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Simon Young, Solicitor
Head of Legal and Democratic Services



LICENSING AND PLANNING POLICY COMMITTEE

Thursday 26 October 2017 at 7.30 pm

Council Chamber - Epsom Town Hall

The members listed below are summoned to attend the Licensing and Planning Policy Committee meeting, on the day and at the time and place stated, to consider the business set out in this agenda.

Councillor Graham Dudley (Chairman)
Councillor David Wood (Vice-Chairman)
Councillor Michael Arthur
Councillor Steve Bridger
Councillor Chris Frost

Councillor Rob Geleit
Councillor Tina Mountain
Councillor Martin Olney
Councillor David Reeve
Councillor Alan Sursham

Yours sincerely

A handwritten signature in black ink, appearing to read 'S Young', written over a faint, larger version of the same signature.

Head of Legal and Democratic Services

For further information, please contact Sandra Dessent, tel: 01372 732121 or email: sdessent@epsom-ewell.gov.uk

AGENDA

1. QUESTION TIME

To take any questions from members of the Public

Please note: Members of the Public are requested to inform the Democratic Services Officer before the meeting begins if they wish to ask a verbal question to the Committee.

2. DECLARATIONS OF INTEREST

Members are asked to declare the existence and nature of any Disclosable Pecuniary Interests in respect of any item of business to be considered at the meeting.

3. MINUTES OF PREVIOUS MEETING (Pages 3 - 8)

The Committee is asked to confirm as a true record the Minutes of the Meeting of the Committee held on 14 September 2017 (attached) and to authorise the Chairman to sign them.

4. PLANNING FOR THE RIGHT HOMES IN THE RIGHT PLACE - THE COUNCIL'S RESPONSE (Pages 9 - 94)

The government published a consultation paper seeking proposed changes to the planning system that it believes will help meet the objectives set out in the Housing White Paper, published at the end of last year.

In addition to the proposals themselves, the government has also published indicative housing need figures for every planning authority in England – these being based on their proposed methodology. The figure they have indicatively identified for Epsom & Ewell is significantly higher (39%) than the scale of need identified in our own evidence. These matters are of concern.

The report includes draft comments that could form the basis of the Council's response to these proposals

**Minutes of the Meeting of the LICENSING AND PLANNING POLICY COMMITTEE
held on 14 September 2017**

PRESENT -

Councillor Graham Dudley (Chairman); Councillor David Wood (Vice-Chairman); Councillors Michael Arthur, Richard Baker (as nominated substitute for Councillor Steve Bridger), Chris Frost, Rob Geleit, Tina Mountain, Martin Olney, David Reeve and Alan Sursham

Absent: Councillor Steve Bridger

Officers present: Mark Berry (Head of Place Development), Rachel Jackson (Licensing, Grants and HIA Manager), Karol Jakubczyk (Planning Policy Manager), Angela Slaughter (Licensing Officer), Rachael Thorold (Senior Planning Policy Officer) and Sandra Dessent (Democratic Services Officer)

10 QUESTION TIME

A question was asked by a member of the public, in relation to Item 05, Epsom & Ewell Local Plan, Issues and Options Consultation paper. The question was an enquiry regarding the four options presented in the paper.

The Chairman undertook to provide a written response.

11 DECLARATIONS OF INTEREST

No declarations of interest were made by Councillors regarding items on the Agenda.

12 MINUTES OF PREVIOUS MEETING

The Minutes of the meeting held on 12 July 2017 were agreed as a true record and signed by the Chairman.

13 CORPORATE PLAN: PERFORMANCE REPORT ONE 2017 TO 2018

The Committee received and considered a report which provided an update against the Council's Key Priority Performance Targets for 2017 to 2018 as set out in the Corporate Plan.

The report detailed one target that had not been achieved, relating to supporting businesses in the local economy, as set out in the table below. The Committee noted the clarification of the target description to read 'No more than **10%** of **major** planning applications **determined...**', and that there were 29 major applications determined, 4 of which had been allowed at appeal, one more than the maximum allowed.

Not Achieved	Action Identified
No more than 10% of major planning applications determined allowed at appeal (using the two-year rolling assessment period defined by the government)	We are working with the LGA to conduct a peer review in September. This will address concerns and include actions on how this target could be achieved.

It was also noted that the key priority objective of supporting businesses and our local economy would be achieved not only through the development of 'town centre sites' but also the development of sites across the borough.

Accordingly the Committee:

- (1) Considered the performance reported in Annexe 1 and did not identify any areas of concern
- (2) Considered the actions that had been proposed where performance was a concern

14 EPSOM & EWELL LOCAL PLAN - ISSUES AND OPTIONS CONSULTATION PAPER

With regard to the partial review of the local-plan, the Committee was informed that the initial stage of the process, the review of technical evidence used to inform the preparation of the Local Plan was largely complete and the outputs from the study had been used to prepare a Consultation paper.

The objective of the consultation exercise was to invite responses from local residents and local communities regarding the options that the Council could pursue in order to positively plan for growth and meet the national planning policy requirement of 'significantly boosting the supply of housing'.

To that end Members were also presented with a brief overview of the recently published (14 September 2017) government proposals for a new standard methodology for assessing housing numbers and a standard approach to development viability. Alongside these proposals the government had published their own indicative calculations for how much housing each planning authority should be planning for – their figures for Epsom & Ewell were 39% higher than the Council's calculations. It was stressed that the government's proposed figure was not national planning policy, but were indicative of the direction that the government wanted to take, and that the public consultation should proceed as planned with the addition of a paragraph which reflected the government announcement, as set out in the table below. It was also noted that Members would have an opportunity to consider the Council's response at a special meeting of the Licensing and Planning Policy Committee to be arranged for late October.

Having considered the Issues and Options Consultation paper it was agreed that the following additions/amendments would be made:

Agenda page	Paragraph reference	
31	Paragraph 4 final sentence to read	'...and tell us what matters most to you and which options you support.'
32	Development needs up to 2032 final box to read	Need for investment to support future growth as there is significant pressure on existing roads and facilities.
32	Challenges for our Local Plan third box down to read	43% of land is Green Belt of which 44% has additional environmental designations
33	First paragraph insert text as follows:	Our evidence shows there is demand for 418 new homes each year to be built in the Borough over the next plan period. The Government has recently published its own indicative calculation which currently estimates that 579 new homes are needed each year. However, the evidence shows that we don't have enough currently available land to meet the demand for new homes over the next 15 years.
33	Third paragraph – insert text:	Between the 1980's and early 2000s infilling continued but within this period the rate of house building slowed down.

34	Paragraph 7, insert percentage as follows:	'Additionally, there are fewer than 300 (1%) empty homes in the borough...'
34	Paragraph 9 last sentence to read:	'...particularly affordable housing need, which have never been experienced before and there may be no other reasonable option...'
35	Paragraph 1, first sentence to read:	'The Local Plan no longer conforms to national planning policy'.
38	Map	Insert legend to identify the symbols

Accordingly, subject to the agreed amendments detailed above, the Committee approved the Issues and Options Consultation paper for consultation, commencing on 25 September 2017.

Postscript: A special meeting of the Licensing and Planning Policy Committee has been arranged on Thursday 26 October, at 7.30pm in the Council Chamber.

15 SEXUAL ENTERTAINMENT VENUE POLICY

In order to ensure that the Council continued to exercise its licensing function, the Committee received and considered a report setting out a revised policy on the regulation of venues which offer sexual entertainment facilities.

It was noted that the definition of relevant entertainment did not include massage parlours and the Committee was informed that whilst it was incorporated in other boroughs' policies, in Epsom & Ewell, massages and special treatments were licensable under the London Local Authorities Act 1991 (as amended).

Having considered the revised policy, a minor amendment was requested and agreed, as follows: page 46, paragraph 1.2, to read: '...Making Epsom and Ewell **an** excellent place to live and work...'

Accordingly, subject to the correction of the amendment set out above, the Committee agreed to recommend to Council the adoption of a revised Sexual Entertainment Venue Policy.

16 SURREY-WIDE CONVICTIONS POLICY FOR HACKNEY CARRIAGE AND PRIVATE HIRE DRIVERS

The Committee received a report outlining the reasons and justification for adopting a Surrey-wide convictions policy for Hackney Carriage and Private Hire Drivers. The formulation of the policy had been led by Guildford Borough Council in liaison with all Surrey Authorities and included proposals for training drivers, information sharing and matters under the Licensing Act.

Members were informed that there would be an opportunity to comment on the on the extensive draft policy during the public consultation period, and they would be informed of the commencement date when it was known.

Following the consultation a further report would be brought before the Licensing and Planning Policy Committee in January, recommending the adoption of the policy, which would sit alongside the Authority's Hackney Carriage and Private Hire policy.

Accordingly the Committee agreed in principle to the formulation of a Surrey-wide convictions policy for Hackney Carriage and Private Hire Drivers.

The meeting began at 7.30 pm and ended at 9.25 pm

COUNCILLOR GRAHAM DUDLEY (CHAIRMAN)

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PLANNING FOR THE RIGHT HOMES IN THE RIGHT PLACE - THE COUNCIL'S RESPONSE

<u>Report of the:</u>	Head of Place Development
<u>Contact:</u>	Mark Berry, Karol Jakubczyk
Urgent Decision?(yes/no)	No
If yes, reason urgent decision required:	
<u>Annexes/Appendices (attached):</u>	Annexe 1: Draft response to “Planning for the right homes in the right places” Annexe 2: Planning for the right homes in the right places: consultation proposals
<u>Other available papers (not attached):</u>	The Housing White Paper The Kingston and North East Surrey Strategic Housing Market Assessment Housing Need consultation data table

REPORT SUMMARY

The government has published a consultation paper seeking proposed changes to the planning system that it believes will help meet the objectives set out in the Housing White Paper, published at the end of last year. The proposals include:

1. A standard national methodology for calculating local housing need;
2. Measures to improve relationships between local planning authorities in planning to meet housing and other cross-boundary issues;
3. A new approach to planning for a mix of housing needs;
4. Proposals to improve the use of Section 106 agreements by making viability assessments simpler, quicker and more transparent; and
5. A series of proposals relating to additional increases to fees for planning applications.

In addition to the proposals themselves, the government has also published indicative housing need figures for every planning authority in England – these being based on their proposed methodology. The figure they have indicatively identified for Epsom & Ewell is significantly higher (39%) than the scale of need identified in our own evidence. These matters are of concern.

The report includes draft comments that could form the basis of the Council's response to these proposals.

RECOMMENDATION (S)

Notes

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| <ol style="list-style-type: none">1. The Committee considers the draft comments to the government's proposals and that this, subject to any changes, forms the basis of the Council's response to the consultation.2. That subject to the agreement of the Committee, the Borough Council's formal response to the consultation be published as part of the current Local Plan consultation process; in order to inform local residents and communities of the fact that the government are driving the scale of growth proposed for Epsom & Ewell. For clarification; the Borough's current housing target is 181 new homes per annum, the Borough Council's objectively assessed housing needs calculation identifies demand for 418 new homes per annum, whilst the government's figure raises that assessment to 579 new homes per annum. | |
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1 Implications for the Council's Key Priorities, Service Plans and Sustainable Community Strategy

- 1.1 The proposals contained within the consultation paper have significant implications for the Council's key priorities, particularly in terms of meeting our housing needs; how we deliver affordable housing; how we work with our neighbours on strategic matters, providing essential community infrastructure to support growth; and especially in terms of the likely impact of higher level of development on the Borough's visual character and appearance. The proposals will also have a significant impact on many of the Council's other key priorities including economic vitality, quality of life, visual appearance and sustainability.
- 1.1 The Epsom & Ewell Borough Local Plan assists in the spatial delivery of the objectives of the Sustainable Community Strategy and the Council's Key Priorities. The effectiveness of these policies, and by extension the effective delivery of the Local Plan, will be compromised by the proposed changes.

2 Background

- 2.1 The government's stated objective for the Housing White Paper was to support the delivery of high quality new homes that it believes the country needs. The White Paper firmly placed the emphasis upon local planning authorities meeting that objective. When the White Paper came before this Committee in January 2017 it was noted that the government's proposals would make it easier for developers to deliver new homes on sites of their preference. The tone and content of the current consultation paper are testament to this concern.

- 2.2 The government had signalled its intention to undertake further consultation on some of the key proposals set out in the Housing White Paper. In particular, the substance of the proposed national standard methodology for calculating housing need was eagerly anticipated. However, the publication of indicative housing need figures for all local planning authorities came as a surprise, especially so given previous government proclamations on top-down planning. The indicative housing needs figures are reproduced in Annexe 3.
- 2.3 The government states that subject to the outcome of this consultation and the responses received in respect of the Housing White Paper, it intends to publish an updated National Planning Policy Framework in Spring 2018. A copy of the Consultation Paper is included in Annexe 2.

3 Commentary

- 3.1 The consultation is divided into topic areas. The following commentary addresses these under their headings.

Proposed approach to calculating the local housing need

- 3.2 It is significant that the consultation coincides with our own Local Plan Issues & Options Consultation exercise. The latter exercise seeks comments on the challenges that the Borough faces in its attempts to address a high objectively assessed housing need (OAHN) figure whilst not having a sufficient supply of available, deliverable and developable sites. For the purposes of clarity, our OAHN equates to 418 new homes per annum (or 7106 new homes between 2015 until 2032) and we have to date identified 61 possible sites that could accommodate about 1819 new homes; based on current policies, specifically in terms of building height and density.
- 3.3 The government's current consultation is significant because the Secretary of State has proposed a new standard methodology for calculating the OAHN, which he expects all local planning authorities to adopt. The proposed methodology is over-simplified and generates a high OAHN for those locations, such as Epsom & Ewell, that have been successful in delivering large numbers of new housing and where values have remained high. Furthermore, the current proposals seek to conflate the assessed OAHN figure with a housing target.

