

REPORT TO: Environment and Urban Renewal
Policy and Performance Board

DATE: 9 September 2015

REPORTING OFFICER: Strategic Director – Policy and Resources

PORTFOLIO: Physical Environment

SUBJECT: Local Plan Making

WARDS: Boroughwide

1.0 PURPOSE OF REPORT

- 1.1 Halton's statutory development plan for town planning purposes, also known as the 'Local Plan', is of interest to all Elected Members as it sets out how Halton should physically grow.
- 1.2 Halton has an emerging local plan, called the 'Delivery and Allocations Local Plan' (DALP). This emerging local plan provides the detailed policies and identifies specific sites that should deliver the overall quantum of development set out in the adopted Core Strategy.
- 1.3 In April 2015, the Planning Advisory Service (PAS) undertook a review of local plan making in Halton. The implications of this review are set out in this report.

2.0 RECOMMENDATION: That Elected Members note the recent and proposed reforms for the purposes of local plan making.

3.0 BACKGROUND

3.1 Local Plan Making

A local plan is the cornerstone of the development management process as it is the starting point for all planning decisions. Successive governments have all remained committed to a local plan that sets out the future development needs of any borough.

- 3.2 The planning system is delivering strongly within Halton. Much needed homes are being constructed, contributing towards local plan targets. The New Homes Bonus (NHB) allocation for Halton Borough Council will total £2,165,336 and this year's instalment (2015-16) includes an affordable homes premium of £24,500. Over the period from 2011-12 to 2015-16, the total NHB awarded to Halton is £6,146,564 for 941 units (net additions) to the housing stock.
- 3.3 For the financial year 2014-15, there were 511 (gross) new dwellings constructed (501 net of demolitions), and of the gross total, 260 were

affordable units. This is close to the local plan target of 552 dwellings per annum, and exceeds the target for affordable housing. These are positive indicators of the returning strength of the housing market. Historically, 2007 generated the greatest number of new dwellings, with 741 units constructed. It is clear that the development industry can deliver in volume when required to do so. The lower rates of house building that have been achieved over the last few years did not result from a constrained supply of land, but from demand side failures (for example availability of mortgages, developers restricting release of units to the market). Nevertheless, land needs to be made available through the local plan process to provide future homes and jobs.

- 3.4 *'Signal Failure: A Review Of Local Plans And Housing Requirements'*, a report by consultancy Nathaniel Lichfield & Partners (NLP), suggests that three years after the introduction of the National Planning Policy Framework (NPPF), progress on getting local plans in place remains slow. The report states that only a quarter of English local authorities have introduced a local plan - and a third of these require an early review to assess whether housing need is being met. Additionally, the report says a growing number of councils are being asked to increase housing allocations by planning inspectors. Evidence of housing need relied on by plans is being found wanting and it is proving difficult for local authorities to agree on how overspill housing from towns and cities is dealt with in surrounding districts.
- 3.5 Regional Spatial Strategies imposed housing targets on individual Councils, however the government's removal of them has yet to be compensated for by a well-functioning alternative system, including the 'Duty to Cooperate'. Addressing this strategic vacuum is important in ensuring housing needs are met, particularly around fast-growing towns and cities. The NLP report identifies two difficulties local authorities are struggling to reconcile:
- The first is determining which neighbouring authorities will be asked to meet the housing overspill that cannot be accommodated by the council itself - the 'Duty to Co-operate'
 - Secondly, many Green Belt authorities appear to be slow when dealing with housing requirements in their plans, said NLP. The test will be when more Green Belt authorities progress their plans over coming years, although there is currently little incentive for many of these councils to accelerate plan delivery with all the difficult implications involved.

The NLP Report concludes that if the system were fully functioning, more than 200,000 of the required 240,000 homes a year would be built. At present only half that number of homes needed are being built.

