

INSIGHT
APRIL 2017

Planned and deliver

Local Plan-making under the NPPF:
A five-year progress report



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Executive summary

Our fifth annual review of local plan production reveals that, after half a decade with the National Planning Policy Framework (NPPF), England still has patchy plan coverage. Fewer than four in 10 local planning authorities have seen a ‘strategic-level’ local plan through examination to adoption, whilst 43% are yet even to publish a draft local plan ready for submission to Government.

The biggest gaps in coverage are increasingly concentrated in the areas with the most difficult planning issues – areas surrounding our fast growing towns and cities, often covered in Green Belt or subject to national designations that can restrict development.

For many authorities who have successfully put in place a plan, it has not been plain sailing. Almost half of plans had to alter their housing requirement in order to be found sound, whilst a third have had to commit to an early plan review. These symptoms reveal a system struggling to create effective plans, with this reflected in the 16.8 months average time it takes to examine and scrutinise a local plan (up from 9.7 months pre-NPPF).

Our analysis on ‘early reviews’ shows that all 31 have been required to address, at least in part, issues of housing need and supply. The majority (71%) include time limits for the early review in some way, but of the eight plans where that time limit has passed, not one has been completed as envisaged. We conclude that there must be more effective ways of achieving these outcomes: greater flexibility built into plans, the use of reserve site mechanisms, and earlier engagement/agreement on cross-boundary housing needs.

Against this backdrop, the Housing White Paper proposes the Government’s biggest shift in housing and planning policy since the NPPF. With the streamlining and pace of local plan production firmly in the Government’s sights, we have identified 23 proposed tools in the White Paper that will have implications for plan making and delivering planned levels of housing. In particular, we explore the proposed ‘housing delivery test’ and identify 222 local authority areas that may face the consequences of needing an action plan or application of a 20% buffer on their five year land supply as of November 2017 if recent rates of delivery do not improve.

The Government has reiterated its commitment to a plan-led system. We anticipate the forthcoming changes to planning policy and guidance will have (indeed, already has had) a hiatus effect on plan-making. However, the range of sticks and carrots will hopefully prompt those areas “ducking difficult decisions” (as the Housing White Paper put it) to move forward in confronting the most challenging planning problems and keeping their plans up-to-date.

Key figures

161

local plans examined or submitted for examination since the introduction of the NPPF

105

local plans found sound with 36% of LPAs boasting an up-to-date local plan against the NPPF

30%

of sound plans subject to an 'early review', all related at least in part to housing matters

71%

of early reviews subject to a deadline or time limit, with 8 local plan areas already missing that timescale

23

tools and tests we've identified within the Housing White Paper that could help improve plan-making

56%

of LPAs likely to fall foul of the new housing delivery test in November 2017 and face a 20% buffer

3.6%

aggregate undersupply of housing necessary to meet the household projections of housing requirements in all adopted Plans

01 **Introduction**

The Housing White Paper signalled the biggest shift in the Government’s housing and planning policy since the introduction of the NPPF in March 2012.

With five years of the NPPF under its belt, the Government’s quest for a fast and efficient plan-led system, which delivers the housing the country needs, remains work in progress. The patchy coverage of up-to-date local plans is one of the three “major problems” which the Housing White Paper identifies as being a hurdle to building more homes. In response to the recommendation of the Local Plans Expert Group (LPEG), the Government is targeting plan-making as it seeks to fix “our broken housing market”.

The Housing White Paper was timely; as it stands, just over one third of Local Planning Authorities (LPAs) in England outside of London boast an up-to-date plan. Over 40% have yet to publish one.

This report is the fifth in an annual series of Insights produced by Lichfields looking at the progress and effectiveness of local plan preparation. In addition to focussing on what the Housing White Paper might mean for those engaged in plan preparation, this year’s report also looks at how local plan ‘early review’ mechanisms are being used to address uncertainties and shortcomings.



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Contents		
01	Introduction	1
02	Local plan progress	2
03	Early plan reviews	7
04	Housing White Paper	12
05	Conclusions	18

O2

Local plan progress

61%

of LPAs without a plan found sound against the NPPF

Summary of coverage

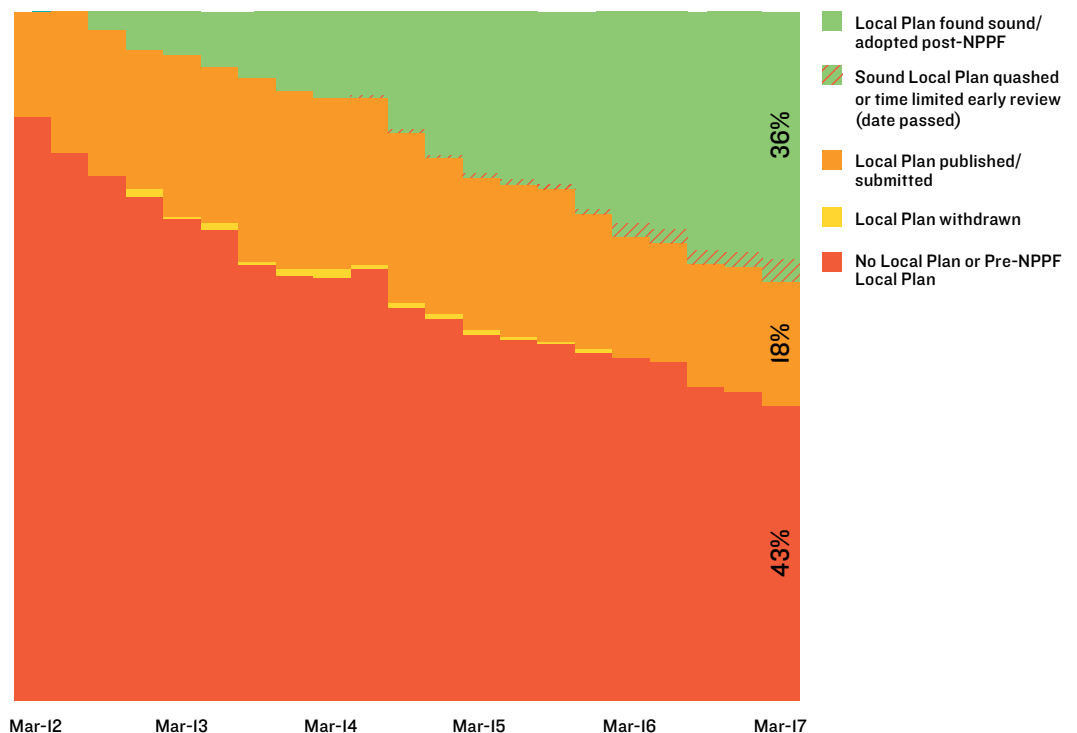
Five years on from the NPPF's introduction of a "less complex" planning system, over 60% of LPAs are still without a Local Plan tested and found sound against national policy, with the majority of those still to get to the starting blocks of a local plan examination. Despite some frenetic plan making activity over the past 12 months, Figure 1 shows that getting these plans to formal submission remains over the horizon for many areas. Moreover, of those who have secured a sound local plan, an increasing number are seeing deadlines for early plan reviews pass without those reviews being complete.