- 3.4 Alongside the proposed standard methodology the government has provided what it describes as an indicative assessment of OAHN for every local planning authority in the country. This is a significant departure as it effectively reintroduces a top-down approach to the identification of housing targets. Whilst the proposals provide local planning authorities with an opportunity to undertake their own assessments (using the prescribed national methodology), they are very clear that such assessments must not arrive at a figure less than that identified by the government's own calculations. The government has calculated that our OAHN under the proposed standard methodology is 579 new homes per annum. As stated, the presumption from government appears to be that this becomes our housing target.
- 3.5 The government assessment of OAHN for all local planning authorities can be viewed through the following link in the documents section, 'Housing need consultation data table':
- <https://www.gov.uk/government/consultations/planning-for-the-right-homes-in-the-right-places-consultation-proposals>
- 3.6 The draft consultation response (included under Annexe 1) proposes robust answers to the questions relating to the proposed standard methodology and resulting indicative figures. As stated, it is significant that this has surfaced in parallel to our own consultation. It is considered that our residents and local communities should be advised who is responsible for the high level of housing growth that the Borough Council is being forced to plan for – through the Local Plan. There is a common misconception that this process is being driven by the Borough Council, when in reality it is a Westminster based agenda. To this end, the Report includes a recommendation that the current Local Plan Issues & Options consultation be used as an opportunity to clarify this position for our residents and communities.

Statement of Common Ground

- 3.7 The planning policy vacuum created by the revocation of regional spatial strategies has become a persistent issue for all local planning authorities outside Greater London¹. The proposed solution, the Duty to Co-operate, is ill-defined and has been slow and unpredictable in its evolution. In a further attempt to address these shortcomings, the government are now proposing to introduce a requirement that local planning authorities pursue statements of common ground. The Secretary of States considers such statements provide a road map and a record of cross-boundary co-operation. The government believes that once introduced these will help authorities discharge their Duty to Co-operate.

¹ Greater London, under the GLA, has retained a strategic planning tier.

- 3.8 Whilst these proposals are welcomed, they continue to fall short as a substitute for strategic planning. Indeed, many planning authorities, particularly those who are planning positively to meet the challenges of growth will have already established statements of common ground, as it is a logical path to tread.
- 3.9 The Borough Council is already in discussion with its three Housing Market Area partners (Elmbridge, Kingston and Mole Valley), in conjunction with whom our original OAHN was calculated, on how the Duty can be discharged collectively. There are strong indications that these discussions will result in an approach that exceeds that being handed down through this current consultation.
- 3.10 It is considered perverse that the government are with one hand dispensing de facto housing targets that effectively remove the need for co-operation on the delivery of growth and yet with other trying to bind authorities to work together. In this respect the proposed top-down approach to OAHN is considered a disincentive to strategic planning and partnership.

Planning for a mix of housing needs

- 3.11 Alongside the proposals for a simplified national standard methodology for calculating OAHN, the Secretary of State is also seeking suggestions on how related housing needs assessments for individual groups (such as the elderly, students, disabled people and single people) could be similarly simplified.
- 3.12 Currently, in order to prepare a robust and sound assessment for such individual groups, planning authorities produce SHMAs. Should this assessment be reduced to a three-part calculations, as the OAHN has, it is doubtful whether the outcomes would be robust or sound. This suggests that local planning authorities would still have to prepare their own individual SHMAs utilising methodologies that respond to local conditions and circumstances.

Neighbourhood planning

- 3.13 In parallel to the top-down assessments of housing need, the consultation also includes a series of questions relating to neighbourhood planning. These appear to refer to the previous government's 'localism' agenda. It is noteworthy that the Borough has long established residents' associations that serve as an expression of localism. Whilst these associations have a political dimension, and several are registered as political parties, they also function as associations of residents working together for the benefit of their local area.

- 3.14 While the borough does not have any neighbourhood plans, it is recommended that the Borough Council responds on the proposals being put forward – as they relate to the apportionment of housing where neighbourhood bodies do exist. The proposal, which seeks to pro-rata annual housing targets among neighbourhood plan areas is over-simplified and arbitrary taking no account of on the ground conditions or circumstances. Rather than encourage local communities to plan for growth it serves as a significant disincentive to localism.

Proposed approach to viability assessments

- 3.15 Development finance and viability continues to be an issue of great interest – particularly where it impacts upon the scale of developer contributions. To this end the government are proposing changes to how development viability is assessed and the validity of those assessments.
- 3.16 The government propose to ‘front-load’ the viability assessment process through local plan-making. This would be achieved by testing the impact of policy upon development viability at the point of policy drafting. In theory this should provide greater certainty and weight to those policies. However, the indications are that the government is itself uncertain as to how robust such an approach would prove. So whilst this may appear to offer a tantalising solution to the issue of development viability, it may in reality only unearth a new series of problems. We have advised that even greater weight be afforded to viability tested policies – as this would provide certainty.

Planning fees

- 3.17 The consultation raises the prospect of an additional rise of 20% (on top of the 20% already proposed) to planning fees. However, only those authorities that meet the housing target identified by government (the so called indicative figure) will qualify for the additional increase. We suggest that the proposed reward approach will not help those planning authorities that struggle, for whatever reason, to meet the government’s target.
- 3.18 In response, it is suggested that the government considers an approach that allows local planning authorities that are responding positively to the challenges of the housing target to access funding from this source. This will benefit local developers, particularly SME builders, just as much as local planning authorities.

4 Financial and Manpower Implications

- 4.1 The resourcing of the current Local Plan work programme was approved by the Strategy & Resources Committee during the final quarter of 2012. That work programme did not factor in any additional work that may be required following the implementation of the proposed changes to national planning policy. Consequently, some adjustment in our priorities is likely.

- 4.2 Should the government proceed with all of its proposals then there are likely to be financial and manpower implications for the Borough Council in respect of how it conducts its Local Plan preparation and production. Notably, the proposals are likely to generate the need for additional/ supplementary evidence (on housing need and development viability), which will have to be procured from external sources.
- 4.3 There is a genuine possibility that the implementation of these proposals will have an impact on our current Local Plan Programme timetable. In order to meet this risk, it is strongly advised that the Borough Council consider retaining the Planning Policy Team's current compliment; specifically the Senior Planning Policy Officer; beyond their current contract. This action is progressing as a separate exercise.
- 4.4 **Chief Finance Officer's comments:** *There are no direct financial implications of the Council's response to the Government's consultation. Once the Government formalises any policy changes following the consultation, the Council will need to plan accordingly for the financial impact.*

5 Legal Implications (including implications for matters relating to equality)

- 5.1 **Monitoring Officer's comments:** *This report considers the Council's response to a Government consultation. There are no direct implications arising from the report – the likely impact of the Government's proposals have been considered in the body of the report. Depending on how such matters are brought into effect, the Council will need directly to address the policy challenges as the Local Plan Programme progresses.*
- 5.2 *The process for maintaining the Senior Planning Policy Officer beyond their current contracted period is separate from this decision and may require a report to the Strategy & Resources Committee.*

6 Sustainability Policy and Community Safety Implications

- 6.1 The scale of future housing indicated by the government's housing target threatens to undermine the Borough Council's ability to deliver sustainable development. In particular, the proposals in the consultation paper appear to seek the delivery of more housing, at higher densities, at any cost. Such a quantitative approach towards delivering growth is of great concern.
- 6.2 In contrast to the proposals set out in the White Paper, all of our Local Plan policies have been subject to sustainability appraisal as an integral part of the plan-making process. These sustainability appraisals have themselves been subject to public consultation.
- 6.3 There are no significant Community Safety implications.

7 Partnerships

- 7.1 The proposal relating to the preparation of Statements of Common Ground between neighbouring planning authorities has implications for partnership working. The Borough Council has already begun a relationship with its Housing Market Area partners (Elmbridge, Mole Valley and the Royal Borough of Kingston), which may be undermined by the government's proposal. In that respect, the Borough Council may need to re-examine how it considers and responds to strategic cross-boundary issues arising from the plan-making process.

8 Risk Assessment

- 8.1 It is highlighted that the government's proposals are the subject of consultation. The government has stated that there will be a rapid turn-around following the close of consultation, with the changes coming into effect during Spring 2018. There will be a brief transition period. This will allow those planning authorities submitting draft plans for examinations on or before 31 March 2018 to utilise their own OAHN figures. Those submitting after that date will be required to use the national standard methodology.
- 8.2 It is also noted that the government has taken little notice of any criticism to its policy response to the housing crisis. Therefore it is likely that the government will proceed to implement these proposal regardless of any objection. On that basis, the Borough Council must prepare for potential scenarios that may bring it into conflict with national planning policy. Most notably, those related to unmet housing need – resulting from an insufficient housing sites; constrained supply; and lack of infrastructure capacity.
- 8.3 Our Local Plan Programme envisages submission during May 2018. Whilst the changes in national policy and approach to OAHN will not completely invalidate the outputs from our SHMA, we will be expected to work to either the government's indicative OAHN figure or calculate a fresh OAHN based on the national standard methodology, whichever is the higher. All our current evidence demonstrates that it will be extremely challenging for us to fully meet our OAHN.
- 8.4 If we are unable to fully meet our OAHN, we will need to consider how we can demonstrate to an Inspector how we will try to do the best that we can to meet as much OAHN as sustainably possible. This will require us to robustly demonstrate that we have assessed every single available, deliverable and developable housing option. This may require further investment in evidence to support our position at the future Examination in Public.

- 8.5 There are risks with this approach as the Planning Inspectorate's approach to unmet OAHN continues to evolve. We will seek to minimise this risk by ensuring that our evidence continues to be up-to-date, robust and informed by market signals. We will also continue to develop our relationship with our HMA partners, with a view to obtaining their support through the examination process. We will also closely monitor relevant local plan examinations in order to ensure that we continue to understand the challenges that we face.

9 Conclusion and Recommendations

- 9.1 This is an opportunity for the Borough Council to deliver a strong message to government saying that it is unhappy with the proposed top-down approach to identifying OAHN, and effectively providing local planning authorities with an undeliverable housing target. In parallel there is also an opportunity for the Borough Council to demonstrate to local residents and communities that it is the government who are driving the high, unsustainable levels of growth and the inevitable release of Green Belt land which will be required to accommodate it. Previous responses to similar consultations have been ineffective and have fallen on deaf ears. The Borough Council has a good track record of responding positively to the challenges of planning for future growth and wants to be left alone to get on with it.
- 9.2 The Committee are asked to consider the draft responses to the consultation paper and subject to any amendments and additions agree that these form the basis of the Borough Council's response.
- 9.3 The Committee agrees that the Borough Council's formal response be published on the Council's website alongside the current Local Plan consultation process – so as to inform local residents and communities of the fact that the government are driving the scale of growth proposed for Epsom & Ewell.

WARD(S) AFFECTED: (All Wards);

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Introduction

This consultation seeks views on a number of proposed changes to planning policy and legislation. Some of these changes were foreshadowed in the housing White Paper. This Paper seeks to provide Epsom & Ewell Borough Council's response to the consultation.

Proposed approach to calculating the local housing need

Subsequent changes to the local housing need

Question 1:

- a) Do you agree with the proposed standard approach to assessing local housing need? If not, what alternative approach or other factors should be considered?**

No – the Borough Council strongly disagrees with the proposed standard approach for assessing local housing need. The proposed methodology is fundamentally flawed, overly simplistic and relies upon a limited range of datasets that by themselves do not provide a complete assessment of need.

The principal problem, to which the Borough Council strongly objects, is that the government has conflated preparing an objectively assessed housing needs assessment with the identification of a deliverable housing target. For areas such as Epsom & Ewell, it is setting up the local planning authority and the development industry to fail from the outset. It is alienating existing and future residents, and not least raising the spectre of irrevocably harming the Borough's visual character and appearance.

The Borough Council recommends that the government look more closely at the approach taken by the Kingston and North East Surrey Strategic Housing Market Assessment (SHMA). The Borough Council contends that the methodology applied by that SHMA was robust (albeit out of necessity utilising the most up-to-date at the time of preparation) and provided a sound baseline assessment from which a deliverable housing target could be calculated, by each of the four partner authorities. It is worth noting that the outputs from the original SHMA and recent recalculation based on the latest population projections are consistent.

The Borough Council highlights that the resultant outcomes from any SHMA, including the proposed standard methodology must be deliverable; but not deliverable at any costs. On that basis, the Borough Council contends that it is logical that any housing target derived from an assessment must have the ability to take a downward trajectory, as well as an upward trajectory that the government is advocating. Such an approach would be capable of taking account of those factors that affect deliver – namely, housing land supply, industry capacity, infrastructure

capacity and primary constraints. A process, such as that being advocated by the government, that ignores these critical factors is setting itself up to fail– it is also divorced from reality and the principles of sustainability

b) How can information on local housing need be made more transparent?

The Borough Council, in conjunction with its Housing Market Area (HMA) partners is already making great strides in making this process transparent to local residents and communities. We have taken positive steps to demonstrate how our objectively assessed housing needs (OAHN) figure has been calculated by publishing our SHMA. We are in the process of preparing supporting evidence that demonstrates how any resulting housing target takes into account the local issues that impact upon availability, deliverability and developability.

In contrast, the proposed national standard methodology only succeeds in creating an illusion of transparency. It is clear to the Borough Council that our residents and communities do not believe the inflated indicative figures that have come out of the government's application of the proposed standard methodology. Driving this is the inference that building more houses will make any new homes more affordable. This is not only unproven but something that we consider that our residents and communities do not believe.

In order to make the process transparent, local planning authorities must have the ability to fully factor in local on-the-ground conditions and market signals when calculating their deliverable and developable housing target. It's only by having that ability that local residents and communities will recognise their OAHN and final housing target.

Implementing the new approach

Question 2:

Do you agree with the proposal that an assessment of local housing need should be able to be relied upon for a period of two years from the date a plan is submitted?

Whilst there is some logic to this proposal we consider that there are many pitfalls facing its implementation. History tells us that short-term planning results in failure. The mechanisms and industry needed to support a constant two year cycle of local housing need assessments would, in our experience, be unduly onerous upon individual local planning authorities. The proposal risks creating a parallel situation within the development industry where there is a constant cycle of challenging OAHNs and housing targets within a very narrow timeframe. This will not provide certainty to market or communities.

