



CABINET – 10th OCTOBER 2017

**PLANNING FOR THE RIGHT HOMES IN THE RIGHT PLACES –
CONSULTATION RESPONSE**

REPORT OF THE CHIEF EXECUTIVE

PART A

Purpose of the Report

1. The purpose of this report is to seek the Cabinet's approval of the County Council's response to the Department for Communities and Local Government's 'Planning for the right homes in the right places' consultation.

Recommendations

2. It is recommended that:
 - a) The summary response to the Government Consultation 'Planning for the right homes in the right places' as set out in paragraphs 18 to 46 of the report be approved;
 - b) That the Chief Executive, following consultation with the Leader of the Council, be authorised to make any minor amendments to the proposed response arising from further detailed consideration of the consultation paper prior to its submission to the Government by the 9th November 2017 deadline.

Reasons for Recommendations

3. To respond to the Government Consultation regarding a number of proposals to reform the planning system which are aimed at increasing the supply of new homes and local authority capacity to manage growth.
4. The County Council is working with Local Planning Authorities (LPAs) across Leicester and Leicestershire to develop a Strategic Growth Plan (SGP) which will guide housing and infrastructure requirements across the agreed Housing Market Area. This response has been written to ensure that the robust and collaborative work already undertaken is not undermined, but benefits from any changes to a revised National Planning Policy Framework (NPPF).

Timetable for Decisions (including Scrutiny)

5. The response to the Consultation is due by 9th November 2017.
6. No future decisions are scheduled pending any national policy changes following this consultation.

Policy Framework and Previous Decisions

7. The County Council is one of ten partners working together to develop a SGP for Leicester and Leicestershire which aims to plan for future housing and economic growth requirements up to 2050. Other partners are the seven district councils of Leicestershire, Leicester City Council and the Leicester and Leicestershire Enterprise Partnership (LLEP). The Strategic Growth Statement which formed the first part of a three-stage process to prepare the SGP was approved by the Cabinet for consultation in June 2016.
8. In March 2016 the Cabinet approved a Joint Statement of Co-operation relating to Objectively Assessed Housing Need. The Statement confirms the commitment of partner organisations to collaborative working across Leicester and Leicestershire and accompanies the publication of the Housing and Economic Development Needs Analysis (HEDNA); a key piece of evidence which is informing the preparation of the SGP.
9. In June 2017 the Cabinet approved five priority outcomes for inclusion in its Strategic Plan and Single Outcomes Framework. These include the Council's commitment to 'Affordable and Quality Homes'.

Resource Implications

10. There are no direct resource implications arising from this report.

Circulation under the Local Issues Alert Procedure

11. None.

Officers to Contact

Tom Purnell, Assistant Chief Executive
 Tel: 0116 305 7019
 Email: tom.purnell@leics.gov.uk

Sharon Wiggins, Strategic Planning Manager
 Tel: 0116 305 8234
 Email: sharon.wiggins@leics.gov.uk

PART B

Background

12. In February 2017 the White Paper: *Fixing our Broken Housing Market* set out the Government's aspiration to create a more efficient housing market and to increase the pace of housing development to meet existing and future housing needs. It set out four main areas for action:

- a) planning for the right homes in the right places - to make sure that enough land is released, that the best possible use is made of that land, and that local communities have more control over where development goes and what it looks like;
- b) building homes faster - where communities have planned for new homes and ensuring those plans are delivered to the timescales expected;
- c) diversifying the market - to address the lack of innovation and competition in the home-building market; and
- d) helping people now - tackling the impacts of the housing shortage on ordinary households and communities.

13. The Government is now consulting on further measures in relation to (a) above.

14. In consultation with the Lead Members for economic development and transport, officers submitted in May 2017 the following responses to the White Paper (note: only those relevant to this consultation have been included):

- a) Welcomed the Paper's proposal to ensure that local planning authorities have the ability to produce joint strategic plans and allow spatial development strategies to allocate strategic sites.
- b) Stressed that developers are unable to, or find it extremely difficult to, fund infrastructure 'up front' and this issue continues to be a significant barrier to sites moving forward. Both public and private sectors are experiencing issues with short term funding horizons when planning for long term housing and service provision.
- c) Highlighted that the increase in planning fees by 20% to address the resource implications of increased planning applications will not benefit statutory consultees (such as Highway Authorities, and Flood Risk Authorities).
- d) Requested further information on how other statutory local plans such as minerals and waste would fit with any proposed new arrangements.

Planning for the right homes in the right places consultation

15. The Government's latest proposals, outlined in the 'Planning for the right homes in the right places' consultation, aim to:

- create a planning system that is clear and transparent, so that communities fully understand the scale of the housing challenge in the local area;

- give local communities greater control so they can make informed decisions about where homes should be built, thereby helping tackle the lack of affordable housing and supporting those wanting the security of owning their own homes;
- help ensure local areas can work together where housing needs cannot be met locally and how the right resources can be put into local planning authorities to ensure plans can be delivered.