A slowly emerging spatial pattern, illustrated in Figure 2, highlights how plan-making is lagging in some particular areas including authorities surrounding Manchester, Birmingham and London where difficult choices about Green Belt appears to be halting progress.

Each of these, along with a further cluster - Urban South Hampshire (Southampton to Portsmouth) - are having to grapple with how unmet housing needs are addressed.

Whilst Government has retained its, as yet, unused threat of intervention from early 2017 for those who fail to produce a plan, the Housing White Paper makes no direct reference to it. In the context of net housing completions having risen to 189,650 in 2015/16 - close to the Government's 200,000 a year target for this parliament and with the flow of permissions increasing (despite a failing plan-led system in many areas) - the Government appears to be focusing more on setting a stronger platform for boosting supply further. With the prospect of forthcoming changes to planning policy and guidance, Government appears more likely to give LPAs the time to adjust to a new reality, and thus a hiatus in plan submission appears likely for the next 9-12 months.

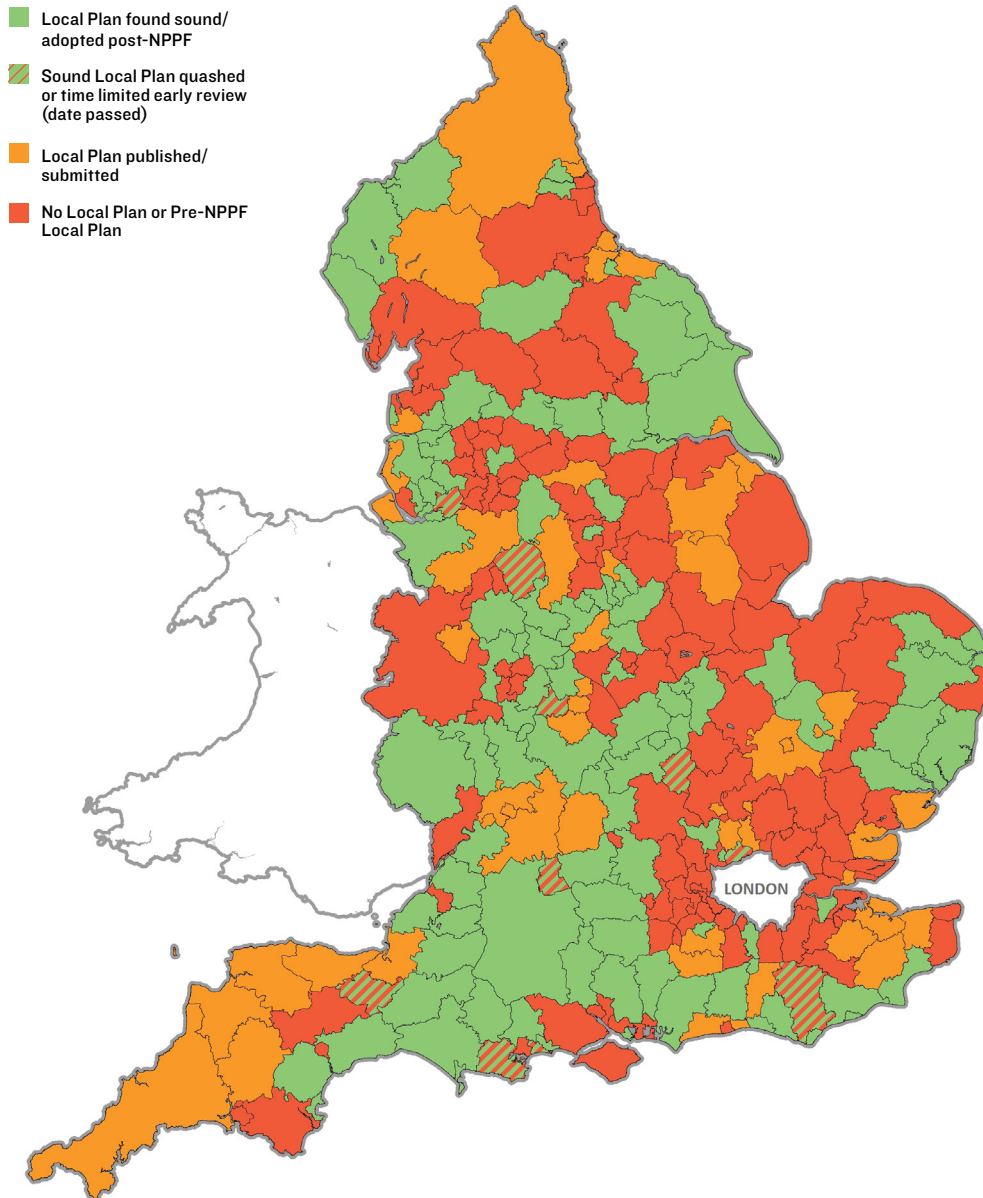
Figure 1: Local plan progress by Local Planning Authority (England excluding London) over five years of the NPPF (March 2013 to March 2017)¹



Source: CLG/Lichfields

¹ The review takes into account all 'strategic issue' Plans (outside London) that have been examined or submitted for examination since 27 March 2012 up to March 2016. It is based on data collected by the Planning Inspectorate complemented by analysis by NLP. It excludes single issue or focussed reviews which did not deal with housing policies and excludes LPAs in London, where the London Plan provides the strategic policies.

Figure 2: Local plan status post-NPPF by LPA (District) as at March 2017²



Source: CLG/Lichfields

² Status is by reference to housing requirements contained within Plans and their examination against the policies of the NPPF through a 'strategic issue' plan. Analysis is based upon a high level review that has not looked in detail at the individual circumstances of every LPA and constituent plan policies. This approach is utilised as the setting of the housing requirement as it is often the most difficult issue plan making has to address. Reference to the status of any local plan in this map does not represent advice on the weight that should be afforded to any specific policy in the Local Plan in decision-taking on planning applications, as circumstances will be different in every location.

16.8

average number of months for a local plan to be found sound from date of submission