Ironically this proposal could be made to work within an environment of sub-regional/ regional level planning. Particularly, where authorities are willingly and actively working together to try and meet the challenges of the housing crisis. The Borough Council and its HMA partners were at the initial stages of this process when this consultation started. We believe the reintroduction of a strategic planning tier would be widely welcomed by local planning authorities and developers. In this instance it would provide the additional capacity to allow for a never-ending review process.

Benefits of the new approach

Question 3:

Do you agree that we should amend national planning policy so that a sound plan should identify local housing need using a clear and justified method?

No – the Borough Council strongly disagrees with this proposal. The decision whether to use the proposed standard methodology should be left to individual local planning authorities or housing market area partnerships to make themselves. A significant failing of the proposed standard methodology is that it produces an end number that does not reflect, or indeed relate, to local real-world conditions. As a consequence, the proposed standard methodology does not work in locations such as Epsom & Ewell where external on-the-ground factors have a profound influence on the availability, deliverability and developability of housing land. In those instances, local planning authorities are in a better position to judge which approach is best deployed.

There are plenty of examples of national standard practise that the government do not require all local planning authorities adopt. A prime example is the national space standards, which also provide a level playing field but which government insists that planning authorities test and adopt via the local plan process. The government should demonstrate consistency when dictating national policy and housing targets.

Deviation from the new method

Question 4:

Do you agree with our approach in circumstances when plan makers deviate from the proposed method, including the level of scrutiny we expect from Planning Inspectors?

The Borough Council believes that any approach predicated on the assumption that more housing be delivered (above that projected by the proposed national standard methodology) is unworkable. It is clear to the Borough Council that local residents and communities do not believe, or have any faith in the government's assumptions on this matter. More is not always best – particularly in circumstances where there is limited supply or capacity.

Developing a high growth strategy based purely on an overly simplified demand assessment is not sound planning. It is not even planning.

Implications of a standardised approach for calculating the five year supply for housing the Housing Delivery Test

Question 5:

- a) Do you agree that the Secretary of State should have discretion to defer the period for using the baseline for some local planning authorities? If so, how best could this be achieved, what minimum requirements should be in place before the Secretary of State may exercise this discretion, and for how long should such deferral be permitted?**

Yes – the Secretary of State should exercise discretion. This is especially important in cases, like Epsom & Ewell and its HMA partners, where a local planning authority is substantially advanced in preparing its housing delivery strategy. The Borough Council believes that in such cases longer transitional arrangements should apply. The consequences of not providing longer transitional periods are potentially harmful to the delivery of growth. We are already aware that some of our neighbours are taking ‘strategic pauses’ in their plan-making in response to the constant stream of changes being introduced by government. The Secretary of State should allow those authorities who are planning positively for growth to get on with it.

- b) Do you consider that authorities that have an adopted joint local plan, or which are covered by an adopted spatial development strategy, should be able to assess their five year land supply and/or be measured for the purposes of the Housing Delivery Test, across the area as a whole?**

Yes – the Borough Council agrees with this proposal.

- c) Do you consider that authorities that are not able to use the new method for calculating local housing need should be able to use an existing or an emerging local plan figure for housing need for the purposes of calculating five year land supply and to be measured for the purposes of the Housing Delivery Test?**

Yes – the Borough Council agrees with this proposal.

Transitional arrangement for the proposed approach

Question 6:

Do you agree with the proposed transitional arrangements for introducing the standard approach for calculating local housing need?

No – the Borough Council disagrees with the proposed timetable for transitional arrangements. The identified dates appear highly arbitrary. We suggest that the Secretary of State adopts a more sympathetic approach to this issue and determine transitional timetables on a case by case basis. Many local planning authorities, including Epsom & Ewell, are making good progress with revision to their local plans; but through no fault of their own may not be able to meet the March 2018 deadline. It appears illogical that a local plan submitted in the final week of March 2018 will be found sound (in terms of how it calculates OAHN) yet if submitted a week later will be unsound.

Statement of common ground

Determining the primary authorities and signatories

Question 7:

a) Do you agree with the proposed administrative arrangements for preparing the statement of common ground?

The Borough Council agrees that the proposed statements of common ground should be based on the area defined by their Housing Market Area. The Borough Council is already pursuing this form of sub-regional planning arrangement with its HMA partners.

b) How do you consider a statement of common ground should be implemented in areas where there is a Mayor with strategic plan-making powers?

The Borough Council believes that there are significant inequalities in how the current Duty (to co-operate) functions. Specifically between those boroughs and districts that border Greater London and London itself. Experiences at local plan examinations and during attempts at strategic planning demonstrate that the GLA and London Borough's are treated differently from others when it comes to discharging the Duty to Co-operate. Given that parts of Epsom & Ewell Borough are contiguous with the London Borough of Sutton these disparities are troubling. If the government is intent on making changes to national policy and associated legislation we suggest they use the opportunity to address the differences in the Duty between London and neighbouring areas, such as Epsom & Ewell. Failure to do so is likely to undermine the ability for meaningful strategic planning to take place.

c) Do you consider there to be a role for directly elected Mayors without strategic plan-making powers, in the production of a statement of common ground?

Epsom & Ewell is not an area with a directly elected Mayor and for that reason the Borough Council has no further comments to make on this matter – other than to reiterate the comments made above, in relation to the real inequalities encountered between Greater London and those authorities immediately outside of London (such as Epsom & Ewell).

Production of the statement of common ground and keeping the statement of common ground up to date

Question 8:

Do you agree that the proposed content and timescales for publication of the statement of common ground are appropriate and will support more effective co-operation on strategic cross-boundary planning matters?

Yes – the Borough Council agrees in principle to the proposed timescale for the introduction of outline statements of common ground. However, the Borough Council requests that the Secretary of State notes that such agreement is given on the basis that work towards meeting this proposal is already underway in Epsom & Ewell. The Secretary of State should understand and acknowledge that in other parts of the country such work will be less advanced and other authorities may need more time to meet this proposal.

Statements of common ground and strategic investment in infrastructure

Question 9:

a) Do you agree with the proposal to amend the tests of soundness to include that:

i) Plans should be prepared based on a strategy informed by agreements over the wider area; and

Yes – the Borough Council agrees with this proposal. Any proposals that result in the speedy return of regional planning are welcomed. The Borough Council suggests that where authorities are actively collaborating to bring back formalised strategic planning that they be allowed to do so.

- ii) **Plans should be based on effective joint working on cross-boundary strategic priorities, which are evidenced in the statement of common ground?**

Yes – the Borough Council agrees with this proposal.

- b) **Do you agree to the proposed transitional arrangements for amending the tests of soundness to ensure effective co-operation?**

We believe that the Duty to Co-operate has been a total failure. The lack of formal guidance and policy has resulted in Planning Inspectors making unannounced, and largely unwelcomed, interventions to deliver a “strategic planning” component to emerging local plans through the examination process. This has been very clearly and in some case painfully demonstrated by recent local plan reports. The Borough Council believes that the Secretary of State should do more to restore the missing strategic planning pieces that were removed by the last government.

Planning for a mix of housing needs

Question 10:

- a) **Do you have suggestions on how to streamline the process for identifying the housing need for individual groups and what evidence could be used to help plan to meet the needs of particular groups?**

In line with our answers relating to OAHN, the Borough Council strongly believes that there is no easy route for streamlining the assessment of housing need for specific groups. Such assessment cannot, and should not be reduced to three part calculations – to so would be unsound and unwise.

- b) **Do you agree that the current definition of older people within the National Planning Policy Framework is still fit-for-purpose?**

The current definition is linked to the retirement age for which there is no longer a default age. For local plans currently being prepared, the minimum age to receive a state pension is set to increase twice (in 2020 and between 2026 and 2028) and potentially subject to further review by Government within the plan period. In addition, for many people financing their retirement is predicated on the value of their home.

In light of this, the Borough Council suggests that it may be appropriate to review the definition.

Neighbourhood planning

Question 11:

- a) Should a local plan set out the housing need for designated neighbourhood planning areas and parished areas within the area?**

In Epsom & Ewell to date there has been no interest in bringing forward a neighbourhood plan, however, the borough has been a Residents Association council since established in the 1930s and, as such, embodies the principles of true localism.

Moreover, it should not be assumed that a neighbourhood development plan would seek to include housing growth within its remit.

- b) Do you agree with the proposal for a formula-based approach to apportion housing need to neighbourhood plan bodies in circumstances where the local plan cannot be relied on as a basis for calculating housing need?**

Notwithstanding the Borough's concerns over the mechanics of the standard methodology, we consider the dissemination of housing need figure by the government to a neighbourhood planning area without any consideration of the local context and constraints conflicts with the spirit of localism. It would be unfair to give communities with limited knowledge of the 'on ground' conditions a pro-rata annual housing figure, which their plan would need to account.

We consider the rudimental apportionment calculation based on the size of an existing population is completely flawed when applied to the more urbanised and compact neighbourhoods plan areas. The principle would lead to a higher housing need figure in those areas which are least likely to have opportunities (i.e. developable and deliverable sites) for significant housing growth and the necessary supporting infrastructure.

The apportionment formula would in itself be a strong deterrent to establishing a neighbourhood plan area.

Rather than delegating downwards, the Borough Council believes that the distribution of housing across a Housing Market Area (HMA) is most appropriately addressed at a strategic level, by Local Planning Authorities and their HMA partners.

Proposed approach to viability assessment

Question 12:

Do you agree that local plans should identify the infrastructure and affordable housing needed, how these will be funded and the contributions developers will be expected to make?

Local plans already do this. However, the weight given to such policies by developers/ land agents/ house builders when acquiring land and proposing “viable schemes” in many instances is highly questionable and often completely unsatisfactory.

Question 13:

In reviewing guidance on testing plans and policies for viability, what amendments could be made to improve current practice?

The Borough Council has no proposed suggestions as it considers that current practice is appropriate.

Question 14:

Do you agree 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?

Yes – the Borough Council strongly agrees with this statement

The emphasis should be on ensuring that once adopted policy that ‘viability’ is not re-tested at the planning application except for in instances of significant market change. For the purposes of clarity, we consider that changes to the market include both up and down turns in market conditions. Consequently improved market conditions may trigger viability testing that makes greater requirements of the house building industry.

Question 15:

How can Government ensure that infrastructure providers, including housing associations, are engaged throughout the process, including in circumstances where a viability assessment may be required?

The Duty to Co-operate continues to fail in this regard. The Government should place a legal/ mandatory requirement upon providers to engage.

In the Borough’s experience, often the utility providers are the most difficult to engage; asset management planning periods often fail to align with local plan

periods and are significantly shorter. Providers can appear reluctant to identify potential capacity deficits due to commercial sensitivities.

Improving transparency

Question 16:

What factors should we take into account in updating guidance to encourage viability assessments to be simpler, quicker and more transparent, for example through a standardised report or summary format?

The onus must remain upon the developers/ land agents to undertake the necessary due diligence including an appraisal of the policy requirements (which have been subject to viability testing) prior to purchasing the site. It is all too common that over payment for a site is the primary factor leading to a scheme's 'inability' to provide the necessary and much needed affordable housing contributions. In our experiences, Inspectors do not take account of this fact in their decision making. As a consequence, the development industry has taken Inspector's inaction on this matter as a signal to perpetuate this unsustainable practise.

In the Borough's considerable experience of applying viability assessments in respect of developer contributions, the current process (as recognised by the RICS) is deeply flawed. It is widely open to manipulation and overly favours the development industry. For example, it does not take into account a wide range of factors, including wider company performance. Indeed, challenging viability in itself has become its own industry. Many of these assessments are generated by biased consulting companies whose stated company aim is to 'get developers out of their s106 obligations', other consulting firms who represent both local authorities and developers are in the position that one day they might be acting for their opponent today, and it is often clear that this impacts on their decision making e.g. 'we can't give our future paymaster too hard a time or we might not get work from them'

The Borough Council would welcome a standardised report format. However, the process needs to allow for greater and flexible scrutiny of submissions supported by pre and post completion assurances.

The question of 'economic viability' is one that in business terms means something very different to how it has been interpreted in planning. At a basic level for developers to be economically viable they must generate enough cash both the pay for their operations and the cost of financing borrowing, either via debt or to shareholders, and shareholder dividends. This is a very different proposition for large homebuilder than it is a local builder set up as a sole trader.

In the Borough Council's experience the intention and the reality of viability assessments is being abused by many developers who see this as an opportunity to save cost and income profit at the expense of the local community.

There are several reasons for this:

1. In large companies it is a subjective process to create development level management accounts leaving widely open to manipulation;
2. Many of these assessments are generated by biased consulting companies under no regulation who have simply been employed to minimise any liability;
3. Planning departments lack the skills and knowledge to effectively challenge these assessments and face undue pressure when confronted by lawyers and consultants acting on behalf of developers;

From our experience there are three clear actions that if undertaken would both dissuade dubious claims and ensure appropriate scrutiny is undertaken when depriving the public purse:

1. Transparency:
 - a. The basis of which assessments are made should be standardised in both format and content. Revenue, direct costs and allowable overheads, finance rates and charges should be clearly defined and aligned to industry norms;
 - b. These statements should be prepared both during the planning process and following the completion of any development to show forecast and then actual costs incurred and revenue generated;
 - c. This should be accompanied by both the latest 'group' accounts (of the ultimate parent company) along with prospective accounts demonstrating the impact of such unviable contributions;
2. Accountability:
 - a. To ensure that developers are accountable these statements should be signed by both the statutory managing director and statutory finance director with a statement making it clear that the information provided is free from manipulation and is a true and fair view of the situation along with an assertion that should contributions be paid then the company may be economically unviable;
3. Assurance:
 - a. This statement should also be signed by the company's auditors who should also agree that information provided is a true and fair view of the situation and agree with the statement made by developers.
 - b. This should be done both during the application and on completion of the development. Where profit has exceeded the provisions within the application viability assessment this would allow for the local authority to clawback contributions. This should be done both during the application and on completion of the development. Where profit has exceeded the provisions within the application viability assessment this would allow for the local authority to clawback contributions (*see below). This fundamentally places the onus on the developer to clearly demonstrate economic unviability along

with gaining assurance from regulated professionals that such a statement is true allowing the council to place reliance on such statements.

