annum. It would however fall across the remaining HMA Authorities and across the HMA a reduction of 92 homes per annum is identified for the period 2016-26. Given that it would be likely that Derby City would remain capacity constrained any reduction in numbers at an HMA level could potentially reduce South Derbyshire's housing requirement which is comprised of our own need (which has increased slightly) and unmet need in the City (which has fallen more notably).
- 4.7 The consultation paper also suggests that local authorities producing joint plans (for example across a housing market area) should be allowed to calculate their 5 year supply calculation across an area as a whole. It also consults on freezing housing requirements for a period of two years at the point of submission.

Comment

- 4.8 The notes published alongside the housing projections state that the 'figures *are not an assessment of housing need* or do not take account of future policies. They are an indication of the likely increase in households given the continuation of recent demographic trends'. Whilst current data published by DCLG based on 2014 projections suggest housing requirements for the District remain in line with recently planned-for levels, it is unclear whether recent high levels of delivery in South Derbyshire (including that planned for to meet Derby City's need in the current plan period) will affect future household projections for the District. There has been a recent step change in delivery in South Derbyshire, partly to meet the housing need of other Authorities. It is unclear whether this could lead to notably higher projections in subsequent data releases, as recent and near term predicted growth (under the auspices of the adopted Plan) feed through. Clearly, for Authorities which already meet unmet need from elsewhere, housing need projections should be based on genuinely local need, not a carrying forward of recent demographic trends which includes higher delivery to meet needs that arise beyond their areas.
- 4.9 In respect of assessing the 5 year land supply position, measuring housing delivery at housing market area could mask those authorities failing to adequately deliver new housing. In the interests of localism it is preferable to record delivery at a District or Borough level, in order that those districts failing to deliver sufficient homes can be identified and delivery appropriately addressed.
- 4.10 Whilst the benefits of fixing a housing requirement for a two year period during the closing stages of plan preparation are clear, there is a lack of clarity over what happens after this two year period. Clearly a Plan could be adopted during this

'fixed' period, but even before adoption the proposed methodology could highlight a need for new homes at a level above that planned for. In such an instance it is unclear how decision making, for example in respect of Section 78 appeals will be affected.

- 4.11 It is also noted that the consultation suggests that a centrally prescribed methodology to calculate housing need locally will reduce the time it takes to put plans in place, give communities greater control of where much-needed homes should be built, and also save local taxpayers money (the paper indicates that SHMAs cost tax payers around £3million pound per year nationwide). However calculating overall housing need is only a limited part of undertaking a SHMA and detailed analysis of locally derived housing need in respect of affordable or other housing types such as homes for older people will still be required (see later). It is unclear whether the cost and time savings suggested in this document in respect of the need to prepare a SHMA are realistic, particularly some assessment of the different strands of housing need will still be required and it is unclear what any future assessment will look like.

Statement of common ground

- 4.12 Evidence from recent local plan examinations suggests that failing the duty to co-operate is one of the most regular reasons why plans are not found sound by the Planning Inspectorate. Accordingly the consultation paper sets out a plan for more effective joint working, where planning issues go beyond individual authorities, through a statement of common ground, setting out how they intend to work together to meet housing needs that cut across authority boundaries.
- 4.13 The Consultation identifies the Duty to Co-operate as having a number of flaws. These are:
- a lack of transparency or sufficient certainty in the early stages of the plan-making process about how effectively local planning authorities are working together to reach agreement on strategic cross-boundary matters;
 - that co-operation is only tested towards the end of the plan-making process at examination, at which point it is too late to remedy any failures,
 - that local planning authorities are not legally required to reach agreement on issues. This allows them to avoid taking difficult decisions, which can leave housing need unmet, or can push unfair and unrealistic burdens for delivering housing need on neighbouring authorities.
- 4.14 The statement of common ground is not intended to replicate any stage of the plan-making process, nor should it be an additional burden on local planning authorities. Instead the statement should be both a road-map and a record for cross-boundary co-operation on strategic planning matters which, when completed effectively, will be an important, clear and concise record of how local authorities work together to resolve common strategic issues.
- 4.15 The consultation proposes that all local planning authorities should have a statement of common ground in place within twelve months following the publication of the revised National Planning Policy Framework. However, in order to ensure greater certainty at an early stage of the process, we expect local planning authorities to have an outline statement in place within six months following publication of the revised Framework. The contents of the statement of common ground is set out in appendix 1 of this report and will apply to all local planning authorities regardless of where they are in the plan-making cycle.