Tracking plan progress

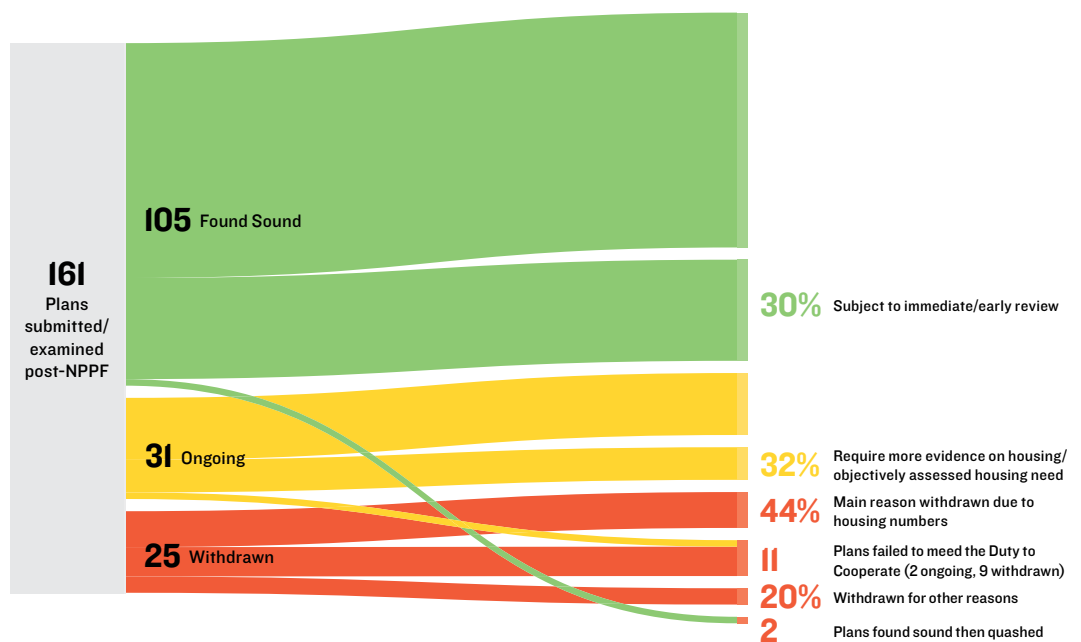
Since the introduction of the NPPF a total of 161 plans, covering 181 Local Planning Authority areas, have been examined or submitted for examination outside of London (Figure 3). Of these, two thirds have been found sound, albeit with three in every 10 plans requiring an immediate or early review to pass muster. A handful of sound plans have seen their housing policies quashed in the courts, sending them back to the drawing board.

25 plans have been withdrawn, with the inadequate provision of housing the main reason cited. Nine of those failed to meet the duty-to-cooperate and look set to be joined by two ongoing plans in limbo, Castle Point and St Albans, where their Inspectors have concluded the plans fail to the duty-to-cooperate. In both cases the Councils are seeking to resolve their position, with St Albans challenging the finding through the courts and Castle Point withdrawing their plan at the end of March.

The remainder are currently at examination, with almost a third of these currently stalled whilst more evidence on housing needs and housing requirements is brought forward and tested.

Perhaps most notably, timescales for examining local plans have increased significantly. Before the introduction of the NPPF the average time from submission to a plan being found sound was 9.7 months. However, since the introduction of the NPPF, this has increased to an average of 16.8 months, with some taking upwards of three years to pass through the examination process. Obviously, prior to the NPPF, many of the strategic issues – including housing targets – were addressed through Regional Strategies, which had their own timescales.

Figure 3: Tracking local plan progress post-NPPF



Source: CLG/Lichfields

Increasing planned supply

One explanation for the time it takes to get plans through the examination process is that, following scrutiny, there is often a necessary 'patching-up' of evidence which results in different housing requirement figures from that originally proposed. Almost half of plans have had to change their housing targets through the examination process, with the vast majority of those required to increase planned housing numbers, albeit a few plans more recently have seen reductions (Figure 4).

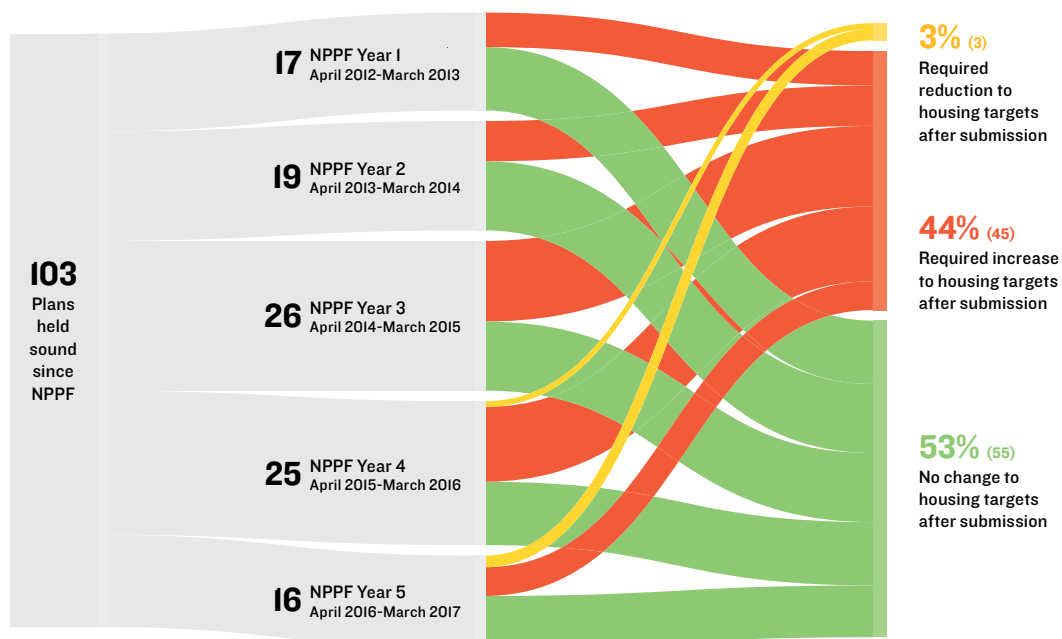
The Housing White Paper surmises that at least some of this is attributable to Councils ducking "potentially difficult decisions, because they are free to come up with their own methodology for calculating objectively assessed need." To that end, and picking up on the recommendation of LPEG, Government is proposing to consult on a standardised methodology for calculating Objectively Assessed Need (OAN) in an effort to reduce debate, cut delay and improve plan making outcomes.



Many councils work tirelessly to engage their communities on the number, design and mix of new housing in their area. But some duck difficult decisions and don't plan for the homes their area needs

Housing White Paper

Figure 4: Submitted housing requirement vs. adopted housing requirement



Source: Lichfields analysis

225 - 275k

annual housing requirement as set out in the Housing White Paper

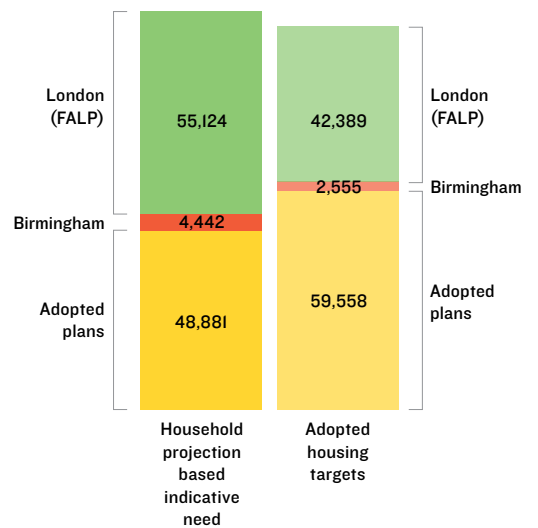
Successfully meeting needs?

Whilst supply has been increasing, the Housing White Paper identifies a need to deliver between 225,000 and 275,000 dwellings each year in England, whilst recently the House of Lords concluded that 300,000 were needed. Whatever figure is selected, it represents a significant boost on household projections which on their own provide a barometer of c.215,000 dwellings needed each year.

Comparing housing requirements in adopted plans against a barometer of need based on the household projection (Figure 5) indicates that, excluding London and Birmingham, plans are making provision for almost 22% more than their equivalent household projections. Were this to be replicated across the country this would go some way to ensuring local plans add-up to a nationwide patchwork which can deliver the housing the country needs. However, simply adding in Birmingham and London (based on the London Plan targets – as opposed to the rates of delivery in London which have typically been lower) turns this on its head, with the significant unmet needs from those two plan areas pointing towards an overall shortfall if the unmet need fails to be met elsewhere.