A standard summary assessment alongside, a signed statement of assurance from a regulated body and the latest 'group' accounts for the applying company should be made publicly available. The details behind the audited viability assessment, such as the evidence of the structure of finance could be commercial sensitive and treated as such.

*Note: However, to date various Planning Inspectors have taken a hard line against local authorities seeking to implement a 'claw back clause' which seeks to recover an element of contribution towards affordable housing e.g. when expected sales values exceed those set out in a viability appraisal. Claw-back clauses are now only 'allowed' on large phased developments. However in a Borough the size of Epsom & Ewell large phased developments are rare to non-existent yet almost every development that is approved following a viability challenge sees eventual sales values dramatically outstrip those set out in the viability appraisal. If the developer was happy to sign up to (say) a 20% profit level (which is extremely high) in their viability appraisal which pass-ported them out of affordable housing delivery, why are they then permitted to make higher profit levels when sales values exceed their expectations (which appears to be on almost every development)? A claw-back clause applicable to smaller on-phased developments is a more equitable solution.

Question 17:

- a) Do you agree that local planning authorities should set out in plans how they will monitor and report on planning agreements to help ensure that communities can easily understand what infrastructure and affordable housing has been secured and delivered through developer contributions?**

The Borough Council already does this.

- b) What factors should we take into account in preparing guidance on a standard approach to monitoring and reporting planning obligations?**

The Borough Council has no comment to make.

- c) How can local planning authorities and applicants work together to better publicise infrastructure and affordable housing secured through new development once development has commenced, or at other stages of the process?**

The Borough Council has no comment to make.

Planning fees

Question 18:

- a) **Do you agree that a further 20 per cent fee increase should be applied to those local planning authorities who are delivering the homes their communities need? What should be the criteria to measure this?**

No – the Borough Council disagrees with this proposal. This proposal will not help those local planning authorities that are positively rising to the challenge of the housing crisis, but for whatever reason are unable to deliver the scale of housing indicated in the government's indicative figures. It is highlighted that this will equally disadvantage the development industry.

The government should consider a different approach to this matter that takes into account recent performance in meeting housing targets; including those that pre-date the government's calculation. This is a sound approach – as it will clearly identify those local planning authorities that are seeking to respond positively to the housing crisis – such as Epsom & Ewell.

- b) **Do you think there are more appropriate circumstances when a local planning authority should be able to charge the further 20 per cent? If so, do you have views on how these circumstances could work in practice?**

Yes there are more appropriate circumstances. Following the implementation of the current raft of proposals there will be some local planning authorities, such as Epsom & Ewell, who will find it extremely challenging to fully meet the indicative housing target identified by the government. Nevertheless, the Borough Council is committed to trying to meet as much of the locally identified housing need as is sustainably possible. It is in such a circumstance that planning authorities should be permitted to charge an additional 20%. This will aid the planning development management process and will also benefit the local development industry – particularly the SME builders who are also likely to find themselves challenged by the government's proposals.

- c) **Should any additional fee increase be applied nationally once all local planning authorities meet the required criteria, or only to individual authorities who meet them?**

Yes – the Borough Council supports the additional increase becoming a nationally standard.

d) Are there any other issues we should consider in developing a framework for this additional fee increase?

The Borough Council has no further comments to make on this proposal.

Other issues

Build out

Question 19:

Having regard to the measures we have already identified in the housing White Paper, are there any other actions that could increase build out rates?

The Borough Council has no specific comment to make but would be very interested hear industry's responses to this matter – in particularly whether they fully appreciate what the government is intending.



Department for
Communities and
Local Government

Planning for the right homes in the right places: consultation proposals



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Scope of the consultation

Topic of this consultation:	This consultation seeks views on a number of changes to planning policy and legislation. Some of these changes were foreshadowed in the housing White Paper available at: https://www.gov.uk/government/publications/fixing-our-broken-housing-market
Scope of this consultation:	The Department for Communities and Local Government is consulting on new planning proposals which will involve amendments to the National Planning Policy Framework and regulations.
Geographical scope:	These proposals relate to England only.
Impact Assessment:	N/A

Basic Information

To:	This consultation is open to everyone. We are keen to hear from a wide range of interested parties from across the public and private sectors, as well as from the general public.
Body/bodies responsible for the consultation:	Department for Communities and Local Government
Duration:	This consultation will begin on Thursday 14 September and will run for 8 weeks until Thursday 9 November 2017. All responses should be received by no later than 23.45 on 9 November.
Enquiries:	For any enquiries about the consultation please contact: planningpolicyconsultation@communities.gsi.gov.uk
How to respond:	<p>Consultation responses should be submitted by online survey: https://www.surveymonkey.co.uk/r/planningforhomes</p> <p>Consultations on planning policy receive a high level of interest across many sectors. Use of the online survey greatly assists us in our analysis of the responses, enabling more efficient and effective consideration of the issues raised for each question.</p> <p>We have listened to concerns raised about the use of an online survey in the past and have made a number of adjustments to the survey ahead of this consultation. The online survey will allow respondents to: select the sections they wish to answer, without having to go through the whole survey; save and return to the survey later; and submit additional information or evidence to support your response to this consultation.</p>

Further advice on how to use these new features is available on the home page of the online survey.

We strongly encourage all respondents to respond via the online survey, particularly organisations with access to online facilities such as local authorities, representative bodies and businesses. However, should you be unable to respond online we ask that you complete the pro forma found at the end of this document . Additional information or evidence can be provided in addition to your completed pro forma.

In these instances you can email your pro forma to:
planningpolicyconsultation@communities.gsi.gov.uk

Or send to:

Planning Policy Consultation Team
Department for Communities and Local Government
3rd floor, South East
Fry Building
2 Marsham Street
LONDON
SW1P 4DF

Foreword

As anyone who has tried to buy or rent a home recently would probably tell you, the housing market in this country is dysfunctional. The root cause is very simple: for too long, we haven't built enough homes. The damaging financial crisis ten years ago compounded this problem.

Thanks in part to action we've taken over the past seven years, the situation is improving. Last year saw more planning permissions granted than ever before, while the number of new building starts is at its highest level in nearly a decade. But there's much more to do.

Our housing White Paper, published earlier this year, set out how we're going to get England building. We are delivering our 2015 commitment of a million new homes by 2020, and want to supply a further half a million by 2022.

The measures in this consultation will help ensure that local authorities plan for the right homes in the right places. This means creating a system that is clear and transparent so that every community and local area understands the scale of the housing challenge they face. We do not want local authorities wasting time and money on complex, inconsistent and expensive processes. This only creates lengthy bureaucratic arguments, often behind closed doors, and isolates local communities.

The new approach proposed will give local communities greater control so they can make informed decisions about exactly where much-needed new homes should be built. In doing so it will help to tackle the lack of affordability of housing in this country, and support those families who want the security of owning their own home.

The proposals in this consultation provide a more robust starting point for making these important decisions. Without the right starting point we can't make the wider reforms to the housing market that will ensure homes are built faster, by a more diverse housing market, to meet the needs of ordinary households and communities now and in the future.

Nor is this consultation just about the numbers. It's also about how areas can work together where communities' needs cannot be met locally. And it's about putting the right resources into local planning authorities so their plans can be delivered and communities can see the benefit of high quality, well-planned homes.

We recognise that this is not easy. That is why we launched our £2.3 billion Housing Infrastructure Fund earlier this year to ensure essential physical infrastructure, such as schools and roads, is built alongside the new homes we so badly need. We will explore bespoke housing deals with authorities in high demand areas with genuine ambition to build. We will also provide further support to local authority planning departments with a £25 million capacity fund.

This consultation also sets out our ambition to publish a revised National Planning Policy Framework in Spring 2018. This will ensure that we not only plan for the right homes in the right places, but that we turn existing and future planning permissions quickly into homes through reforms such as the Housing Delivery Test.

Nobody likes indiscriminate, unplanned and unwelcome development. But most of us are willing to welcome new homes if they're well-designed, built in the right places, and are planned with the co-operation of the local community. To win the support of local residents, we have to build homes people want to live alongside as well as in.

This consultation is the first step in making sure all that happens – and making sure our children and grandchildren can access the safe, secure, affordable housing they need and deserve

Rt Hon Sajid Javid MP

Secretary of State for Communities and Local Government

Introduction

1. The White Paper, *Fixing our Broken Housing Market*¹ (“the housing White Paper”), set out proposals to tackle the housing challenge that our country faces, as a key part of building a stronger, fairer Britain where people who work hard are able to get on in life. It argued that we need to build more houses of the type people want to live in, in the places they want to live. This requires a comprehensive approach that tackles failure at every point in the system.
2. The housing White Paper set out four main areas where action is needed:
 - 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, 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.
3. The housing White Paper contained a number of proposals to reform planning to achieve these objectives. It reinforced the central role of local and neighbourhood plans in the planning system, so that local planning authorities and local communities retain control of where development should and should not go. It also reiterated strong protections for the Green Belt and other environmental designations, and set out proposals to make sure that we build high quality homes in which people want to live.
4. The housing White Paper also stated that further consultation on specific issues would follow², and this paper carries forward that commitment. It seeks views on changes to national policy to help local planning authorities and communities plan for and deliver the homes they need, including:
 - a) our proposed approach to a standard method for calculating local housing need, including transitional arrangements (paragraphs 1.13, 1.14, A.21 and A.23 of the White Paper);

¹ DCLG, February 2017, <https://www.gov.uk/government/publications/fixing-our-broken-housing-market>

² Other proposals in the housing White Paper that have implications for the National Planning Policy Framework will be reflected in the forthcoming revision of the Framework referred to in paragraph 6.

- b) improving how authorities work together in planning to meet housing and other requirements across boundaries, through the preparation of a statement of common ground (paragraphs 1.9 and A.13);
 - c) how the new approach to calculating housing need can help authorities plan for the needs of particular groups and support neighbourhood planning (paragraphs A.24 and A.65);
 - d) proposals for improving the use of section 106 agreements, by making the use of viability assessments simpler, quicker and more transparent (paragraph 2.30); and
 - e) seeking further views on how we can build out homes more quickly.
5. This consultation also seeks views on the proposal in the housing White Paper that local planning authorities delivering the homes their communities need might be eligible for a further 20 per cent increase in fees for planning applications, over and above the 20 per cent increase already confirmed³. If taken forward, this would be delivered through changes to regulations.
6. Subject to the outcome of this consultation, and the responses received to the housing White Paper, the Government intends to publish a draft revised National Planning Policy Framework early in 2018. We intend to allow a short period of time for further consultation on the text of the Framework to make sure the wording is clear, consistent and well-understood. Our ambition is to publish a revised, updated Framework in Spring 2018.
7. In taking forward the proposed changes to the Framework, some amendments will also be required to planning guidance. We will use the responses to both consultations to help shape changes to the guidance, which we intend to update alongside the revised Framework.

³ Paragraph 2.15, DCLG, February 2017

Proposed approach to calculating the local housing need

Introduction

8. Statutory plans allow local planning authorities, elected Mayors⁴ and communities to plan where new homes will be built, plan for the infrastructure needed, and to have more control over the look and feel of new development. They also identify ways of improving the local environment and achieving net gains for the environment.
9. The National Planning Policy Framework is clear that, to enable effective planning of new homes, local planning authorities should start the plan-making process with a clear understanding of the number of new homes that they need in their area. While this is an essential first step, it is not the only stage in the process. Local planning authorities then need to determine whether there are any environmental designations or other physical or policy constraints which prevent them from meeting this housing need. These include, but are not limited to, Ancient Woodland, the Green Belt, Areas of Outstanding Natural Beauty and Sites of Special Scientific Interest. They also need to engage with other authorities – through the duty to co-operate – to determine how any need that cannot be accommodated will be redistributed over a wider area. This means that the level of housing set out in a plan may be lower or higher than the local housing need.
10. The housing White Paper argued that both these processes could be improved, through the introduction of a standard method for assessing housing need and a statement of common ground to improve joint working.

Background

11. The housing White Paper, drawing on the work of the Local Plans Expert Group⁵, argued that the existing approach to assessing housing need is too complex. At present, the National Planning Policy Framework and planning guidance ask each local planning authority to define a Housing Market Area, and to identify the 'objectively assessed need' for market and affordable housing within this. Planning guidance sets out a recommended method for doing so, using the latest National

⁴ References to elected Mayors refer to Mayors of combined authorities (and the Mayor of London) who have plan-making powers.

⁵ Local Plans Expert Group (2016) *Local Plans: report to the Communities Secretary and to the Minister of Housing and Planning* <https://www.gov.uk/government/publications/local-plans-expert-group-report-to-the-secretary-of-state>

Statistics for projected household formation as a starting point. This is then adjusted to take account of a range of issues, including employment growth and market signals. The current process leaves substantial room for interpretation.

12. The lack of a simple, standard approach to assessing local housing need has led to a costly and time-consuming process which lacks transparency:
 - many local planning authorities spend significant sums of taxpayers' money employing consultants to come up with a housing need figure, often using different and inconsistent methods. It can cost local planning authorities around £50,000 to prepare a strategic housing market assessment, which could equate to an overall cost to the sector of over £3 million per year;
 - local planning authorities, developers and local communities often engage in disputes on the method used, which delays the process (by around six months) and adds cost; and
 - few methods take significant account of the affordability of housing in their area.
13. The Government argued in the housing White Paper that a standard approach to assessing local housing need would be simpler, quicker, and more transparent. This would speed up the time taken to prepare Local Plans and give local communities greater control of development in their area. We consider that a standard method should be based on three key principles:
 - a) Simple – there should be an easy and transparent process for local people and other interests to understand;
 - b) Based on publicly available data – which might include national data such as that from the Office for National Statistics, or robust local data;
 - c) Realistic – to reflect the actual need for homes in each area, taking into account the affordability of homes locally. High house prices indicate a relative imbalance between the supply and demand for new homes, and makes housing less affordable. The affordability of new homes is the best evidence that supply is not keeping up with demand.
14. In addition, we consider that any approach must allow an understanding of the minimum number of homes that are needed across England as a whole, while also reflecting the effect of our Industrial Strategy⁶ as we seek to promote prosperity in every part of the country.