- 4.16 Co-operation will continue to be tested by virtue of the statutory Duty to Co-operate, when a plan is submitted for examination. The statement of common ground should provide the primary evidence of compliance with the Duty to Co-operate.

Comment

- 4.17 Whilst it is acknowledged that Duty to Co-operate issues have frustrated plan delivery in many locations, the benefit of undertaking this exercise if authorities are mid cycle and are not currently preparing a strategic Plan (i.e. are working on non-strategic parts of the their Plans) is unclear. Requiring authorities to undertake this work will not effect change and would seem like an unnecessary burden. However, set against this, producing such a statement for the Derby HMA authorities could be a relatively straight forward process largely documenting joint working previously undertaken and ongoing cooperation between the Authorities.

Planning for a mix of housing needs

- 4.18 It is important that local planning authorities do not just plan for the right number of homes, but also the different size, type, tenure and range of housing that is required in their area. The identification of such need is often carried out as part of the strategic housing market assessment (SHMA). Types of housing Authorities could be required to consider could include:

- older and disabled people;
- families with children;
- affordable housing;
- self-build and custom-build development;
- student accommodation;
- travellers who have ceased to travel; and
- private rented sector and build to rent housing.

- 4.19 The consultation proposers that plan makers should disaggregate this total need into the overall need of each type of housing as part of the plan-making process, before taking into account any constraints or other issues which may prevent them from meeting their overall housing need. This means that, as the plan develops plan makers will be expected to make evidence-based planning judgements on the different types of housing that is required within each area to ensure that the plan is effective and positively prepared.

Comment

- 4.20 It is unclear what additional evidence will need to be compiled by the Council in respect of planning for a mix of housing need. Clearly such evidence would replace that set out in any current SHMA and could place a notable burden on local planning Authorities both in terms of workload or lack of expertise. It is also unclear how robust future evidence collected to inform the Plan would be.

Neighbourhood planning

- 4.21 The consultation paper is seeking views on whether national policy should expect local planning authorities to set out, within their plans, a housing figure for designated neighbourhood planning areas and parished areas within their local area.
- 4.22 Where the local plan is out-of-date and cannot be relied on as a basis for allocating housing figures, the government are proposing to set out in guidance a simple formula-based approach which apportions the overall housing need figure for the

relevant local authority area/s, based on the latest figures calculated under the new standard approach (once, and assuming, it is introduced), to the neighbourhood planning area. The proposed formula is simply to take the population of the neighbourhood planning area and calculate what percentage it is of the overall population in the local planning authority area. The housing need figure in the neighbourhood planning area would then be that percentage of the local planning authority's housing need.

Comment

- 4.23 Given that this Authority's Local Plan is relatively up to date it is unlikely that any proposed approach in respect of housing provision in neighbourhood plans would affect local communities bringing forward neighborhood development plans in the short term. However in the longer term such a policy approach could be wholly inappropriate for an Authority such as South Derbyshire for two key reasons:
- Much of South Derbyshire's growth is adjacent to large urban areas immediately outside of the District. Clearly the proposed approach will not reflect the proximity of such areas but apportionment would instead be towards the largest settlements in the District, many of which are actually very small and growth of the quantum required to meet local housing need could harm the character and communities of South Derbyshire.
 - Some larger settlements such as Melbourne, Repton and Shardlow (which are comprised of 1-2000 homes) are heavily constrained for example by heritage assets or flood risk. Apportioning growth to such area on no other basis than the existing proportion of the population living in those areas is likely to lead to unacceptable levels of growth and unsustainable development.

Proposed approach to viability assessment

- 4.24 The consultation states local planning authorities should set out the types and thresholds for affordable housing contributions required; the infrastructure needed to deliver the plan; and expectations for how these will be funded and the contributions developers will be expected to make. The consultation is seeking views on whether changes to planning guidance could be made to improve the way that plans are tested for viability to ensure they are deliverable.
- 4.25 The guidance further proposes to make clear in the National Planning Policy Framework that where policy requirements have been tested for their viability, the issue should not usually need to be tested again at the planning application stage. Applications that meet requirements set out in the plan should be assumed to be viable.