Given that the plans still to be produced – which will need to make good this shortfall – are increasingly focused in Green Belt and other constrained locations (see Figure 2), there must be significant question marks over the current round of plan-making being able to achieve this. Certainly, if household projections are not met, there is little prospect of improvements to affordability, and shows the need for change.

Figure 5: Adopted housing requirements vs. household projections



Source: Lichfields analysis

03 Early plan reviews

Problem or panacea?

With almost a third of plans having to commit to an immediate or early review to be found sound, such mechanisms have been regularly used by Councils and Inspectors alike to get plans across the line. In July 2015, then housing and planning minister Brandon Lewis, highlighted in a Written Ministerial Statement how early reviews might help reduce delays in plan making. In our analysis, we found they are typically being used to address uncertainty, unresolved cross-boundary matters and shifting circumstances, for example:

- to address reviews of housing needs evidence including where new evidence is forthcoming for a wider housing market area;

- where plans are in-part reliant on future circumstances outside the plans immediate control (e.g. relating to a neighbouring area or a particular scheme coming forward);
- where further analysis is required on a specific issue (e.g. employment); or,
- where there is a requirement for a joint working or assessment.

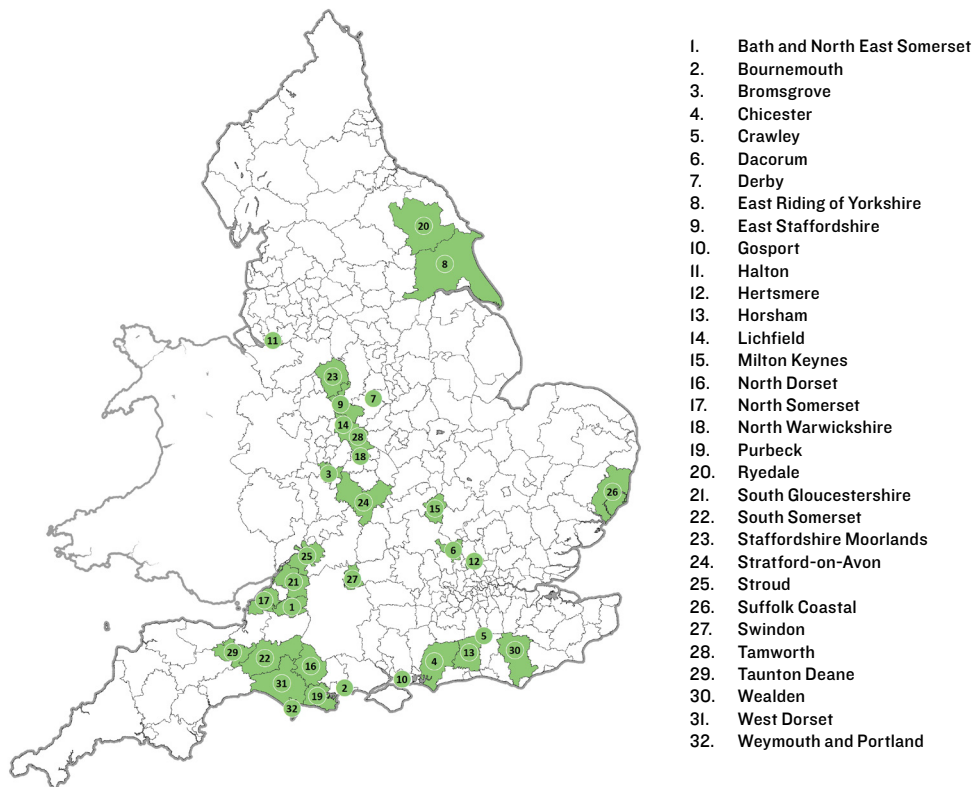
We found 31 local plans (Figure 6) that are subject to a requirement for early review in some way, with wide-ranging reasons for the review being necessary, the deadlines for it to take place, the policy approach and also the progress to date that planning authorities have made in carrying them out. This left us asking the question: are those early reviews a problem or a panacea?



...a commitment to an early review of a Local Plan may be appropriate as a way of ensuring that a Local Plan is not unnecessarily delayed by seeking to resolve matters which are not critical to the plan's soundness...

Written Ministerial Statement on Local Plans (July 2015)

Figure 6: Where are the early reviews?



Source: Lichfields analysis

31

Local Plans
subject to
early review

Where and why?

The overwhelming factor driving an early review is housing – all 31 early reviews were wholly or partially related to this. Within this, housing need is the predominant reason (90% of all examples), and frequently relates to the unmet housing needs of neighbouring authorities or cross boundary plan making (in combination, a factor in over half of the cases identified).

71% of Plans requiring early review included other factors, for example, employment land supply, transport (such as the relationship between highway infrastructure and the impacts of housing provision) and the Green Belt (review of Green Belt boundaries potentially to identify new sites for housing). These “other reasons” can often be entangled with housing issues as the main reason for an early review.

Geographically, there is no clear spatial pattern of local plans that need early reviews, with the majority appearing to be related to the individual circumstances of that area. However, there are similarities in geographical issues, particularly where adjoining authorities require an early review in relation to unmet housing needs between them. This is either:

- through the expected increase of needs as a result of a joint needs assessment and spatial strategy (for example West of England Joint Spatial Plan); or,
- the obligation to review and address issues that arise from neighbouring authorities’ housing needs (for example the authorities surrounding Birmingham – see case study).

Case study: Addressing Birmingham’s unmet needs

Birmingham has long known a large chunk of unmet housing need would need to be addressed in the wider West Midlands area. In advance of this crystallising through the Birmingham Plan (adopted in January 2017 with a c.38,000 shortfall against need) and the Greater Birmingham Housing Market Area ‘Strategic Housing Needs Study’, many areas turned to review mechanisms as a pragmatic solution.

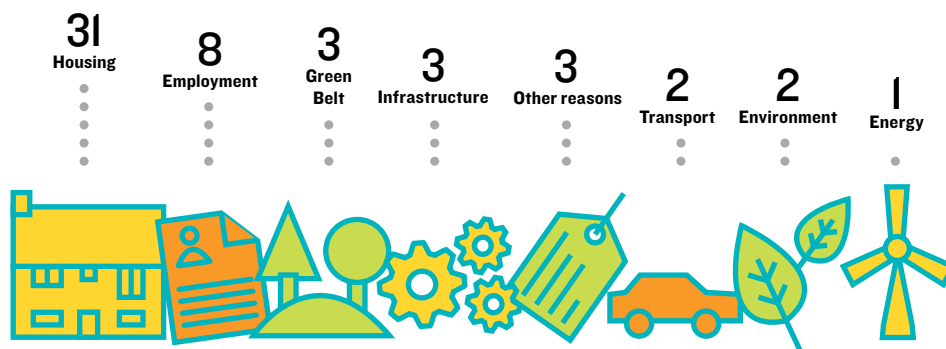
North Warwickshire was one such area with its Core Strategy, adopted in October 2014, providing a commitment to an early review in the event of a greater need of housing, particularly from the LPAs of Birmingham and Tamworth. This has come into force with North Warwickshire’s new draft Local Plan (August 2016) including an increased requirement to contribute homes towards need from the Greater Birmingham/ Black Country HMA and the Coventry/ Warwickshire HMA.