⁶ <https://www.gov.uk/government/policies/industrial-strategy>,

The Government's proposed approach

15. Our proposed approach to a standard method consists of three components. The starting point should continue to be a **demographic baseline**, which is then modified to account for **market signals** (the price of homes). However, we recognise that it is important to ensure that the proposed housing need is as deliverable as possible, so we are **proposing a cap to limit any increase** an authority may face when they review their plan. Further details are set out in paragraphs 16-25 below.

Step 1 Setting the baseline

16. We consider that the starting point should continue to be projections of future household growth in each area, but calculated initially for the area of the local authority. This will ensure that the process begins with a clear assessment of housing growth for every area. The Office for National Statistics' projections for numbers of households in each local authority⁷ are the most robust estimates of future growth.

17. We therefore propose that **projections of household growth should be the demographic baseline for every local authority area**⁸. The most recent official projections should be used, with the household growth calculated for the period over which the plan is being made. **We propose that the demographic baseline should be the annual average household growth over a 10 year period.** Given the Government's expectation that plans are reviewed every five years, using average household growth over this period will ensure effective planning over the preparation and duration of the plan. Household projections should therefore be regarded as the minimum local housing need figure.

Step 2 An adjustment to take account of market signals

18. We consider that household growth on its own is insufficient as an indicator of demand since:

- household formation is constrained to the supply of available properties – new households cannot form if there is nowhere for them to live; and
- people may want to live in an area in which they do not reside currently, for example to be near to work, but be unable to find appropriate accommodation that they can afford.

⁷ DCLG, <https://www.gov.uk/government/statistical-data-sets/live-tables-on-household-projections>.

⁸ In some areas the projected household growth will be negative. In these places, the demographic baseline should be taken to be zero.

19. There is a longstanding principle in planning policy that assessing an appropriate level of housing must address the affordability of new homes, which means in practice that projected household growth should be adjusted to take account of market signals. One approach would be to increase household projections where house prices are high. But that would not take account of the fact that incomes may be higher in that area, and so homes may be no less affordable.
20. Therefore, we consider that median affordability ratios, published by the Office for National Statistics at a local authority level, provide the best basis for adjusting household projections. The affordability ratios compare the median house prices (based on all houses sold on the open market in a given year in a local authority) to median earnings (based on full-time earnings for those working in that local authority area). **We propose that as the next step in the standard method, plan makers should use the workplace-based median house price to median earnings ratio from the most recent year for which data is available.**⁹
21. As the housing White Paper noted¹⁰, external commentators suggest that England needs net additions in the region of 225,000 to 275,000 per year. To get a total housing need close to this figure, our modelling proposes that **each 1 per cent increase in the ratio of house prices to earnings above four results in a quarter of a per cent increase in need above projected household growth.** This achieves the overall level of delivery that most external commentators believe we need, while ensuring it is delivered in the places where affordability is worst. The precise formula is as follows:

$$\text{Adjustment factor} = \frac{\text{Local affordability ratio} - 4}{4} \times 0.25$$

22. The overall housing need figure is therefore as follows:

$$\text{Local Housing Need} = (1 + \text{adjustment factor}) \times \text{projected household growth}$$

23. So, for example, an area with a projected household growth of 100 a year would have an annual need of:
- 100 if average house prices were four times local average earnings
 - 125 if average houses prices were eight times local average earnings
 - 150 if average house prices were twelve times local average earnings.

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<https://www.ons.gov.uk/peoplepopulationandcommunity/housing/datasets/ratioofhousepricetoworkplacebasedearningslowerquartileandmedian>

¹⁰ Page 9, DCLG, February 2017

24. There are a number of possible ways of making an adjustment to take account of market signals. However, our approach is based on the following key principles:

- a) the threshold level of four, above which we seek an upward adjustment in housing need, is appropriate since the maximum amount that can typically be borrowed for a mortgage is four times a person's earnings¹¹. Put another way, if the average worker cannot get a mortgage for the average home in the area without additional help (e.g. from the 'bank of mum and dad'), then there are not enough homes in the area and the local authority needs to plan for more; and
- b) increases in housing delivery above population growth should be inversely proportionate to the affordability of an area, with less affordable areas needing to deliver more homes. There is considerable economic evidence that demonstrates that growth in house prices (and therefore worsening affordability) is inversely related to the level of house building¹².

Step 3 Capping the level of any increase

25. Applying our proposed approach to market adjustment will lead to a significant increase in the potential housing need in some parts of the country. To help ensure the method is deliverable, we propose to place a cap on the increase that applies to particular authorities. **We propose to cap the level of any increase according to the current status of the local plan in each authority as follows:**

- a) for those authorities that have adopted their local plan in the last five years, we propose that their new annual local housing need figure should be capped at 40 per cent above the annual requirement figure currently set out in their local plan; or
- b) for those authorities that do not have an up-to-date local plan (i.e. adopted over five years ago), we propose that the new annual local housing need figure should be capped at 40 per cent above whichever is higher of the projected household growth for their area over the plan period (using Office for National Statistics' household projections), or the annual housing requirement figure currently set out in their local plan.

¹¹ The Council Mortgage Lenders found that in 2015 the average first time buyer loan to income ratio in England was 3.61.

¹² The economic theory behind this is evidenced in the [Barker Review](#) (DCLG, 2004) and [Affordability Still Matters](#) (NHPAU, 2008).

Impact on each Local Authority Area

26. This method would, if applied universally to each local planning authority immediately using current data, lead to a total housing need across the country of just over 266,000 homes, including 72,000 in London.
27. This new method for assessing local housing need will affect individual authorities differently. Alongside this consultation document, we are publishing the housing need for each local planning authority using our method, on the basis of current data (average household growth for 2016 to 2026 and house price to earnings ratios for 2016). It also sets out, indicatively, the extent to which land in each local authority area is covered by Green Belt, National Parks, Areas of Outstanding Natural Beauty and Sites of Special Scientific Interest. This is for illustrative purposes only - the data informing this new method is based on the most up-to-date information available at the time of publishing this consultation document, and will change between now and when local authorities produce plans.
28. For some local planning authorities, a reduction in their local housing need compared to the existing approach can be attributed to our method not making a specific adjustment to take account of anticipated employment growth. However, as we explain in paragraph 46 below, local planning authorities are able to plan for a higher number than set out by our proposed method. This means that, where there is a policy in place to substantially increase economic growth, local planning authorities may wish to plan for a higher level of growth than our formula proposes.
29. We have also published for the first time data on how many homes every local authority in the country is planning for, and, where available, how many homes they believe they need. At the moment, it is not always clear to local communities or developers how many homes their local area is planning for, let alone needs. These figures are often buried deep in technical reports and hidden away on local authority websites. It can take several hours to track down exactly how many homes a local planning authority has decided it needs – and even then it might not be clear. It should not be this difficult, and by collating this information together in a single place, we will make planning more transparent and simpler for people to understand. **We would welcome practical suggestions for ensuring this information can be made yet more transparent.**

Joint working

30. We recognise that many individual local authorities are already working together when identifying their housing need, and encourage more authorities to do so. We would expect that plans that are being produced jointly, or strategic plans prepared by the Mayor of London and other elected Mayors (for combined authorities where they have

the function of preparing a spatial development strategy for the area), will use the proposed approach to produce a single assessment of the housing need for the area as a whole.

31. In such cases **we propose that the housing need for the defined area should be the sum of the local housing need for each local planning authority.** It will be for the relevant planning authorities or elected Mayor to distribute this total housing need figure across the plan area. The Housing Infrastructure Fund is designed to allow for joint bids and can support land constrained high demand areas to work collaboratively with neighbouring authorities with fewer constraints that want to accommodate greater housing numbers.
32. We considered the approach of applying the average affordability ratio for each constituent local authority's projected household growth, prior to applying a cap to the figure for each authority based on its plan status as proposed above. However, we discounted this approach since there was no consistently available data on average affordability ratios at the level of all combined authorities.

London

33. London's local housing market presents unique and wide-ranging affordability challenges. The Mayor of London has overall responsibility for housing in London. This includes preparing the Greater London Spatial Development Strategy, which sets a London-wide housing target that is broken down to a minimum housing target for individual Boroughs. The approach to setting local housing needs in London is consistent with the method proposed for the rest of England.

Subsequent changes to local housing need

34. For the second and subsequent plan reviews we propose that the cap for authorities should remain at 40 per cent above the number of homes they are planning for in the extant local plan at the time of review.

Question 1:

a) do you agree with the proposed standard approach to assessing local housing need? If not, what alternative approach or other factors should be considered?

b) how can information on local housing need be made more transparent?

Implementing the new approach

35. The National Planning Policy Framework sets out that plans should be reviewed regularly¹³ and we intend to make it clear in the Framework that they should be reviewed every five years. We expect local planning authorities to identify their local housing need at the outset of the plan preparation stage, which they can then use as part of initial evidence gathering and continued work on the evidence base.
36. Local planning authorities, when calculating their local housing need, should always use the most up-to-date data available. The housing need figures we have published are based on the 2014 based household projections (published July 2016), and 2016 house price to earnings ratios (published March 2017). The household projections are updated every two years in the summer, and the house price to earnings ratios are published annually in March.
37. This means that the local housing need figure will not remain static throughout the plan preparation process. Under the previous approach we recognise that this led to instances when local planning authorities had to revisit their evidence and, if necessary, carry out further consultation. This only served to delay plan progress and increase costs. We want to streamline the plan-making process and make it easier for plans to be adopted more quickly.
38. To ensure stability and a consistent evidence base to inform plan-making, **we propose that local planning authorities should be able to rely on the evidence used to justify their local housing need for a period of two years from the date on which they submit their plan.** During this period this will mean that the local housing need assessment is not rendered out of date if changes to the household projections or affordability ratios are published while the plan is being examined. Of course, the final housing figure in the local plan or spatial development strategy may differ from the local housing need figure after taking account of issues raised during the examination, constraints and the duty to co-operate.

Question 2: do you agree with the proposal that an assessment of local housing need should be able to be relied upon for a period of two years from the date a plan is submitted?

¹³ National Planning Policy Framework, DCLG, March 2012 - See in particular paragraphs 17 and 157, and the Local Plans section of the planning guidance

Benefits of the new approach

39. The use of different and inconsistent methods has meant that the current arrangements for calculating local housing need are costly and time-consuming. It can cost local planning authorities around £50,000 to prepare a strategic housing market assessment, so this could equate to an overall cost to the sector of over £3 million each year. Furthermore, disputes about the methods used can lead to delays of around six months in the preparation of local plans and add considerable additional cost to local authorities, and prolong the level of uncertainty for local communities.
40. Adopting our proposed approach will offer significant benefits. It 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. Furthermore, it provides a level of certainty and transparency for the public and plan makers and will aid joint working and collaboration by removing disputes where different methods have been used previously. Collectively, across the country it will take years off the plan-making process and generate considerable efficiency savings.
41. To deliver the homes that we need, **we propose to amend national planning policy so that having a robust method for assessing local housing need becomes part of the tests that plans are assessed against**; and to make clear (through guidance) that use of the proposed standard method will be sufficient to satisfy this test.
42. Local plans are already required to be ‘positively prepared’ if they are to be found ‘sound’ (paragraph 182 of the National Planning Policy Framework). We propose to amend this, so that a sound plan should identify development needs using a clear and justified method, as well as meeting objectively assessed development needs insofar as it is reasonable to do so. Together with the proposed change to planning guidance, this would mean that Planning Inspectors would be able to sign off more easily, and with considerably less scrutiny, the local housing need aspect of the plan. This will provide more certainty about an emerging plan’s soundness, as well as helping to speed up the plan examination.

Question 3: do you agree that we should amend national planning policy so that a sound plan should identify local housing need using a clear and justified method?

43. As set out in paragraph 1.18 of the housing White Paper, HM Land Registry intends to register the ownership of all publicly held land in the areas of greatest housing need by 2020, with the rest to follow by 2025. This information can be taken into account alongside other considerations, including land constraints, to assist plan makers in finding sites suitable for housing development. The new approach to assessing local housing need, as set out in this consultation document, and the percentage of land

which is unregistered within the boundaries of a local authority will form the basis of definition of 'areas of greatest housing need' for this purpose. We are publishing the list of areas of greatest housing need alongside this consultation document.

Deviation from the new method

44. Given the significant financial and time-saving benefits, our expectation is that local planning authorities adopt the proposed method when assessing housing need. We consider that the same should apply to elected Mayors with plan-making powers. However, there may be compelling circumstances not to adopt the proposed approach. These will need to be properly justified, and will be subject to examination.
45. Where local planning authorities do not align with local authority boundaries, such as National Parks, the Broads Authority and Urban Development Corporations, available data does not allow local housing needs to be calculated using the standard method set out above. **In these cases we propose that authorities should continue to identify a housing need figure locally, but in doing so have regard to the best available information on anticipated changes in households as well as local income levels.**
46. Plan makers may put forward proposals that lead to a local housing need above that given by our proposed approach. This could be as a result of a strategic infrastructure project, or through increased employment (and hence housing) ambition as a result of a Local Economic Partnership investment strategy, a bespoke housing deal with Government or through delivering the modern Industrial Strategy. We want to make sure that we give proper support to those ambitious authorities who want to deliver more homes. To facilitate this **we propose to amend planning guidance so that where a plan is based on an assessment of local housing need in excess of that which the standard method would provide, Planning Inspectors are advised to work on the assumption that the approach adopted is sound unless there are compelling reasons to indicate otherwise.** We will also look to use the Housing Infrastructure Fund to support local planning authorities to step up their plans for growth, releasing more land for housing and getting homes built at pace and scale
47. There should be very limited grounds for adopting an alternative method which results in a lower need than our proposed approach. The reasons for doing so will be tested rigorously by the Planning Inspector through examination of the plan. We would expect: the Inspector to take the number from our preferred method as a reference point in considering the alternative method; and the plan-making body to make sure that the evidence base is robust and based on realistic assumptions, and that they have clearly set out how they have demonstrated joint working.