- 3.6 In the Chancellor's recent publication (10 July 2015) 'Fixing the Foundations: Creating a more Prosperous Nation', the Government sets out provisions for making local plans on behalf of those local

authorities who are slow to produce their own. This approach has cross-party support, as it is an approach that has been suggested in the Labour Party's Lyons Review and also the Commons Committee review of the NPPF (see detail in Appendix 1).

3.7 'Fixing the Foundations: Creating a more Prosperous Nation' specifies that in order to increase the number of LPAs with up-to-date local plans the Government intends to:

- publish league tables highlighting local authority progress.
- introduce legislation that would 'significantly streamline the length and process of local plans', and allow for the Secretary of State for Communities and Local Government (DCLG) to take plan preparation out of the hands of local authorities and 'to arrange for local plans to be written, in consultation with local people'.
- The deadline for a local authority to produce a local plan without risk of government intervention is early 2017 (likely to be March as this is five years after the publication of the National Planning Policy Framework).
- strengthen guidance on the 'Duty to Cooperate' to improve local authority collaboration on housing and planning matters.

3.8 Local plan making must be done against the backdrop of a tough financial climate for local government. A recent report (March 2015) by the Institute for Fiscal Studies ('Central Cuts, Local Decision-Making: Changes in Local Government Spending and Revenues in England, 2009-10 to 2014-15') looking at net spending by local authorities, found that during this parliament, this measure of spending by local authorities in England has been cut significantly in real terms. Between 2009/10 and 2014/15, it was cut by 20.4% after accounting for economy-wide inflation. Taking into account population growth over this period, spending per person was cut by 23.4%. The service area with the largest cut to net spending was planning and development.

4.0 POLICY IMPLICATIONS

4.1 The Government approach, set out above, will undoubtedly put local plan making back up the political agenda, both on a sub-regional basis and locally.

4.2 LCR Duty to Cooperate

4.3 The district planning officers of the Liverpool City Region have commenced the drafting of a 'Statement of Cooperation on Local Planning'. This is a requirement of national legislation (Localism Act 2011) and is one of the tests that planning inspectors apply when local plans are formally examined. The document has the aims of:

- Providing an agreed position of how strategic planning is currently undertaken;

- Providing a description of those strategic thematic topics the authorities have agreement upon;
- Providing an approved mechanism for ongoing strategic planning; and
- Identifying those areas of joint working that will be required in the period 2015 – 2020.

4.4 It is anticipated that the LCR Strategic Housing and Spatial Planning Board, which comprises Elected Members from each local authority, will provide direction on the drafting of this document. Once the document reaches an advanced draft it will be reported to respective cabinets / executive boards for formal adoption.

4.5 Halton Local Plan

4.6 Halton has an adopted Core Strategy (adopted April 2013). As this is post publication of the National Planning Policy Framework (NPPF), this puts Halton in a strong position in terms of the status of its development plan. However, the Government has yet to say what constitutes a 'local plan' under its proposals to intervene after 2017. A local plan is not complete until all the required parts of a local plan, such as land allocations, are in place (a lengthy process). Halton is progressing the second part of its local plan that deals with land allocations, the emerging Delivery and Allocations Local Plan (DALP).

4.7 The detail behind the development strategy that is contained in the Core Strategy needs to be set out fully, and this is the purpose of the DALP. This will update the extant policies contained in the Unitary Development Plan, together with allocating specific sites that will accommodate the overall quantum of development set out in the Core Strategy.

4.8 Planning Advisory Service Review (April 2015)

In order to ensure Halton is in the best possible place for plan making, the Planning Advisory Service (PAS) was invited to undertake a review in Halton of the phases of work being implemented to produce the Delivery and Allocations Local Plan. The review was provided free of charge to the Council.

4.9 The implications of planning reform in general, and the National Planning Policy Framework (NPPF) and national Planning Practice Guidance (PPG) in particular, continue to 'change the goal posts', in particular the issues surrounding Objectively Assessed Need (OAN) (this is an assessment of housing needs in a borough) and long term housing land supply.