Similarly, Stratford-on-Avon District’s Core Strategy adopted in July 2016, includes a commitment to an early review for Birmingham and Coventry’s respective unmet needs, but combines this with a more fleet-of-foot reserve site mechanism to enable up-to 20% increase in the housing requirement to be delivered through a subsequent site allocations process to address unmet needs, rather than immediately needing a plan review which could create delays.

Of the Local Plans requiring an early review, 90% have housing as the main issue, while 39% of these also mention other reasons. In two cases, an early review was required partly for housing, but also equally for transport and Green Belt respectively. Of the 17 early reviews required relating (in part or wholly) to neighbouring authorities, nine are conditional on unmet housing needs arising, while the other eight are based on the outcome of joint policy or evidence work.

This shows that early reviews are being used mainly to address often quite fundamental issues around how much housing is being planned for. The timeliness of these reviews will thus be an important factor in how successful the plan-led system can be in genuinely addressing housing needs and overcoming current deficiencies in the adopted plan.

Figure 7: Cited reasons for early review



Source: Lichfields

Of the Local Planning Authorities who are required to review their Local Plans:

14

have not yet started their early review

16

have started work on their early review

1

LPA no longer needs to review its Local Plan

Case study: Meeting OAN

In a number of cases, plans have not met their own OAN and early review has been used as a mechanism to secure a sound plan whilst still requiring the issue of longer term needs to be addressed. Dacorum is one example. The Council committed to a partial review to reconsider housing need and investigate ways of meeting that need more fully. Crucially, the review was phased to occur at such a time that it could anticipate any shortfall in housing arising towards the end of the plan period.

Challenged in the high court, Justice Lindblom supported the Inspector's finding that the early review was "pragmatic, rational and justified". The intention remains for the Plan to be in place by 2017/2018.

Case study: Enabling Green Belt review

In Bromsgrove, alongside issues of Birmingham's unmet need, the Inspector concluded that there remained a substantial shortfall between the identified supply and the housing requirement in the plan, with Green Belt release likely to be necessary to bridge the gap, but not yet proposed in the plan. Given the NPPF requirement to only alter Green Belt boundaries through preparation or review of a local plan, the Inspector concluded that the position would need to be addressed by a proposed Green Belt Boundary Review and full Local Plan Review.

The Bromsgrove District Plan was recently adopted (January 2017) with a policy requiring an 'early' review in advance of 2023.

Most early reviews are required soon after adoption:

42%

give a specified deadline which is less than five years from adoption

23%

give a deadline 'within five years'

6%

give a deadline that is over five years

29%

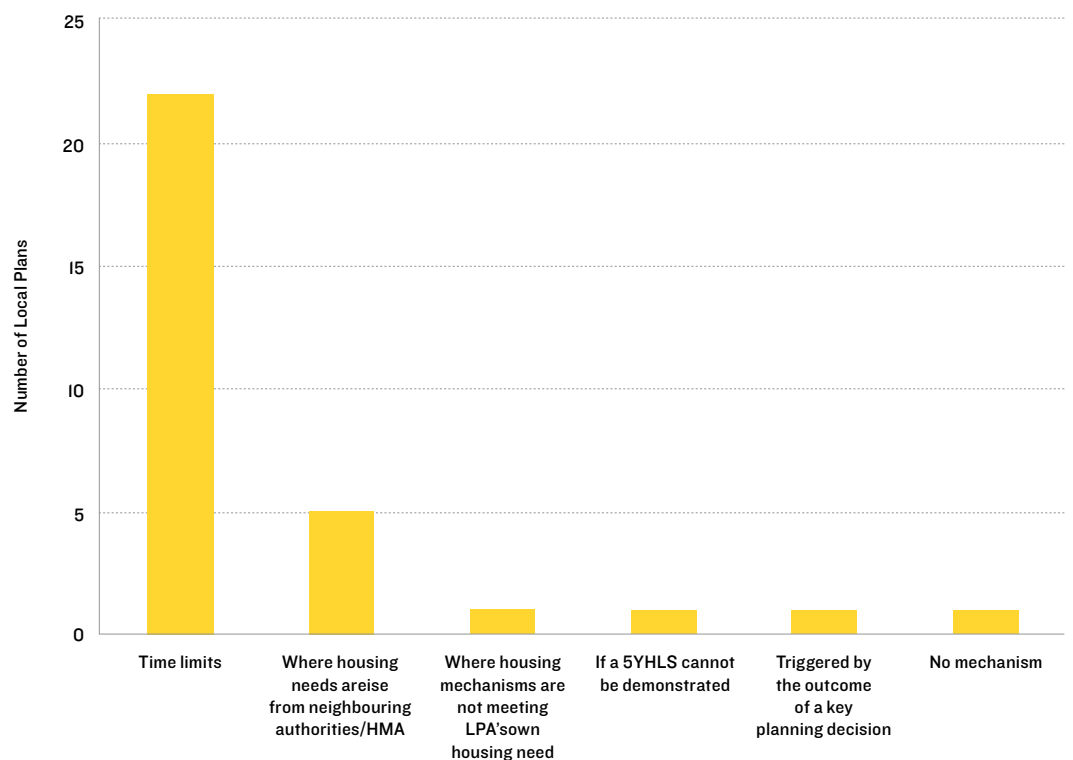
give no deadline for early review

Mechanisms and timescales

The majority of early reviews are enforced through a deadline, which is most commonly less than five years after Local Plan adoption, reflecting the current expectation (set out in the Planning Practice Guidance) that local plans should be reviewed every five years as a matter of course. Curiously some 'early' reviews have actually been given a deadline beyond five years from adoption. Inspectors have also required a trigger for early review should neighbouring authorities or those in the same Housing Market Area (HMA) have unmet needs. Figure 8 illustrates the various mechanisms and triggers for early review policies being employed.

Our analysis shows that no early reviews of post-NPPF plans have been completed to date, and that the majority of reviews are yet to begin the process. Clearly the processes for early review in many areas is taking longer than anticipated and has potentially resulted in Local Authorities maintaining low housing requirements compared to the OAN for the Housing Market Area (HMA). Reviews have also been delayed by the need for specific topic-based evidence or cross-boundary work, all with the consequence that delivery of new allocations for housing may be being held back. This is highlighted by the eight local plan areas that have already seen their timescale for local plan review lapsed, yet as at March 2017 still do not have a review complete³. Given the time it takes to evidence, draft, consult, examine and adopt plans, it begs the question; are early reviews really an effective mechanism?

Figure 8: Mechanisms for Local Plan Review



Source: Lichfields analysis

³ This excludes Ryedale District Council where it was confirmed that the completion of the SHMA in 2016 did not trigger a need for a review.

Are early reviews effective?

Government guidance sets out that in normal circumstances it is expected plans will be reviewed every five years to ensure they are kept up-to-date, and it is clear that in many cases early reviews are seen as a pragmatic means of addressing issues which will arise in the intervening period. Notwithstanding, the range of different reasons, approaches and mechanisms highlight how early reviews cannot be a one-size fits all measure.