Question 4: do you agree with our approach in circumstances when plan makers deviate from the proposed method, including the level of scrutiny we expect from Planning Inspectors?

Implications of a standardised approach for calculating the five year supply of housing and the Housing Delivery Test

48. The housing White Paper states that, as an incentive to get up-to-date plans in place, in the absence of an up-to-date local or strategic plan we propose that after 31 March 2018 the new method for calculating the local housing need would apply as a baseline for assessing five year housing land supply. This would mean that local planning authorities without an up-to-date local plan or spatial development strategy would not be able to factor land constraints into the baseline for establishing their five year land supply. However, when determining individual planning applications, the decision-maker will still need to take account of all policies in the National Planning Policy Framework, including those which restrict development (such as Green Belt and Ancient Woodland). Should the revised Framework be published after this date, subject to the outcome of the consultation we propose to introduce this requirement with immediate effect.
49. The Government also recognises that in specific circumstances, where local planning authorities are collaborating on ambitious proposals for new homes, these plans may take longer to bring forward. **We propose that the Secretary of State would retain some discretion to be able to give additional time before this baseline applies** where there is significant progress made on bringing forward a joint plan for housing in the area.
50. Where authorities have adopted joint plans (or in cases where there is an existing Mayoral plan), we are interested in views on whether national policy should be changed to allow the authorities involved to calculate their five year housing land supply for the area as a whole, based on the overall trajectory for home building in the plan. This approach would need to be agreed across all the authorities and set out in the joint or Mayoral plan. **We are also interested in views on whether this approach could be extended to the operation of the Housing Delivery Test as proposed in the housing White Paper.**
51. Where local planning authorities do not align with local authority boundaries, such as National Parks, the Broads Authority and Urban Development Corporations, and are not able to use the new method for calculating local housing need, we propose to use a locally identified housing need figure. **We are interested in views on whether this should be the need set out in the most recent local plan, or spatial development strategy or the figure set out in an emerging plan.**

Question 5:

a) do you agree that the Secretary of State should have discretion to defer the period for using the baseline for some local planning authorities? If so, how best could this be achieved, what minimum requirements should be in place before the Secretary of State may exercise this discretion, and for how long should such deferral be permitted?

b) do you consider that authorities that have an adopted joint local plan, or which are covered by an adopted spatial development strategy, should be able to assess their five year land supply and/or be measured for the purposes of the Housing Delivery Test, across the area as a whole?

c) do you consider that authorities that are not able to use the new method for calculating local housing need should be able to use an existing or an emerging local plan figure for housing need for the purposes of calculating five year land supply and to be measured for the purposes of the Housing Delivery Test?

Transitional arrangements for the proposed approach

52. We are also proposing transitional arrangements to set a period of time before which plans would be expected to use the standard method for calculating the local housing need. This recognises that a number of plan makers have already made significant steps in preparing their plan, and we want to encourage them to complete their plan, avoiding further delays and so undermining the delivery of new homes.

53. The proposed transitional arrangements for each local authority will depend on the status of their current and emerging plan as well as the extent of the impact of the proposed approach on existing housing need calculations.¹⁴ We propose the following transitional arrangements as set out in Table 1 below.

¹⁴ The local plans referred to are development plan documents prepared in line with the 2004 Act which set the strategic planning policies for a local planning authority's area (namely a 'Local Plan' or 'Core Strategy').

Table 1: Proposed transitional arrangements

Plan stage	Proposed transitional arrangement
No plan, or plan adopted more than five years ago and has not yet reached publication stage	The new standardised method should be used, unless the plan will be submitted for examination on or before 31 March 2018, or before the revised Framework is published (whichever is later).
Plan has been published, but not yet submitted	If the plan will be submitted for examination on or before 31 March 2018 or before the revised Framework is published (whichever is later), continue with the current plan preparation – otherwise, use the new standardised method.
Plan is at examination stage	Progress with the examination using the current approach.
Plan adopted in the last five years	Use the new standardised method when next reviewing or updating the plan.

54. Where plans are more than five years old, if new plans have not been submitted to the Secretary of State on or before 31 March 2018, or before the revised Framework is published (whichever is later), there will be no transitional arrangements. In other words the new standardised method applies immediately. Where local plans were adopted or approved more than five years ago, we expect the majority of local planning authorities in this position to start the process of reviewing the document immediately if they have not done so already. However, we do recognise the scale of the challenge in London or combined authority areas, so we may explore a slightly longer transition period for the Mayors before we expect them to adopt the new approach in their areas as they prepare their spatial development strategy.
55. If a local plan is currently at examination or will be submitted for examination on or before 31 March 2018 or before the revised Framework is published (whichever is later), it should continue to be examined and rely on evidence prepared using the current method. If a plan is withdrawn from examination or found unsound, the local planning authority should prepare a new plan based on the new standardised method.

<p>Question 6: do you agree with the proposed transitional arrangements for introducing the standard approach for calculating local housing need?</p>
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Statement of common ground

Introduction

56. Local planning authorities need to plan together to ensure that infrastructure and public services are planned to meet the needs of the wider area; to ensure that the combined impact on the environment is sustainable; to ensure that housing requirement that simply cannot be met in a particular area is met elsewhere; and where appropriate, to ensure that new settlements and garden villages are planned for properly.
57. However, this is not working effectively. 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, paragraphs 1.9 and A.13 of the housing White 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.
58. This section sets out our proposals for how local planning authorities should produce and maintain their statement of common ground. It also sets out expectations for when statements should be in place, and proposals for steps which may be taken by Government where effective co-operation is not taking place.

Background

59. The duty to co-operate, introduced through the Localism Act 2011, was designed to reflect the reality that strategic cross-boundary planning matters can only be effectively tackled when local planning authorities work together. The duty requires local planning authorities¹⁵ and certain public bodies¹⁶ to engage constructively, actively and on an ongoing basis to maximise the effectiveness of plan preparation in the context of strategic cross-boundary matters. Such matters include planning for housing need across a housing market area or developing integrated infrastructure. The duty to co-operate does not apply to Mayors with plan-making powers.
60. Compliance with the duty is tested at the examination of the development plan documents, where the Planning Inspector assesses whether the local planning authority has complied with its duty to co-operate with other local authorities during the preparation of the plan. If the plan does not meet the statutory requirements tested at examination, the Planning Inspector must recommend non adoption. This normally

¹⁵ Including county councils in England (where such councils are not local planning authorities)

¹⁶ Listed in Regulation 4 of the Town and Country Planning (Local Planning) (England) Regulations 2012

results in local planning authorities withdrawing their plan and returning to the early stages of plan-making.

61. There are a number of areas across England where local planning authorities are co-operating effectively to plan for the strategic needs of the wider area, including planning for the homes that are needed. In other areas, however, the current framework for co-operation is proving to be less effective.

62. We have identified three problems:

- the 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;
- 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, and plans typically have to be withdrawn leading to significant delays in plans being put in place. This can result in an area with no plan in place for longer, leaving it vulnerable to speculative development and failing to provide certainty to neighbouring authorities over the level of need that will be met by the authority; and
- 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.

Statement of common ground policy

63. To support more effective joint working where planning issues need to be addressed by more than one local planning authority, **we intend to set out in the National Planning Policy Framework that all local planning authorities should produce a statement of common ground.** The objectives of the policy are to:

- a) increase certainty and transparency, earlier on in the plan-making process, on where effective co-operation is and is not happening;
- b) encourage all local planning authorities, regardless of their stage in plan-making, to co-operate effectively and seek agreement on strategic cross-boundary issues, including planning for the wider area's housing need; and
- c) help local planning authorities demonstrate evidence of co-operation by setting clearer and more consistent expectations as to how co-operation in plan-making should be approached and documented.

64. To meet these objectives, we are proposing that every local planning authority produce a statement of common ground over the housing market area or other agreed geographical area where justified and appropriate. It is proposed that the statement will

set out the cross-boundary matters, including the housing need for the area, distribution and proposals for meeting any shortfalls. In setting out the strategic cross-boundary issues, the statement will record where agreement has, and has not been reached.

65. 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. Critically, we do not want this proposal to disrupt existing joint working arrangements where these are effective.
66. The statement should be both a road-map and a record for cross-boundary co-operation on strategic planning matters. When completed effectively, the statement will be an important, clear and concise record of how local authorities work together to resolve common strategic issues. Consequently, this should enable the examination to progress more quickly, serving as evidence as to how a local planning authority has met the duty to co-operate. It will also provide an opportunity for local planning authorities to set out where they have not been able to agree and what is needed to resolve this.

Determining the key issues and geographical area

67. The first step in developing the statement of common ground should be for local planning authorities to identify their key cross-boundary strategic planning issues, including housing and infrastructure matters. This will aid authorities in determining and justifying the geographical area over which to produce the statement of common ground.
68. The National Planning Policy Framework already makes clear that local planning authorities should work with their neighbouring authorities to produce a strategic housing market assessment where housing market areas cross administrative boundaries. Although the proposed approach to assessing local housing need shifts the focus away from housing market areas, in most instances such areas are the most appropriate geographies over which to produce a statement of common ground.
69. We also appreciate that housing market areas sometimes overlap. Furthermore we are conscious that there are areas where effective cross-boundary plan-making arrangements are already in place or are emerging. Therefore **we propose to set out in the National Planning Policy Framework that local planning authorities should use agreed housing market areas as the geographical area over which to develop statements of common ground, unless they are able to jointly determine and justify an alternative area over which to produce their statement of common ground, or unless they wish to produce more than one statement of common ground.**

Determining the primary authorities and signatories

70. The local planning authorities in the agreed geographical area will be the primary authorities responsible for developing and maintaining the document. However, it is unlikely that all authorities within the geographical area will share an interest in all strategic matters; and individual authorities may have interests which overlap with neighbouring statement of common ground areas.
71. We do not want to allow authorities to be able to delay unnecessarily the progress of a statement of common ground where they may only have an interest in one or two issues, rather than the whole document. **We therefore propose that local planning authorities should only be signatories to those strategic issues covered in the statement of common ground in which they have an interest and that authorities can be signatories to more than one statement where appropriate.**
72. **We will also make it clear that county councils and the Marine Management Organisation should be necessary signatories to those relevant strategic matters in statements of common ground which relate to their areas of planning responsibility** (which include, in the case of a county council, transport infrastructure, minerals and waste).
73. Statutory consultees will continue to play an essential part in the plan-making process through the duty to co-operate. We expect early and meaningful engagement between all parties which requires a proactive, ongoing and focussed approach to strategic planning and partnership working.
74. In areas where there is an elected mayor with strategic plan-making powers, such as London and Greater Manchester, we want to ensure that all local planning authorities in the area are effectively collaborating in plan-making, but that efforts are not duplicated. Spatial development strategies produced by Mayors consider a number of strategic issues including housing need, but Mayors are not subject to the duty to co-operate when producing their spatial development strategy. In order to ensure that the aims of the statement of common ground can be achieved in every area, **we wish to seek views on the most effective way of introducing the statement of common ground in areas with Mayors with strategic plan-making powers.**
75. Furthermore, **we would welcome views on the role of directly elected Mayors who do not have strategic plan-making powers in the production of statements of common ground.** We would also welcome views on the role of county councils in two-tier areas over and above their specific areas of planning responsibility.

Question 7:

a) do you agree with the proposed administrative arrangements for preparing the statement of common ground?

b) how do you consider a statement of common ground should be implemented in areas where there is a Mayor with strategic plan-making powers?

c) do you consider there to be a role for directly elected Mayors without strategic plan-making powers, in the production of a statement of common ground?

Production of the statement of common ground

76. **We propose 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.**

77. This will apply to all local planning authorities regardless of where they are in the plan-making cycle. Authorities who have recently adopted or submitted a plan will benefit from utilising recent, relevant evidence produced for their plan, in the process of determining the key issues and geographical area for their statement of common ground.

78. Table 2 below sets out our proposed expectations of what should be in place after six and twelve months. We do not intend these documents to be a burden on authorities and would expect the content listed below to be set out clearly and concisely. They will not be separately examined by the Planning Inspectorate, but will form part of the evidence for an individual Local Plan examination.

79. We want to ensure that the process is transparent for local authorities and their communities to understand. **We propose to set out that all statements of common ground should be published in a machine readable format on each of the primary local planning authorities' websites.**

Keeping the statement of common ground up-to-date

80. The statement of common ground should be regularly updated throughout the plan-making process to reflect emerging agreements between participating authorities, and to reflect individual planning authority's progress on plan-making. Statements will also need to be reviewed to ensure they remain relevant, both in terms of the issues being addressed but also in terms of participating authorities.

81. **We propose to set an expectation that as a minimum the statement should be reviewed, and if necessary updated, when primary authorities each reach certain key milestones in the plan-making process.** We propose that these milestones should be the key regulatory milestones in the consultation, publication, submission and adoption of a plan¹⁷.