Comment

- 4.26 There is frequently a significant period of time between a site being committed through a Plan and being delivered through the development management process. Viability can often change in this period as can the infrastructure needs of an area (for example a school which is currently full may have capacity to accommodate growth in 5 years' time).
- 4.27 It is sensible for Councils and developers to assess viability at a point in time closest to site delivery. Moreover far more detail about the nature of effects associated with a scheme (and the measures needed to address such effects) are likely to be known at the application stage. Seeking certainty over the capacity of sites to deliver infrastructure through the Plan making process is unlikely to remove the need to consider viability again later in the process. However seeking to reduce

uncertainty at the plan making stage could place a greater burden of evidence gathering (on all parties) and could potentially halt the allocation of sites subject to high levels of uncertainty regarding viability where there is a desire to expedite plan delivery.

Planning fees

4.28 Paragraph 2.15 of the housing White Paper set out the Government's intention to increase nationally set planning fees by 20 per cent for those local planning authorities who commit to invest the additional fee income in improving the productivity of their planning departments. We subsequently invited authorities to make this commitment.

4.29 The housing White Paper suggested that an increase of a further 20 per cent on the current fee level could be applied to those authorities who are delivering the homes their communities need. The Government is seeking views on the most appropriate criteria to enable this fee increase to be applied.

Comment

4.30 An allowance to further increase fees by 20% (in addition to an earlier 20% increase) could allow greater investment into planning services. However it remains far from clear what criteria would need to be met to deliver this. This Authority already has an adopted NPPF compliant plan in place and based on the most recent evidence is meeting its local housing need as well as a proportion of a neighbouring Authority's. However committing a significant number of sites to meet future housing need would place a significant burden on development management and the monitoring of infrastructure delivery. Those Authorities that have been effective at securing the growth needed in their local communities should be able to levy a fee without waiting for all other Authorities to catch up.

5.0 Financial Implications

5.1 The Consultation paper states that 'an increase in planning application fees is an important step to recognise and address the significant, nation-wide problem of under-resourced local planning authorities'.

5.2 The Government has already committed to increase planning fees by 20 per cent for those authorities who commit to invest the additional fee income in improving the productivity of their planning departments. The Government has indicated that it will bring forward regulations at the earliest opportunity to allow local authorities to increase fees.

5.3 The Housing White Paper also proposing to allow an increase of a further 20 per cent for those authorities who are delivering the homes their communities need. This consultation is seeking views on the most appropriate criteria to enable this fee increase to be applied. Based on the current information it is unclear whether this Authority would be able to levy this additional fee should it wish to do so, although based the most recent housing delivery rates the Authority is fully meeting housing need as set out in the Local Plan and in respect of its 5 year housing land supply requirement.

6.0 Corporate Implications

6.1 The delivery of new homes and enhancement and understanding of the planning process are key action within the Place theme of the Corporate Plan.

7.0 **Community Implications**

7.1 Changes proposed through the consultation, could if implemented provide greater clarity to local communities wishing to prepare a neighborhood development plan in respect of local housing requirements.

8.0 **Background Papers**

8.1 [Planning for the right homes in the right places: consultation proposals](#)

8.2 [Housing need consultation data table](#)

8.3 [Fixing our broken housing market](#)

9.0 **Appendices**

9.1 Duty to Cooperate Requirements

9.2 Consultation Response Proforma

Appendix 1: Duty to Co-operate Requirements

Six months after publication of the policy in a revised National Planning Policy Framework

- The geographical area covered by the statement, and justification for the area
- Key strategic cross-boundary matters being addressed by the statement, including housing need for the area, and housing targets in any adopted plans (where known), and proposals for meeting any shortfalls
- Primary authorities responsible for the statement, and list of additional signatories (including matters to which each is signatory)
- Governance arrangements for the co-operation process, including how the statement of common ground will be maintained and kept up to date

After twelve months, the statement of common ground should also include (in addition to the above):

- Process for agreeing the distribution of housing need (including unmet need) across the wider area, and agreed distributions (as agreed through the plan-making process)
- A record of whether agreements have (or have not) been reached on key strategic matters
- Any additional strategic cross-boundary matters to be addressed by the statement which are not already addressed