It could be argued that making provision for an early review ensures that plans remain relevant and continue to meet the growing need for housing, particularly where an HMA incorporates more than one LPA and cross-boundary issues need time to be resolved.

Alternatively, an early review can be seen as a means of avoiding the big challenges facing a LPA or leading to a focus on the first years of the plan, without consideration to the whole plan period, which could in turn result in uncertainty for investors and housebuilders and less development. It also increases the likelihood of Local Plans reliant on inaccurate and out-of-date targets.

Because plan reviews are generally being required to address unmet housing need it is a clear concern that a failure to bring forward reviews will see those issues not addressed, worsening the under delivery of housing and increasing housing shortfall.

Whilst early reviews may have a place in certain circumstances, and help to get plans through the system and adopted, our analysis does not demonstrate any assurances yet that early reviews are an effective mechanism in addressing substantive planning issues in a timely manner.

It must be better to get the plans that are produced right first time, and this will mean more focus on getting plans flexible and resilient to uncertainty and having more effective approaches to addressing cross boundary working. Where early reviews are required, its clear they need to be worded so they provide a panacea, rather than a sticking plaster to a problem that simply gets shuffled down the road.

04 A better direction?: the Housing White Paper



Meeting the unique needs of different people and different places requires a co-ordinated effort across the public and private sector. This means there's no one single magic bullet that can fix the problem. Rather, we need action on many fronts simultaneously.

Secretary of State for DCLG, Sajid Javid MP

Against this backdrop, the Government set out a more holistic and well-rounded direction for housing policy in its Housing White Paper. Understanding that there are no 'silver bullets' to overcome the barriers associated with building more homes, the White Paper took a considered, deal-making approach – councils, housebuilders and other organisations would receive financial or policy assistance in return for compromise elsewhere.

The White Paper emphasises that the preferred mechanism of building more homes is a planned system. There are a significant number of proposals and amendments focusing on ensuring local councils have up-to-date

(post-NPPF) Local Plans and to ensure housing requirements are based on a standardised methodology for calculating objectively assessed need. There are also policies designed to encourage local authorities to be more proactive in ensuring development is planned and delivered by better understanding the factors that affect house building as well as robust ways to measure housing delivery performance. Figure 9 below provides an overview of the Housing White Paper's proposals relating to plan making and how and where changes are anticipated come from. We explore five of the main themes to come from the Housing White Paper in more depth over the following pages.

Figure 9: Housing White Paper policies relating to plan making



1. Statutory req. for up-to-date plans
2. Plan intervention
3. Reviewing & keeping plans up-to-date
4. Joined-up plan making if housing need not met
5. Remove exp for single local plan document
6. Amend local plan tests of soundness
7. Standardised approach to assessing housing need
8. New methodology as baseline for 5YLS
9. Scope for LPAs to agree fixed housing land supply on annual basis
10. Green Belt boundary amendments as last resort
11. Improvements in remaining Green Belt, following Green Belt release
12. Locally accountable New Town Dev Corps
13. Increase nationally set planning fees
14. Evidence on pace of housing delivery
15. Deliverability tests on granting permissions
16. Applicant record a material factor in determination
17. Shortened timescales to implement permissions
18. Simplify completion notice process
19. Encourage compulsory purchase of stalled sites
20. New housing delivery test
21. LPAs to have strategies to maximise use of suitable land
22. Make eff. use of land & increase density
23. Additional increase to planning fees re. delivery test

Source: Housing White Paper / Lichfields analysis

1. Up-to-date and fit-for-purpose Local Plans

As only 36% of local councils have a post-NPPF plan, Government has reemphasised its desire to ensure all local areas have ‘an up-to-date, sufficiently ambitious plan’. Its primary mechanism is making an up-to-date plan a statutory requirement, for the first time, as recommended by LPEG. This will hopefully give plan-preparation more weight in the call for resources and political priority in some local authorities.

Where a council does not have an up-to-date plan, Government will use existing powers – as well as those set out in the Neighbourhood Planning Bill – to intervene. The type of intervention will range from directing a local planning authority to review its existing plan, directing one to prepare a plan, setting the timetable for its production or arranging for a plan to be written for the LPA in consultation with local people.

Government is also keen to streamline the process for producing plans by taking forward a number of other proposals put forward by LPEG. First, Government will amend the NPPF to ensure that plans and policies do not duplicate one another. Secondly, the definition of what evidence is required to support a ‘sound’ plan will be tightened. Streamlining this process by making the criteria clear and concise should assist local authorities in expediting their plans.

While the first challenge is obviously to ensure post-NPPF Local Plan coverage is completed, there is then a requirement to ensure they are regularly reviewed, which is to be secured by a requirement in Regulations for Local Plans to be reviewed at least once every five years, which may obviate the need for future ‘early reviews’.

Importantly, there is greater recognition of the need for local authorities to work together. First, Government will consult on changing the NPPF so that local authorities are expected to prepare a Statement of Common Ground setting out how they will work together to meet cross-boundary needs – although the degree to which this is different from the current duty-to-cooperate is yet to be seen. Secondly, Government will amend the NPPF to make clear LPAs do not need to produce a single Local Plan. Thirdly, where it is clear that cross-boundary planning is required, the Neighbourhood Planning Bill will allow the Secretary of State to direct a group of authorities to work together to produce a joint plan. Alongside the greater powers to intervene in the Local Plan process, this may provide the additional incentive for cross-boundary cooperation.

Whether this will be sufficient to cut the Gordian Knot of planning for needs in and around London and other major cities is the big unknown. In many cases, the issues – which become very apparent in areas comprising Green Belt, Special Protection Area, National Parks and Areas of Outstanding Natural Beauty, is that solutions will require cooperation across and between HMAs, and may involve tens of authorities working together. Interestingly, the National Infrastructure Commission’s (NIC) recent paper⁴ on strategic planning in the Cambridge-Milton Keynes-Oxford Corridor flags the practical challenges – and sketches out some possible solutions – for how to carry out strategic planning across that corridor comprising circa 30 local authorities. Could such an approach (with more than a passing resemblance to regional planning) genuinely come forward? Will the Government – perhaps via the NIC – be setting out further such approaches in other key locations?



We will do all we can to support local authorities to produce a plan, from simplifying the process to boosting capability and capacity in planning authorities.

Housing White Paper

⁴ National Infrastructure Commission (2017) Strategic Planning in the Cambridge - Milton Keynes - Oxford Corridor: A Discussion Paper

50%

of Green Belt constrained authorities have not yet produced a plan

2. Improvements to housing need and land supply assessments

A major factor slowing the Local Plan process is the debate and disagreement over housing numbers. Indeed, almost half of plans found sound needed to adjust their housing targets before making the grade. Reform in this area has been almost unanimously supported, and Government will therefore consult on the options for introducing a more standardised approach to assessing housing need to inform the setting of housing requirements in the plan. Furthermore, subject to this consultation, Government proposes that from April 2018, the new standardised methodology would apply as the baseline for assessing five year housing land supply in the absence of an up-to-date plan.