Table 2: The contents of a statement of common ground

<p style="text-align: center;"><u>Six months after publication of the policy in a revised National Planning Policy Framework</u></p> <ul style="list-style-type: none">- 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 <p style="text-align: center;"><u>After twelve months, the statement of common ground should also include (in addition to the above):</u></p> <ul style="list-style-type: none">- 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

<p>Question 8: do you agree that the proposed content and timescales for publication of the statement of common ground are appropriate and will support more effective co-operation on strategic cross-boundary planning matters?</p>
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¹⁷ Including consultation at regulation 18; publication at regulation 19; submission at regulation 22; and adoption at regulation 26 of the Town and Country Planning (Local Planning) (England) Regulations 2012

Ensuring that effective co-operation is happening

82. 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. However, one of the key benefits of the statement of common ground is that it will increase certainty and transparency much earlier on in the plan-making process, to highlight where effective collaboration is or is not happening before a plan is submitted for examination.
83. Alongside the duty to co-operate, the Planning Inspector also assesses whether the plan is 'sound' at examination. These 'tests of soundness' are set out in national policy and state that plans should be submitted which are positively prepared, justified, effective and consistent with national policy. In order to encourage local planning authorities to plan for the wider housing need, including unmet need and ensure the statement of common ground is produced, **we are therefore proposing that the tests of soundness are amended to include that:**
- a) plans should be prepared based on a strategy informed by agreements over the wider area; and**
 - b) plans should be based on effective joint working on cross-boundary strategic priorities, which are evidenced in the statement of common ground**
84. We propose that the changes to the tests of soundness set out above, should take effect in line with our expectations for when statements of common ground should be in place. **We therefore propose to apply transitional arrangements so that the new tests of soundness are not applied until 12 months after the revision to the National Planning Policy Framework.**
85. However, the key benefit of the statement of common ground is that it will increase certainty and transparency much earlier on in the plan-making process, to highlight where effective collaboration is or is not happening before a plan is submitted for examination.
86. In instances where statements of common ground are not being produced or maintained, we propose in the first instance to engage with relevant authorities to understand the issues at hand. However, where it is necessary, we will consider the use of our range of intervention powers to take action; including, for example, directing local planning authorities to amend their plan-making timetables to align the production of plans in the wider area¹⁸. This will ensure that communities and neighbouring authorities are not disadvantaged by authorities who are not effectively co-operating.

¹⁸ Section 15(4) Planning and Compulsory Purchase Act 2004
<http://www.legislation.gov.uk/ukpga/2004/5/section/15>

Statements of common ground and strategic investment in infrastructure

87. The statement of common ground provides a vehicle to set out where strategic cross-boundary infrastructure is required to unlock more land for housing. Where there are strategic cross-boundary infrastructures matters, local planning authorities will be expected to set out how they intend to resolve them and show that they have agreement with the relevant bodies. It is proposed therefore that the statement of common ground, once in place, should be submitted as supplementary evidence of effective co-operation between authorities when applying for strategic infrastructure investment.

Question 9

a) do you agree with the proposal to amend the tests of soundness to include that:

i) plans should be prepared based on a strategy informed by agreements over the wider area; and

ii) plans should be based on effective joint working on cross-boundary strategic priorities, which are evidenced in the statement of common ground?

b) do you agree to the proposed transitional arrangements for amending the tests of soundness to ensure effective co-operation?

Planning for a mix of housing needs

88. 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 assessment¹⁹. However, given our proposed new approach for assessing local housing need, we will need to update existing planning guidance on how to plan for different types of homes and will publish this alongside a revised National Planning Policy Framework. For example, where prices for a particular type of housing are rising at faster rates than others this might imply a shortage of supply of that type of housing.
89. We would also like to make it easier for local planning authorities to identify the need for other types and tenures in their area. These include, but are not limited to:
- 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.
90. We are proposing 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, we expect plan makers 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.
91. We will update our planning guidance but do not envisage that it should cover every conceivable group as the evidence gathering stage could be very time consuming and disproportionate to the overall objective. The Government will engage with a range of stakeholders in updating existing planning guidance, but **we would welcome suggestions on how to streamline the process for identifying the housing need for individual groups and what evidence could be used to help them do so.**

¹⁹ Paragraph 159 of the National Planning Policy Framework, DCLG, March 2012

Planning for older people

92. Section 8 of the Neighbourhood Planning Act 2017 requires the Secretary of State to provide guidance for local planning authorities as to how they should address the housing needs that result from old age or disability. Helping local planning authorities provide a simple yet robust evidence base for such groups will form part of the guidance, and will allow them to maintain the benefits of a more streamlined approach to calculating the overall housing need.
93. When developing new planning guidance for older people, it is important that we have a shared understanding of who is included in this group. The definition of older people in Annex 2 of the National Planning Policy Framework reflects a range of people at different ages with different needs from retirement age to the very frail elderly. We are also aware of different types of housing that accommodate such a group – ranging from general market and affordable housing to specialised, purpose-built market and rental accommodation and care homes. Given the importance of planning for the need for older people as our population ages, we are reviewing whether we need to amend the definition of older people for planning purposes. **We consider that the current definition is still fit-for-purpose but would welcome views.**

Question 10:

- a) do you have suggestions on how to streamline the process for identifying the housing need for individual groups and what evidence could be used to help plan to meet the needs of particular groups?
- b) do you agree that the current definition of older people within the National Planning Policy Framework is still fit-for-purpose?

Neighbourhood planning

94. Neighbourhood planning was introduced under the Localism Act 2011 to provide a powerful set of tools for local people to guide the future development, regeneration and conservation of their area. To date over 400 neighbourhood plans are in force. Many, but not all, include plans for addressing local housing need. Through Section 1 of the Neighbourhood Planning Act 2017, we have ensured that neighbourhood plans at an earlier stage of development can be taken into account when determining planning applications. Local communities will continue to be able to choose what issues they wish to use the power of neighbourhood planning to address in their local area. When planning for their future housing need, communities should have certainty on what level of housing they should look to plan for at the outset to allow them to progress with confidence with their neighbourhood plan.
95. Neighbourhood planning groups wishing to plan for the housing needs for their area face a number of problems:
- where there is an up-to-date local plan, some neighbourhood planning groups may not have been provided with a housing figure in the local plan as a starting point for developing their neighbourhood plan;
 - where there is no up-to-date local plan, neighbourhood planning groups may need to employ external consultants to estimate housing need for designated neighbourhood plan areas. This can be costly for voluntary neighbourhood forums, and can discourage some communities from neighbourhood planning; and
 - the housing need figure for the neighbourhood planning area can change during their plan's preparation, for example as the local planning authority prepares and adopts its own plan. This is out of the control of neighbourhood planning groups, and frustrates local communities.
96. The housing White Paper proposed to amend national policy so that local planning authorities are expected to provide neighbourhood planning groups with a housing need figure, where this is needed to allow progress to be made with neighbourhood planning. **We propose to make clear in planning guidance that authorities may do this by making a reasoned judgement based on the settlement strategy and housing allocations in their plan, so long as the local plan provides a sufficiently up-to-date basis to do so** (including situations where an emerging local plan is close to adoption). Where this happens, we would not expect the resulting housing figure to have to be tested during the neighbourhood plan's production, as it will be derived from the strategy in the local plan and must be in general conformity with its strategic priorities.

97. To make this process easier in future, **we would welcome views on whether national policy should expect local planning authorities²⁰ to set out, within their plans, a housing figure for designated neighbourhood planning areas and parished areas within their local area.**
98. We recognise that if a local planning authority provides a figure based on an out-of-date local plan that any such figure risks being tested at the neighbourhood plan examination and so replicating the current debates on housing figures that can occur at local plan inquiries
99. Therefore, where the local plan is out-of-date and cannot be relied on as a basis for allocating housing figures, **we 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 area²¹.** 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.
100. This approach would provide the starting point for neighbourhood planning groups in determining their response to meeting their housing need. It would still allow neighbourhood planning bodies to determine whether or not there are any constraints which prevent them from meeting this need. For neighbourhood plans this approach does not seek to address unmet demand from elsewhere or take account of any land or other constraints, including with the relevant local planning authority area. This is because of the limited geographical area that is covered by individual neighbourhood plans and any such decision is more appropriate to co-ordinate and determine at a strategic level.

Question 11:

a) should a local plan set out the housing need for designated neighbourhood planning areas and parished areas within the area?

b) do you agree with the proposal for a formula-based approach to apportion housing need to neighbourhood plan bodies in circumstances where the local plan cannot be relied on as a basis for calculating housing need?

²⁰ And, where relevant, Mayors of combined authorities (and the Mayor of London) who have plan-making powers

²¹ The housing need for the local authority area would be that produced using all stages of the method set out in previous sections of this consultation.

Proposed approach to viability assessment

Introduction

101. Section 106 of the Town and Country Planning Act 1990 (“section 106”) enables a local planning authority to seek agreement from applicants to enter into planning obligations to mitigate the impact of otherwise unacceptable development, to make it acceptable in planning terms. Planning obligations can relate to a wide range of infrastructure such as highways, public transport, education, community and cultural facilities, green infrastructure, environmental mitigation and affordable housing.
102. The Community Infrastructure Levy (CIL) came into force in April 2010 and allows local planning authorities in England and Wales to raise funds from owners or developers of land undertaking new building projects in their area, to help fund infrastructure to address the cumulative impact of development.
103. This consultation takes forward the commitment in the housing White Paper to consider changes to section 106 practice in the short term to address issues in the operation of agreements. This included a commitment to consult on standardised open book section 106 agreements, to reduce disputes and delays, and how data on planning obligations could be monitored and reported on to increase transparency.
104. The Government continues to consider wider options for reform, in the light of the independent review of CIL²² and its relationship with section 106 published alongside the housing White Paper. We are also aware of some technical issues with the implementation of CIL. The Government is keen to ensure that CIL legislation operates as intended and will consider how to ensure certainty for developers and local authorities, including clarifications through legislation if necessary.

Background

105. Stakeholders have told us that the use of viability assessments in planning permission negotiations has expanded to a degree that it causes complexity and uncertainty and results in fewer contributions for infrastructure and affordable housing than required by local policies.
106. Viability assessments can be complex. In simple terms a site is viable if the value generated by its development is more than the cost of developing it. However, the range and complexity of variables in assessing this are such that the process is seen as being susceptible to gaming; and is often viewed with suspicion by authorities, communities and other observers. In particular, estimating future values and costs can

²² https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/589637/CIL_REPORT_2016.pdf

be manipulated to reflect a range of outcomes. Furthermore, appraisals are often not published on the grounds of commercial confidentiality. This means that the process is neither easily understood nor transparent.

107. The Communities and Local Government Committee report into Capacity In The Home Building Industry²³, published in April this year, identifies that: “One reason that the negotiations over a site’s viability can take a long time is the lack of transparency: a local authority has no way of assessing whether a developer’s claim that a site has become unviable is true, or a negotiating tactic”. Their recommendations include developers sharing viability assumptions and assessments with local authorities to ensure that the provision of infrastructure, affordable housing and build density is not compromised.
108. Against this background, this consultation proposes changes to improve certainty and transparency in the assessment of viability for plan-making and decision-taking, through amendments to policy and guidance.

Proposed approach to viability in plan-making

109. National planning policy is clear that local planning authorities should plan for the homes and jobs needed in the area, and the provision of infrastructure and facilities. It also expects that they should address the need for all types of housing, including affordable homes, and that the plan should be deliverable (taking into account the cumulative impact of local standards and needs). To ensure there is a robust basis for assessing viability at the plan-making stage – and to lessen the need for this to be revisited when planning applications come forward – we propose to amend national planning policy to set out additional expectations for plans.
110. **We propose that local planning authorities²⁴ 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.** This would make clear how the key strategic priorities that need to be planned for are to be delivered.

Question 12: do you agree that local plans should identify the infrastructure and affordable housing needed, how these will be funded and the contributions developers will be expected to make?

²³ <https://www.parliament.uk/business/committees/committees-a-z/commons-select/communities-and-local-government-committee/inquiries/parliament-2015/capacity-in-the-homebuilding-industry-16-17/>

²⁴ And, where relevant, Mayors of combined authorities (and the Mayor of London) who have plan-making powers

111. While the deliverability of these plans needs to be tested, we want to ensure that this is done in a way which is both proportionate and effective. **We are interested in 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.**

Question 13: in reviewing guidance on testing plans and policies for viability, what amendments could be made to improve current practice?

Proposed Approach to Viability in Decision Taking

112. Planning decisions must be taken in accordance with the development plan unless material considerations indicate otherwise. Development plan policies should already be tested for viability, and therefore developers and landowners should ensure that they are considering the cost of any policy requirements when proposing schemes. However, in practice an increase in planning obligations being contested on viability grounds is affecting the ability of authorities to ensure that policy requirements, such as the delivery of affordable housing, are being met in full.

113. **We propose 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. It would remain for the decision maker to decide what weight is to be given to the material considerations in each case, including the impact on a scheme's viability.

Question 14: do you agree 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?

114. Housing associations and infrastructure providers can helpfully assist in the assessment of costs and values. Housing associations in particular can assist with valuations in terms of how much they would be able to pay for different types of affordable housing on the site. Engaging these relevant parties early on in the plan-making and decision-taking stages can result in more robust policies and assessments and avoid the need for renegotiation of planning obligations. **We propose to update guidance to encourage engagement with housing associations and infrastructure providers so that they can better inform the plan-making and viability assessment process.**

Question 15: how can Government ensure that infrastructure providers, including housing associations, are engaged throughout the process, including in circumstances where a viability assessment may be required?

Improving transparency

115. In cases where viability assessment is still needed in the course of determining planning applications, the process must become more open, transparent and easily understood. Full and open publication of all viability assessments would greatly increase transparency. However, viability assessment is complex and technical. It is important the communities and decision makers can understand the assumptions and findings of viability assessments. **We propose to update planning guidance to help make viability assessments simpler, quicker and more transparent.** We are interested in views on the most helpful approach. For example, guidance could range from setting out clearly defined terms to be used, a preferred approach to calculating costs and values (including land values), the format and accessibility of viability assessment reports, through to detailed process and methodology.

Question 16: what factors should we take into account in updating guidance to encourage viability assessments to be simpler, quicker and more transparent, for example through a standardised report or summary format?

116. We also think there is scope to improve how information contained in section 106 agreements is communicated through more consistent reporting on planning obligations. Local planning authorities are required to publish section 106 agreements, together with details of any modification or discharge of the planning obligation on their planning register. The agreement sets out how local authorities are required to use the funding they receive.
117. Whilst there is a requirement to record each section 106 agreement on the planning register, there is no legal requirement for local planning authorities to publish summary data from those agreements, or to monitor and report on whether these benefits have been received and spent. Nonetheless, we have seen some good practice from across England where local planning authorities are publishing information on section 106 (and CIL) so that their communities can understand what benefits have been secured from development and when and how planning obligations have been spent.
118. **We propose to amend national planning policy so that local planning authorities (and elected Mayors) should set out in their plans how they will monitor, report on and publicise funding secured through section 106 agreements, and how it is spent, following an open data approach.** This would include for in-kind provision of land, affordable housing and infrastructure, and should be made available in machine-readable formats. We are interested in views on what factors we should take into account when considering guidance on a standard approach to monitoring and reporting planning obligations.