4.10 The review was undertaken by consultants Fortismere Associates/Arup who reviewed the following matters:

- Plan progress, including a review of the evidence base, for example the requirement to undertake an Objectively Assessed Need (OAN) for housing.
- Project management

4.11 The review identified the parts of the evidence base requiring an update, and the focus is on the core evidential elements needed to support the DALP at formal examination. To update each evidence document, regard must be had to the latest guidance in NPPF and PPG. The core evidence that requires updating comprises the following:

- Open Space and Playing Pitch Strategies
- Strategic Housing Market Assessment (SHMA) for the mid-Mersey area
- Retail and Leisure Study
- Widnes and Hale Green Belt Review
- Strategic Housing Land Availability Assessment

These studies are already in the process of being completed.

4.12 The implications of meeting current housing targets mean there is currently a requirement for release of sites from the Green Belt, particularly towards the end of the plan period (2028). Any release will require exceptional circumstances to be justified to be in accordance with NPPF.

4.13 A key part of these exceptional circumstances will be the quantity of housing required. Evidence of housing need will be updated as it is currently based upon the withdrawn Regional Spatial Strategy (RSS). It will also need to be updated to incorporate the latest household projections, as required by Planning Practice Guidance. A new Strategic Housing Market Assessment is currently being undertaken, providing key information on 'objectively assessed need'. Halton's housing targets partly stem from the drive for economic development and growth, which requires the attraction of new jobs and market sectors, and this, in turn, drives the need for additional housing beyond natural population growth and household formation due to the need to provide permanent accommodation for new workers.

4.14 The findings of the PAS report are that the DALP is being prepared positively in accordance with the relevant regulations, policy, and guidance. This gives confidence that the DALP will be found sound when it is submitted for formal examination by the Planning Inspectorate in the future (expected to be in 18 months' time).

4.15 **Policy Implications – Conclusion**

The key messages from local plan making agenda are as follows:

- The focus on new house building remains strong.
- The need for current and up-to-date local plans is a priority for the government and all political parties.
- Resource needs to be made available to maintain momentum in statutory development plan making for Halton as plans cannot be put into place overnight and many statutory requirements are burdensome, such as duty to co-operate and the various necessary assessments (such as habitats regulations assessment, sustainability appraisal and strategic environmental assessment).
- There is a risk that if local plans are not accelerated then the government will step in and impose a centrally created plan upon a local authority.

5.0 FINANCIAL IMPLICATIONS

5.1 There are no direct financial implications arising from this report as it serves to update Members on the context of local plan making. However, national policy impacts upon the use of resources and capacity as it is necessary to demonstrate how the Council complies with national policy and guidance in local plan making.

6.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

The planning reform set out in this report impacts upon all Council priorities.

6.1 Children and Young People in Halton

Local plan making and decision taking directly impacts the setting of the Council's community (economic, environmental, and social structures), together with the availability of facilities and infrastructure in which children grow up.

6.2 Employment, Learning and Skills in Halton

Local plan making directly affects the availability of land for employment, jobs and growth.

6.3 A Healthy Halton

Local plan making is directly associated with health and well-being, for example through the availability of open spaces, access to sustainable transport routes and infrastructure (particularly walking and cycling), adaption of the built environment to climate change, and the provision of homes.

6.4 A Safer Halton

The existing statutory development plan contains a number of policies designed to improve safety. Specifically, these relate to safety around hazardous installations, airports, safe transport infrastructure, and a reduction in opportunities for crime through well designed developments.

6.5 Environment and Regeneration in Halton

Halton's statutory development plan sets out a strategy to regenerate key areas of the Borough and to conserve, protect and enhance other areas through proactive planning policies. The policies contained within the development plan are used to shape and improve Halton's environment.

7.0 RISK ANALYSIS

7.1 Failure to meet European and national law, and policy and guidance can lead to appeals and legal challenges to the Council. In planning decisions, national policy carries significant weight in the planning balance when a decision is reached.