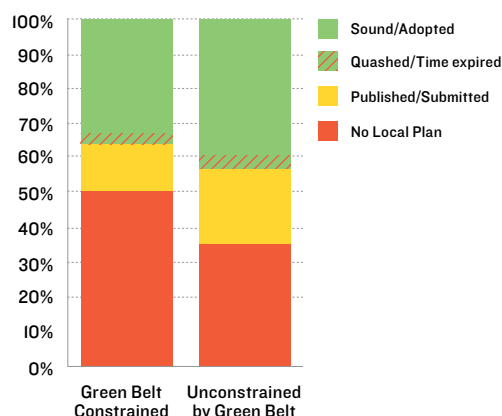
Government expects councils to use the standardised methodology, requiring those that do not to explain why and justify the adopted methodology they have used. A consultation will be held on what constitutes a reasonable justification for any departure.

The collision of the Local Plan process and housing delivery is best shown in the requirement to maintain a five year housing land supply. Currently, if a council cannot demonstrate that it has a five year land supply, the relevant policies of the plan become out-of-date and an area may lose control over where development occurs. While it has been a strong tool, it raises issues relating to appeal uncertainty and increased costs over the presence – or not – of a five year supply. Government proposes to amend the NPPF to give local authorities the opportunity to agree their housing land supply on an annual basis and fixed for one year, similar to the approach in Wales, in exchange for application of a 10% buffer.

3. Green Belt policy

One of the most important factors in planning for homes in and around our growing cities is the Green Belt. For those authorities that have substantial Green Belt land, only the plan-led system provides the basis for considering the balance between housing need and this restrictive allocation. Unfortunately, plan preparation is demonstrably slower in Green Belt areas than elsewhere: just 33% of authorities with substantial Green Belt land have an up-to-date post-NPPF plan compared to 40% elsewhere (Figure 10).

Figure 10: Local plan progress by Green Belt constraint



Source: DCLG; Lichfields analysis

Government has reiterated its manifesto commitment to protecting the Green Belt in the White Paper. At one level, policy is unchanged. But the Government will amend the NPPF to make clear that authorities should amend Green Belt boundaries only when they can demonstrate that they have examined fully all other options for meeting development needs including, inter alia, brownfield land; public land; increasing density; and cross-boundary collaboration. Arguably, this is a task that most plans amending Green Belt boundaries have needed to do in any event, in demonstrating exceptional circumstances and applying current guidance in paras 83-85 of the Framework. But the reform gives the exercise a sharper focus, and where Green Belt release is necessary, will provide a stronger and more rigorous justification for it.

Government proposals are also that in identifying potential sites for Green Belt release, previously developed land and/or land that surrounds transport hubs should be considered first. This clearly plays to the potential of undeveloped land around rail stations and the significant number of brownfield sites in Green Belt locations. Aligning these choices with a joined-up approach to infrastructure investment will be required to make these options sustainable and effective. However, these options on their own will not be sufficient.

The Government is also proposing that Green Belt release should be offset by compensatory improvements to the environmental quality or accessibility to remaining Green Belt land. The practical implications of this could be significant.

4. Encouraging proactive approaches to land supply

The Housing White Paper proposes to encourage and strengthen the role of local authorities by sharpening the tools they have to keep track of planning and development and pro-actively release land, including for new settlements. Crucially, there is also recognition that for local planning authorities to be more pro-active, they need greater resourcing.

There will be a clear and consistent assessment of new housing delivery with a new Housing Delivery Test as well as better information on build out rates required from builders on a site by site basis improving transparency. Furthermore, amendments to the national planning application form to capture start date and build out rates are proposed. If introduced, these changes must be used carefully and correctly in ensuring there is a better understanding of when sites will come forward and how quickly.

However, Government is also considering a range of other tools and tests including:

- Whether past delivery performance should play a role in determining new planning submissions. This is a response to the perceived – and hotly disputed – problem of land banking. The key challenge is one of unintended consequences, and avoiding barriers to entry and/or discriminating against certain types of developer who play valuable roles in absorbing planning risk in promoting developments. Some of the issues were explored in our ‘Stock and Flow’ report⁵.
- Shortening the timescales to implement a housing permission from three to two years. Analysis in our recent report ‘Start to Finish’⁶ highlights that implementation typically occurs within two years, but Government recognises the potential for unintended consequences of this noting that a “shorter timescale could hinder the viability or deliverability of a scheme.”
- Providing local authorities with stronger powers to ensure sites are delivered in the timescales agreed by allowing local authorities to issue completion notices – without needing Secretary of State approval.
- Legislation to enable the creation of locally accountable New Town Development Corporations. Using this mechanism alongside Government’s commitment that large scale infrastructure projects will take better account of opportunities for new and existing communities, housing delivery at a large scale may well be accelerated.

50%

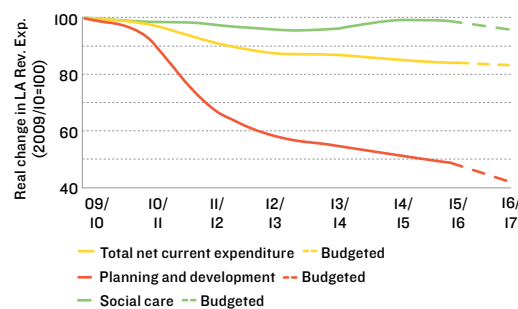
Cuts to local government planning and development budgets from 2009/10 to 2015/16

⁵ Lichfields – ‘Stock and Flow’ (2017)

⁶ Lichfields undertook aggregated analysis in a recent publication ‘Start to Finish’

To speed up the planning process, Government will allow local authorities to increase the nationally set planning fees by 20% from July 2017, if they commit to invest the additional fee income in their planning department. Government is also considering an additional increase of 20% for those authorities delivering the homes communities need. The additional revenue will be welcome for planning departments who have seen budgets halved since 2009/10 in the face of other local budgetary priorities (Figure 11).

Figure 11: Local Government departmental budgets



Source: CLG Local Authority Revenue & Spending / Lichfields analysis

5. Housing Delivery Test

To encourage local authorities to proactively manage the delivery of new homes, Government is consulting on introduction of a new housing delivery test. The test will take a baseline of delivery – either from an up-to-date local plan or through the standardised housing need methodology – comparing it to the number of net additional dwellings in each year, over a three year rolling average to smooth out peaks and troughs. Based on this comparison of target and delivery, Government will also consult on introducing a tiered system of addressing any shortfall:

- From November 2017, if delivery is below 95% of the requirement, the local authority should publish an action plan.
- From November 2017, if delivery is below 85% of the requirement, authorities would in addition be expected to plan for a 20% buffer on their five year land supply.

- From November 2018, if delivery falls below 25% of the requirement, the presumption in favour of development as set out in the NPPF would apply automatically.
- From November 2019, if delivery falls below 45%, the presumption would apply.
- From November 2020, if delivery falls below 65%, the presumption would apply.

Based on this existing methodology – which may be amended after the consultation process – our provisional analysis highlights there are some areas that will need to ensure significantly more development in order to avoid being caught by the various thresholds (see Figure 12).