119. We are also interested in understanding how local planning authorities and applicants can work together to better publicise infrastructure and affordable housing secured through new development once development has commenced (for example, on-site signage and publicity on the local authority website); and at which stage of the application this information would be publicised.

Question 17:

- a) do you agree that local planning authorities should set out in plans how they will monitor and report on planning agreements to help ensure that communities can easily understand what infrastructure and affordable housing has been secured and delivered through developer contributions?
- b) what factors should we take into account in preparing guidance on a standard approach to monitoring and reporting planning obligations?
- c) how can local planning authorities and applicants work together to better publicise infrastructure and affordable housing secured through new development once development has commenced, or at other stages of the process?

Planning fees

Introduction

120. We know it is vital to have well-resourced, effective and efficient local authority planning departments. At their best they are the engine room for providing new homes and economic growth in their local area. They work with communities to set the spatial framework and support the delivery of the local vision. A lack of capacity and capability in planning departments can act as a constraint and restrict developers' ability to get on site and build.
121. 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.

Background

122. 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. We welcome that all local planning authorities chose to make the commitment and on this basis we will bring forward regulations at the earliest opportunity which, subject to Parliamentary scrutiny, enable local authorities to increase fees.
123. Our approach to planning fees recognises that users and potential beneficiaries of the planning system should contribute to the costs incurred by local planning authorities in delivering the service. Fees help to secure the financial sustainability of planning departments, ensuring that the planning system has the right level of skills and capacity to assess and make the important decisions affecting the locality, supporting appropriate local growth and the new homes we are committed to see delivered.
124. We know that many local planning authorities have to invest additional financial resource into their planning services to supplement fee income to meet the challenge of delivering new homes. We want to support these authorities, particularly those that need additional specialist skills for, or are incurring additional costs in, undertaking their planning functions to support the delivery of well-designed and attractive new homes for their local area.

125. 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. **We are interested in obtaining views on the most appropriate criteria to enable this fee increase to be applied.**

126. In considering how any further fee increase could be applied we are interested in options that can support housing delivery while recognising that such increases should not impact unfairly on applications for other types of development.

Question 18:

a) do you agree that a further 20 per cent fee increase should be applied to those local planning authorities who are delivering the homes their communities need? What should be the criteria to measure this?

b) do you think there are more appropriate circumstances when a local planning authority should be able to charge the further 20 per cent? If so, do you have views on how these circumstances could work in practice?

c) should any additional fee increase be applied nationally once all local planning authorities meet the required criteria, or only to individual authorities who meet them?

d) are there any other issues we should consider in developing a framework for this additional fee increase?

Other issues

Build out

127. The Government wants to see homes built faster and expects house builders to deliver more homes, more quickly and to a high quality standard. We recognise that after planning permission for new homes is granted, a variety of factors can prevent development from starting and slow down delivery. Rather than focussing on a single issue, the housing White Paper acknowledged that all parties in the development process need to play their part in speeding up the delivery of much-needed new homes. That is why the housing White Paper set out a wide-ranging approach, which involves:

- boosting local authority capacity and capability to deliver;
- ensuring infrastructure is provided at the right time in the right places, including the £2.3 billion Housing Infrastructure Fund;
- securing timely connection to utilities;
- tackling delays caused by inappropriate use of pre-commencement conditions;
- diversifying the housebuilding market – supporting new entrants and encouraging modern methods of construction;
- addressing skills shortages by growing the construction workforce;
- holding local planning authorities to account through a new Housing Delivery Test; and
- giving local authorities new and improved tools to hold developers to account for delivery of new homes, backed up by more transparent data about build out.

128. We have already taken some steps, for example, through launching the Housing Infrastructure Fund in July 2017. Insofar as we consulted on important elements of the package outlined above, we are considering the responses to that consultation. However, in the context of the continuing and substantial gap between the number of homes granted planning permission and the number of homes being built, we are keen to examine if there are other options for increasing build out rates.

Question 19: having regard to the measures we have already identified in the housing White Paper, are there any other actions that could increase build out rates?

Prematurity

129. The housing White Paper set out a number of proposals to support plan production, including the standard method for assessing housing need detailed in this consultation. As a further way of encouraging local authorities to get plans in place, we intend to set out the circumstances when a planning application may be refused on the grounds of prematurity in the National Planning Policy Framework, rather than in guidance (where they are currently). The prematurity guidance is designed to prevent emerging plans, where they are at an advanced stage of production, from being undermined by proposals that are allowed before the plan can be finalised. This would help provide stability and certainty in situations where confidence in the plan-making process might otherwise be weakened.

Opportunity to review other housing White Paper responses

130. We recognise that a number of proposals set out in this consultation paper are closely related to, or impact upon, measures proposed in the housing White Paper. These include proposals on 5 year housing land supply (Questions 3b and 16 of the housing White Paper) and on the Housing Delivery Test (Questions 17b, 28, 29 and 30).

131. Therefore we would like to give those who have already commented on the housing White Paper a further opportunity to supplement their responses to these questions and let us know whether there are any other areas where they would like to add to, or amend responses to the housing White Paper consultation. In doing so we would be grateful if respondents identify those questions to which the additional comments relate.

132. For the avoidance of doubt, please note that the consultation period for the housing White Paper is now closed and any late responses that relate to questions that are not affected by this consultation will not be considered.

About this consultation

This consultation document and consultation process have been planned to adhere to the Consultation Principles issued by the Cabinet Office.

Representative groups are asked to give a summary of the people and organisations they represent, and where relevant who else they have consulted in reaching their conclusions when they respond.

Information provided in response to this consultation, including personal information, may be published or disclosed in accordance with the access to information regimes (these are primarily the Freedom of Information Act 2000 (FOIA), the Data Protection Act 1998 (DPA) and the Environmental Information Regulations 2004).

If you want the information that you provide to be treated as confidential, please be aware that, under the FOIA, there is a statutory Code of Practice with which public authorities must comply and which deals, amongst other things, with obligations of confidence. In view of this it would be helpful if you could explain to us why you regard the information you have provided as confidential. If we receive a request for disclosure of the information we will take full account of your explanation, but we cannot give an assurance that confidentiality can be maintained in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded as binding on the Department.

The Department for Communities and Local Government will process your personal data in accordance with DPA and in the majority of circumstances this will mean that your personal data will not be disclosed to third parties.

Individual responses will not be acknowledged unless specifically requested.

Your opinions are valuable to us. Thank you for taking the time to read this document and respond.

Are you satisfied that this consultation has followed the Consultation Principles? If not or you have any other observations about how we can improve the process please contact us via the [complaints procedure](#).

Consultation response proforma

If you are responding by email or in writing, please reply using this questionnaire pro-forma, which should be read alongside the consultation document. You are able to expand the comments box should you need more space

Your Details (Required fields are indicated with an asterix(*))

Family Name (Surname)*	
First Name*	
Title	
Address	
City/Town*	
Postal Code*	
Telephone Number	
Email Address*	

Are the views expressed on this consultation your own personal views or an official response from an organisation you represent?* (please tick as appropriate)

- Personal View
- Organisational Response

Name of Organisation (if applicable)

--

If you are responding on behalf of an organisation, please tick the box which best describes your organisation

- Local Authority (including National Parks, Broads Authority, the Greater London Authority and London Boroughs)
- Neighbourhood Planning Body/Parish or Town Council
- Private Sector organisation (including housebuilders, housing associations, businesses, consultants)
- Trade Association / Interest Group/Voluntary or Charitable organisation

Other (Please specify)

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Proposed approach to calculating the local housing need

Question 1 (a)

do you agree with the proposed standard approach to assessing local housing need? If not, what alternative approach or other factors should be considered?

- Yes
- No
- Not sure / don't know

Please enter your comments here

Question 1(b)

how can information on local housing need be made more transparent?

Please enter your comments here

Question 2

do you agree with the proposal that an assessment of local housing need should be able to be relied upon for a period of two years from the date a plan is submitted?

Yes

No

Not sure / don't know

Please enter your comments here

Question 3

do you agree that we should amend national planning policy so that a sound plan should identify local housing needs using a clear and justified method?

Yes

No

Not sure / don't know

Please enter your comments here

Question 4

do you agree with our approach in circumstances when plan makers deviate from the proposed method, including the level of scrutiny we expect from the Planning Inspectors?

- Yes
- No
- Not sure / don't know

Please enter your comments here

Question 5(a)

do you agree that the Secretary of State should have discretion to defer the period for using the baseline for some local planning authorities? If so, how best could this be achieved, what minimum requirements should be in place before the Secretary of State may exercise this discretion, and for how long should such deferral be permitted?

- Yes
- No
- Not sure / don't know

Please enter your comments here

Question 5(b)

do you consider that authorities that have an adopted joint local plan, or which are covered by an adopted spatial development strategy, should be able to assess their five year land supply and/or be measured for the purposes of the Housing Delivery Test, across the area as a whole?

- Yes
- No
- Not sure / don't know

Please enter your comments here

Question 5 (c)

do you consider that authorities that are not able to use the new method for calculating local housing need should be able to use an existing or an emerging local plan figure for housing need for the purposes of calculating five year land supply and to be measured for the purposes of the Housing Delivery Test?

- Yes
- No
- Not sure / don't know

Please enter your comments here

Question 6

do you agree with the proposed transitional arrangements for introducing the standard approach for calculating local housing need?

- Yes
- No
- Not sure / don't know

Please enter your comments here

Statement of Common Ground

Question 7(a)

do you agree with the proposed administrative arrangements for preparing the statement of common ground?

- Yes
- No
- Not sure / don't know

Please enter your comments here

Question 7(b)

how do you consider a statement of common ground should be implemented in areas where there is a Mayor with strategic plan-making powers?

Please enter your comments here

Question 7(c)

do you consider there to be a role for directly elected Mayors without strategic plan-making powers, in the production of a statement of common ground?

- Yes
- No
- Not sure / don't know

Please enter your comments here

Question 8

do you agree that the proposed content and timescales for publication of the statement of common ground are appropriate and will support more effective co-operation on strategic cross-boundary planning matters?

- Yes
- No
- Not sure / don't know

Please enter your comments here

Question 9(a)

do you agree with the proposal to amend the tests of soundness to include that:

i) plans should be prepared based on a strategy informed by agreements over the wider area; and

ii) plans should be based on effective joint working on cross-boundary strategic priorities, which are evidenced in the statement of common ground?

- Yes
- No
- Not sure / don't know

Please enter your comments here

Question 9(b)

do you agree to the proposed transitional arrangements for amending the tests of soundness to ensure effective co-operation?

- Yes
- No
- Not sure / don't know

Please enter your comments here

Planning for a mix of housing needs

Question 10(a)

do you have any suggestions on how to streamline the process for identifying the housing need for individual groups and what evidence could be used to help plan to meet the needs of particular groups?

Please enter your comments here

Question 10(b)

do you agree that the current definition of older people within the National Planning Policy Framework is still fit-for-purpose?

- Yes
- No
- Not sure / don't know

Please enter your comments here

Neighbourhood Planning

Question 11(a)

should a local plan set out the housing need for designated neighbourhood planning areas and parished areas within the area?

- Yes
- No
- Not sure / don't know

Please enter your comments here

Question 11(b)

do you agree with the proposal for a formula-based approach to apportion housing need to neighbourhood plan bodies in circumstances where the local plan cannot be relied on as a basis for calculating housing need?

- Yes
- No
- Not sure / don't know

Please enter your comments here

Proposed approach to Viability Assessment

Question 12

do you agree that local plans should identify the infrastructure and affordable housing needed, how these will be funded and the contributions developers will be expected to make?

- Yes
- No
- Not sure / don't know

Please enter your comments here

Question 13

in reviewing guidance on testing plans and policies for viability, what amendments could be made to improve current practice?

Please enter your comments here

Question 14

do you agree 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?

Yes

No

Not sure / don't know

Please enter your comments here

Question 15

how can Government ensure that infrastructure providers, including housing associations, are engaged throughout the process, including in circumstances where a viability assessment may be required?

Please enter your comments here

Question 16

what factors should we take into account in updating guidance to encourage viability assessments to be simpler, quicker and more transparent, for example through a standardised report or summary format?

Please enter your comments here

Question 17(a)

do you agree that local planning authorities should set out in plans how they will monitor and report on planning agreements to help ensure that communities can easily understand what infrastructure and affordable housing has been secured and delivered through developer contributions?

- Yes
- No
- Not sure / don't know

Please enter your comments here

Question 17(b)

what factors should we take into account in preparing guidance on a standard approach to monitoring and reporting planning obligations?

Please enter your comments here

Question 17(c)

how can local planning authorities and applicants work together to better publicise infrastructure and affordable housing secured through new development once development has commenced, or at other stages of the process?

Please enter your comments here

Planning fees

Question 18(a)

do you agree that a further 20 per cent fee increase should be applied to those local planning authorities who are delivering the homes their communities need? What should be the criteria to measure this?

- Yes
- No
- Not sure / don't know

Please enter your comments here

Question 18(b)

do you think there are more appropriate circumstances when a local planning authority should be able to charge the further 20 per cent? If so, do you have views on how these circumstances could work in practice?

- Yes
- No
- Not sure / don't know

Please enter your comments here

Question 18(c)

should any additional fee increase be applied nationally once all local planning authorities meet the required criteria, or only to individual authorities who meet them?

- Apply nationally
- Apply to Individual authorities only
- Not sure / don't know

Please enter your comments here

Question 18(d)

are there any other issues we should consider in developing a framework for this additional fee increase?

Please enter your comments here

Other issues

Question 19

having regard to the measures we have already identified in the housing White Paper, are there any other actions that could increase build out rates?

Yes

No

Not sure / don't know

Please enter your comments here

Your opinion is valuable to us. Thank you for taking the time to read the consultation and respond.