7.2 Local Plan making remains under scrutiny as nationally the process is considered to be slow. There are now proposals through the Government's reform process to impose government created local plans upon those local authorities who fail to make their own statutory plan. It is imperative that Halton maintains an up-to-date local plan in order to continue to exert positive control over the future development of the Borough.

8.0 EQUALITY AND DIVERSITY ISSUES

8.1 There is no evidence from an initial assessment of an adverse impact on equality in relation to the equality target groups.

9.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972

Document	Place of Inspection	Contact Officer
House of Commons Report on the Operation of the NPPF	http://www.publications.parliament.uk/pa/cm201415/cmselect/cmco/mloc/190/19002.htm	Tim Gibbs
Lyons Housing Review	http://www.yourbritain.org.uk/uploads/editor/files/The_Lyons_Housing_Review_2.pdf	Tim Gibbs
Institute for Fiscal Studies Central Cuts, Local Decision-Making: Changes in Local	http://www.ifs.org.uk/publications/7617	Tim Gibbs

Government Spending and Revenues in England, 2009-10 to 2014-15	http://www.ifs.org.uk/uploads/publications/bns/BN166.pdf	
Planning Advisory Service Report	Municipal Building	Tim Gibbs

10.1 House of Commons Report on the Operation of the NPPF

10.2 Overall, this report makes 43 recommendations, including specific changes to be made to the National Planning Policy Framework (NPPF) itself and to the way it is applied. The key recommendations most relevant to local planning authorities are:

- That all councils need to move more quickly to get an adopted plan in place as this will give communities increased protection against the threat of undesirable development. A statutory requirement is called for so that councils get local plans adopted within three years of legislation being enacted.
- That the Government should take steps to ensure that the planning system delivers the sustainable development promised in the NPPF. This includes making sure that the same weight is given to the environmental and social dimensions as to the economic dimension; that permission is only granted to development that is accompanied by the infrastructure necessary to support it; and that the planning system places due emphasis on the natural environment.
- That the Government should address the complex issue of land supply, as provisions in the NPPF relating to the viability of housing land are leading to inappropriate development. In addition, clearer guidance should be provided on how housing need should be assessed and, perhaps most notably, local authorities should be encouraged to review their Green Belts as part of the local planning process.
- That the Government should make changes to the NPPF to ensure greater protection of town centres, as well as removing permitted development rights that allow shops and buildings used for financial and professional services to become homes without planning permission.

In relation to housing land, the report recommends the following:

- That the Government should issue guidance on assessments of site viability so that a standard approach to determining viability is adopted. The Government should work with local authorities and the house building industry to agree the wording of this new guidance.
- That the Government should amend the NPPF to make clear that all sites with planning permission should be counted towards the five year supply of housing.

In relation to retail development the recommendations are:

- Reinstatement of the requirement for disaggregation to be considered as part of the sequential test, so that local authorities are required to ask developers for evidence of flexibility, i.e. whether a proposed retail development can be broken down into specific parts on separate sites.