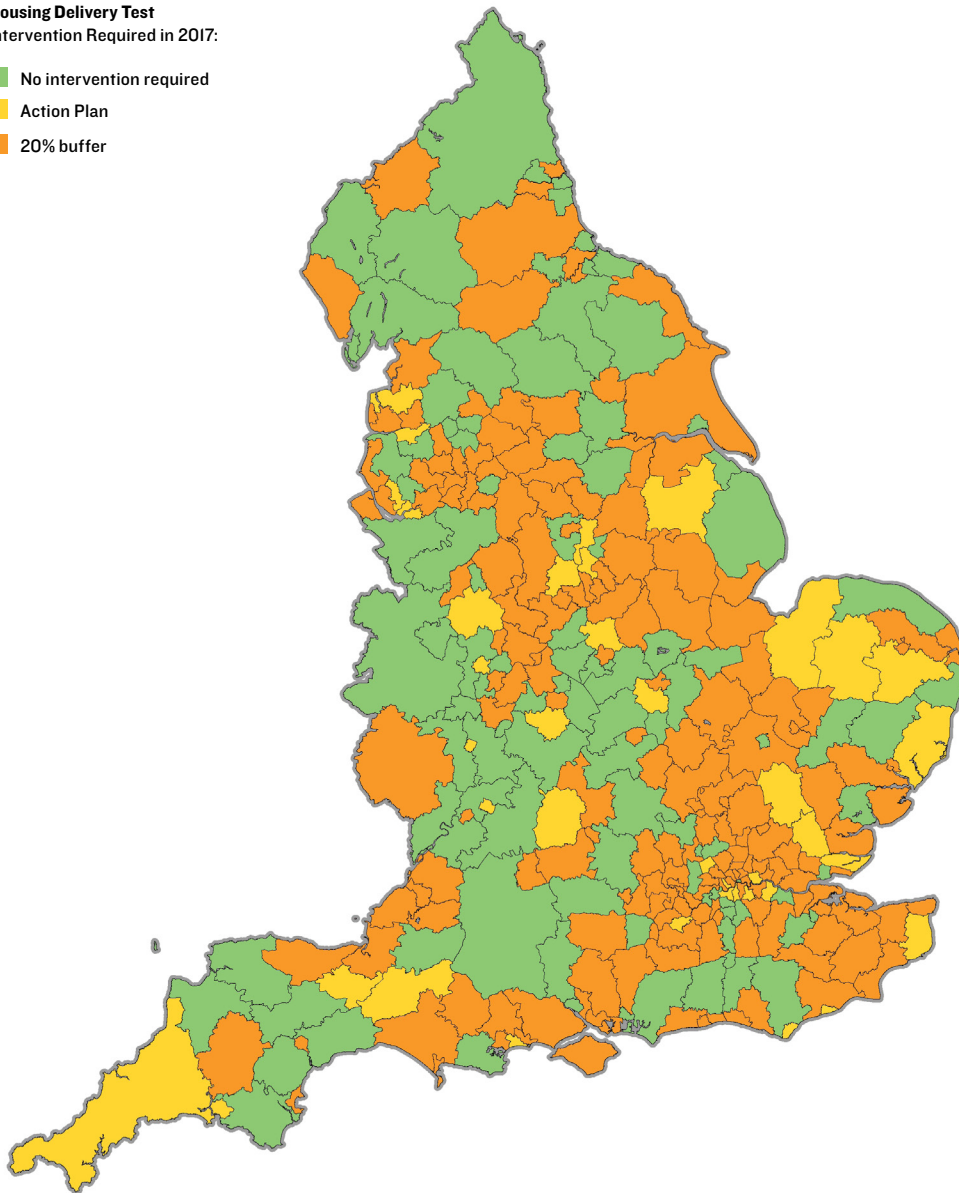
Analysing the last three years' of net additional dwellings and housing need – either as set out in an up-to-date plan or using household projections where a plan is not up-to-date – in order to estimate the possible test results in 2017, Figure 12 shows that the majority (56%) of local areas would need to provide a 20% land buffer on their five year land supply.

These locations are not evenly distributed across the country. Around 70% of local authorities in the South East (47 councils) would require a 20% land buffer with the East of England not far behind at 62%. At the other end of the range, only one-in-three areas in the North East would require the 20% land buffer as the remaining authorities would all pass the 95% delivery threshold, if recent output record is maintained.

Figure 12: Provisional estimate of housing delivery test results for 2017⁷

Housing Delivery Test
 Intervention Required in 2017:

- No intervention required
- Action Plan
- 20% buffer



Source: DCLG; Lichfields

56%

Local authorities that are likely to require a 20% buffer to their land supply after the housing delivery test

32%

Local authorities that are likely to require no intervention after the housing delivery test

⁷ Analysis of the housing delivery test compares net additional dwellings statistics from DCLG over the last three years (2013/14-2015/16) with annual housing requirement targets as set out in up-to-date local plans or household projections where a plan is not up-to-date. Actual results may differ when the policy is introduced.

05 Conclusions

As the NPPF hits half a decade of existence, the plan-led system it advocates – one that proactively seeks to meet needs – continues to show slow progress. Still fewer than four in ten local planning authorities have seen a local plan through examination. Further, an increasing number of sound plans are becoming long in the tooth, with promised ‘early reviews’ (mostly needed to deal with deferral of fundamentals of housing delivery) having failed to materialise.

Early reviews do not appear to be a coherent or sensible approach to tackling difficult planning issues. The move by Government to a statutory requirement to have up-to-date plans in place and reviewed every five years could well make such reviews redundant in any event. But either way, more effort should be made to ensure local plans are adequate in the first instance: mechanisms such as flexible policies, reserve site allowances and earlier agreement on cross-boundary issues should all be more effective means of ensuring plans stay up-to-date and deal with the uncertainties which are currently sought to be dealt with through early reviews. If they fail to address these matters, plans are not addressing their obligations and should be modified so that they do. A firmer line will also provide more of an incentive to encourage genuine and effective cross-boundary working which is often the missing ingredient in ‘early review’ scenarios.

The Housing White Paper shows a keen understanding of the problems with local plan production and its impact on housing delivery. In response, a raft of tools and mechanisms are signalled, accompanied by clear obligations on plan-making bodies and developers alike to hold their side of the bargain. Whilst Government threats to intervene in local plan production in response to the “early 2017” deadline have receded, the ability to intervene has been strengthened, and it is likely the approaches will be ‘larger than local’ given it is cross-boundary conundrums that remain

the primary cause of so many delays and disputes. In this respect, might the National Infrastructure Commission’s recent discussion paper on a strategic planning approach for the Cambridge - Milton Keynes – Oxford corridor be a smoke signal on the direction of travel?

At Lichfields we actively participate in plan making: in providing independent evidence and critical friend roles for Local Planning Authorities producing plans, and in supporting land owners and developers engaging in the plan-making process. Having spent a lot of time at the coalface of local plan production, we think many of the proposals in the Housing White Paper make a lot of sense, and will help with creating a more effective, responsive and timely plan-led system. But, whatever is done to make the plan-making process easier, it does not remove the difficulties inherent in plan-making: the need to make tough choices over issues such as the location of development. We can expect a plan-making hiatus while the Government processes its changes over coming months. At Lichfields we will monitor and advise on the precise nature and implications of these reforms as they emerge, but once the rules of the plan making game are re-established, plan-making will resume in earnest and we can expect the process to remain a crucible of planning debate in communities across the country.

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