16. Specific proposals being consulted on include:

- 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.

17. Subject to the outcome of this consultation, and the responses received to the Housing White Paper, the Government intends to publish a draft revised NPPF in Spring 2018.

County Council Response

18. The section below outlines a summary of the proposals for each chapter of the consultation document and a summary of the Council's proposed response to the Government.

A. Proposed approach to calculating the local housing need

Summary of proposal

19. To address concerns that the existing approach to identifying local housing need is too complex, lengthy and expensive, the Government is proposing a standard method for calculating housing need. The formula aims to be realistic, based on publicly available data and is based on the principle that high house prices indicate a relative imbalance between supply and demand of new homes.

20. The proposed calculation for housing need will be based on Local Planning Authority (LPA) areas. It will consider a demographic baseline based on the annual average household growth over a 10 year period, along with market signals, e.g. comparisons of median house prices to median earnings.

21. For local authorities that have adopted their local plan in the last five years, a cap of 40 per cent of the annual requirement figure currently set out in their local plan is proposed.
22. In terms of transitioning to the new arrangement, any plans that have not been adopted or submitted for examination on or before 31st March 2018 will be required to use the new standardised method.

Summary of response

23. Leicestershire County Council, Leicester City Council and the district councils have prepared an objective assessment of housing need across the housing market area via the Housing Economic Development Needs Analysis (HEDNA). Whilst estimated figures utilising the proposed government formula are not substantially different to those identified within the HEDNA, the Council would not wish to see the introduction of a new methodology that could undermine and delay the robust work done over the past two to three years. This work is contributing to the preparation of a bold and ambitious SGP which will establish an agreed strategic planning framework up to 2050, and is expected to be approved for consultation purposes later this year.
24. Whilst the proposed formula provides a good, and nationally consistent, starting point for deciding future levels of housing provision it is important that the final scale and distribution of housing provision is considered and agreed by partners working at the level of the Housing Market Area (HMA). There also needs to be greater scope to reflect other 'local factors' such as significant growth in local employment levels, land availability, transport planning and minerals and waste which can be better assessed through collaborative working at a HMA level.

B. Statement of Common Ground

Summary of proposal

25. The Government proposes to implement a statement of common ground policy to ensure effective cross boundary working where planning issues need to be addressed by more than one planning authority. It is proposed that statements should be agreed at HMA level. County councils would be a required signatory to strategic matters in the statement of common ground which relate to its areas of responsibility, e.g. transport infrastructure, minerals and waste.
26. It is proposed that six months after publication of the policy in a revised NPPF the Statement will include: geographical area; cross boundary matters being addressed; governance arrangements. After twelve months it should also include: process for agreeing distribution; a record of agreement on key strategic matters; any other issues.

Summary of response

27. Partners across Leicester and Leicestershire have been making good progress in collaborative working and in March 2017 all nine local authorities approved a 'Joint Statement of Cooperation'. This followed the publication of the HEDNA which identified objectively assessed housing needs across the HMA. The Statement demonstrates commitment from all partners to provide for their Objectively Assessed Housing Needs and, if they are unable to be accommodated within the local authority area within which they arise, that a collaborative approach is taken to resolve the provision of unmet need.
28. The Council supports the contents of the statement of common ground at the six month and twelve month milestones, following the publication of the revised NPPF.
29. The Statement focuses on collaboration amongst local partners within the HMA. Successful delivery of sufficient homes in sustainable communities also, however, requires Government, and Government agencies, to support the work of local partners including through the provision of adequate funding for strategic infrastructure which will be essential to enable large scale housing provision. Consideration should, therefore, be given to how the Government will support local collaborative working, either through being a signatory itself to the Statement, or through some other mechanism.
30. Notwithstanding the above it is worth noting that the current 'duty to co-operate' requirements do not constitute a 'duty to agree' and therefore cannot guarantee that local planning authorities will approve cross-boundary HMA-level strategic plans which tackle difficult challenges of long term housing provision, and that where that happens the objective to plan for 'the right homes in the right places' will be undermined. Whilst we are making good progress on this work in Leicester and Leicestershire there is always the possibility that one or more LPA does not sign up to the final plan and years of work planning strategically for the future is put at risk or significantly delayed. The consultation paper does not address this risk.

C. Planning for a mix of housing needs

Summary of proposal

31. The Government is seeking responses on how to streamline the process for identifying the housing need for individual groups and the evidence that could be used to plan for these needs. Groups identified, but not limited to, 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 and build to rent housing.
32. The Government is also seeking views on whether the current definition of older people which '*reflects a range of people at different ages with different needs from retirement age to the very frail and elderly*', in the NPPF is still fit for purpose.