- Removal of the policy that states that needs for retail, leisure, office and other main town centre uses should be met in full in the local plan as it would be more sensible to expect councils to allocate sites to meet needs over the first five years with regular reviews to keep the supply of sites up to date, taking into account the expected changes in retail habits. This would ensure that councils keep their planning policies up to date with rapidly changing dynamics of the retail sector and town centre environments
 - Revocation of the permitted development rights allowing change from classes A1 and A2 to C3.
- 10.3 At the end of February 2015, government published its response to the review of the operation of the NPPF and has rejected most of the recommendations made by the Select Committee following its inquiry. The response said the government was keen to avoid the "unnecessary recreation of the top-down planning regime that we abolished in the Localism Act". The government was satisfied that existing provisions gave clear guidance on the meaning of "sustainable development" and on the production of strategic housing market assessments and that sufficient protection was given to the environment under the NPPF. However, the response said consideration would be given to "changes to planning guidance to clarify the operation of the five-year housing land supply". Committee chair, Clive Betts MP, expressed his disappointment in the government's response and accused the government of "burying its head in the sand about ... important public concerns" about the operation of the Framework.
- 10.4 The conclusion of the inquiry demonstrates that, despite the government's response, there remains a desire to make further reforms to national planning policy and guidance.
- 10.5 **The Lyons Housing Review**
The Labour Party's Lyons Review into the housing crisis highlighted a number of concerns about progress with Local Plans, including: the partial coverage of plans across the country; the length of time taken to get plans in place; slow progress with identifying 5 year land supplies and ongoing challenges to housing needs assessments; and that there is no authoritative estimate of land currently identified in plans.
- 10.6 The review proposes that sanctions should be imposed against councils without a Local Plan and that the Secretary of State should direct the Planning Inspectorate to produce a Local Plan in place of the Council.
- 10.7 *"Recommendation 8: Increasing land for housing through Local Plans
To increase identification and delivery of land through Local Plans:*
- *All local planning authorities should be required to submit a Local Plan to the planning inspectorate for examination within a set time frame (December 2016). If this requirement is not met, the*

Secretary of State will have the power to direct the Planning Inspectorate to intervene and ensure an acceptable plan is produced in cooperation with local residents and partners including the local authority. Similar sanctions will apply if a submitted plan is deemed to be wholly inadequate.”

- 10.8 Delivery of housing is proposed to be monitored annually by DCLG in terms of house build as well as land allocation. Where there is a persistent under-delivery, the Secretary of State will have the power to intervene to ensure improved performance. Such measures could include an increase in the buffer provision of additional land to increase the number of sites with potential for delivery; designation of a planning authority under the regime currently used for performance on determining major planning applications (under which an applicant could choose to submit their application directly to the Planning Inspectorate); or the creation of a New Homes Corporation to drive delivery.
- 10.9 A major constraint in delivering housing in the short to medium term is that the length and complexity of the current Local Plan making process creates a prolonged period of uncertainty. Lyons states *“A plan cannot be put in place overnight given the evidence, consultation and examination processes required. Even with a fair wind a plan can take 3 years on average to produce and costs at least £500,000 from beginning to end plus staff time.”* Only at the point that the Local Plan is complete, examined and approved are the policies in it considered to have full weight.
- 10.10 Currently, the Local Plans examination process applies to and delays the whole plan, no matter what the spatial or other impact of a particular proposal. Although the NPPF implies that an emerging plan can gain influence over decision making as it proceeds through this process, in reality significant influence is only achieved on adoption, thanks to the requirements of the Soundness Test. This means there is more uncertainty for developers and communities for longer than necessary.
- 10.11 Lyons recommends that the plan making process should be split into two stages. Local authorities would first work together on the strategic elements of their plans including housing numbers, and related issues such as strategic infrastructure, major urban extensions or new settlements. This strategic element could take the form of a Strategic Housing Market Plan where authorities have opted or been required to produce one.
- 10.12 If and when found sound by the Planning Inspectorate, the strategic part of the plan could be accorded weight in decision making much earlier than at present. This would bring certainty to developers and communities much earlier in the process. It would also have the advantage of limiting more expensive and labour intensive

requirements such as Strategic Environmental Assessment and strategic viability assessments to that stage and not the plan as a whole. The detailed work on the detailed policies of a Local Plan could be approved after a lighter touch second stage examination.

10.13 *“Recommendation 10: Simplifying plan making*

To simplify and speed up plan making, the process, including examination, should be split into two stages. Local authorities would first work together on the strategic elements of their plans including housing numbers, strategic infrastructure, major urban extensions or new settlements. Once found sound by the Planning Inspectorate, it could be accorded weight in decision making much earlier than at present. The detailed work on the detailed policies of a Local Plan could be approved after a lighter touch second stage.”