Summary of response

33. The Council recognises the importance of ensuring that the housing needs for all residents are met, and is keen to work closely with planning authorities and the Government to address this within the NPPF and subsequent local plans.
34. The Council agrees with the current definition of older people within the NPPF and considers it to be still fit for purpose.

D. Neighbourhood PlanningSummary of proposal

35. The Government is proposing a formula based approach, apportioning housing need figures in local authority areas to neighbourhoods by percentage of population (as a starting point).

Summary of response

36. No response to be made.

E. Proposed approach to Viability AssessmentSummary of proposal

37. It is proposed that LPAs should set out the types and thresholds for affordable housing contributions required, the infrastructure needed to deliver the Local Plan, and expectations for how these will be funded and the contributions developers will be expected to make.
38. The Government is considering whether changes to planning guidance could be made to improve the way that plans are tested for viability to ensure they are deliverable, and where policy requirements have been tested for viability that this should not be repeated at planning application stage. Wider engagement with infrastructure providers, including housing associations, is also to be encouraged so they can better inform the plan-making and viability assessment process.

Summary of response

39. LPAs should set out the types and thresholds for affordable housing and the infrastructure needed to deliver their Local Plans, expectations for how this will be funded and contributions developers will be expected to make. However, there needs to be significantly more work and focus on infrastructure development than there currently is. The new proposals will inevitably place greater burdens on the statutory consultees, and therefore funding would need to be made available to allow infrastructure providers (such as highway authorities, education authorities and utility providers), to be fully engaged in identifying and costing appropriate infrastructure needs, ensuring that figures included by LPA's are robust and deliverable and are not challenged later in the process.

40. In reviewing guidance on testing plans and policies for viability, transparency in the process is important. Most grants and other funds that can be applied for (including the Housing Infrastructure Fund Marginal Viability Bids) are done so on the basis that a site isn't viable, either through the funding profile or overall profit. Under the current system a plan with a viability assessment setting out that a site (and therefore the plan) isn't viable could be found unsound. Also, if at the application stage a site is considered unviable it may not get granted planning permission. There is clearly a tension here that needs to be addressed in any revised NPPF guidance, or a recognition that unviable sites may need to be brought forward with an acceptance of the need for outside funding.
41. Streamlining of the planning process has made it increasingly difficult to complete viability assessments at the outline stage. This is resulting in more delays at reserved matters, as permissions may not be deliverable and warrant greater consideration.
42. In preparing guidance on a standard approach to monitor and report planning obligations, the reporting of developer contributions should refer to key information only, i.e. the type and amount of contribution and the date paid. Consideration needs to be given to ensuring there is sufficient transparency whilst minimising the resources required to maintain and publish records.
43. To help county councils improve monitoring of contributions and better publicise infrastructure and local services secured through new development, Section 106 planning agreements should include clauses requiring the applicant/developer to provide written formal notice 28 days prior to the commencement of development and similarly at the stages of development which trigger the payment of contributions during the phases of that development. If this was put on a more formal footing it would also assist in helping local authorities to secure and deploy the funds in a timelier manner.
44. The reform of the Community Infrastructure Levy regulations, particularly the limits on pooling contributions, should assist Councils and developers to realise new development and its associated infrastructure.

F. Planning fees

Summary of proposal

45. 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.

Summary of response

46. In two tier planning areas, county councils are not directly delivering new homes through planning permissions. However, they have an important role in providing the infrastructure of waste management, highways, and the construction materials to support new home building. County councils are having

difficulty resourcing their service and the Government should recognise that additional fee income for this service is also required to ensure housing delivery. Criteria to apply additional fee income for county planning could be based on having adopted minerals and waste plans within the last 5 years and by tonnage of construction mineral released by new planning permissions and capacity of new waste facilities permitted.

Background Papers

Housing White Paper - *Fixing our Broken Housing Market* (February 2017), DCLG:
<https://www.gov.uk/government/publications/fixing-our-broken-housing-market>

Planning for the right homes in the right places: consultation proposals (September 2017), DCLG:
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/644955/Planning_for_Homes_consultation_document.pdf

Strategic Growth Statement (August 2016), Leicester and Leicestershire:
http://www.lstrategicgrowthplan.org.uk/wp-content/documents/pdf_document/Strategic-Growth-Plan-12a.pdf

Equality and Human Rights Implications

47. There are no equality and human rights implications directly arising from this report.

Partnership Working

48. The Council is working with the City Council and district councils to develop a Leicester and Leicestershire SGP. This consultation recognises the importance of this collaborative working to ensure that the right numbers of homes that meet local need are delivered across Leicester and Leicestershire.

49. Council resources are already under pressure and the proposed response emphasises to Government the importance of its role in ensuring that all planning functions which support the building of homes are sufficiently resourced, including those of upper tier authorities, such as highways, minerals and waste.

This page is intentionally left blank