

Member Report

National Planning Policy Framework Update



Report to: Regulatory Committee

Report from: Executive Director – Growth, Enterprise and Environment

Portfolio: Economic Growth

Report Date: 19 September 2024

Decision Type: For Information

Council Priority: All Priorities

HEADLINE POSITION

1.0 Summary of report

- 1.1. On 30 July 2024, the Government published a consultation on proposed changes to the National Planning Policy Framework (NPPF). The consultation period closes on 24 September 2024. This report provides information to members of Regulatory Committee on the proposed amendments to the NPPF and other proposed changes to the planning system.
- 1.2. Officer responses to the consultation questions, taking into account the technical considerations of implementing the proposals, have been presented in Appendix 1 for reference. The consultation is open to individual responses and details of the consultation and ways to respond can be found at:

<https://www.gov.uk/government/consultations/proposed-reforms-to-the-national-planning-policy-framework-and-other-changes-to-the-planning-system>

2.0 Recommendation

- 2.1 It is recommended that Regulatory Committee note the contents of the report.

DETAILED PROPOSALS

3.0 What are the objectives of the report and how do they link to the Council's priorities

- 3.1 The NPPF sets out the Government's planning policies for England and how they should be applied. Planning decision and Local Plan policies should be in line with the framework, which includes policies relating to the delivery of housing and economic development, infrastructure, the protection of the environment and health. Therefore, changes to the NPPF have the potential to influence all Corporate Priorities
- 3.2 On 30 July 2024, the Government published changes to the NPPF that followed on from changes made to the NPPF in December 2023. The proposals do not constitute the entirety of planned planning system reform as further changes are expected in response to the Levelling-Up and Regeneration Act and the upcoming Planning and Infrastructure Bill. It

has been stated that the new planning system will be in place for mid-2025 and it is expected that further details of the anticipated changes will be made available in due course. The main changes intended to be made through this consultation and some of the implications for the Council as the Local Planning Authority are outlined below.

Housing Delivery and Standard Methodology

- 3.3 The NPPF currently sets out a standard methodology by which to calculate housing requirements for an area. This methodology is then used to determine the five-year housing land supply in plans over 5 years old and is also used to determine the Housing Delivery Test (HDT), which is an annual measure of housing delivery that authorities must meet. Failure to meet the HDT could result in the need to apply a buffer of 20% to land supply where delivery falls below 85% of the HDT and a presumption in favour of sustainable development where delivery falls below 75%.
- 3.4 Changes to the NPPF introduced in December 2023 made it clear that the standard methodology was an advisory starting point and that an alternative approach could be used if robustly evidenced by demographic trends and market signals. The consultation intends to remove this measure and will make the Standard Methodology the mandatory way to establish minimum local housing need.
- 3.5 Authorities would be able to justify a lower housing requirement than the figure the method sets only on the basis of unavoidable local constraints on land and delivery, such as in existing National Parks and with protected habitats and flood risk areas, but would first need to demonstrate they have taken all possible steps, including optimising density and sharing need with neighbouring authorities before a lower housing requirement will be considered.
- 3.6 In addition, the consultation proposes to amend the standard methodology so that local authorities, as a whole, are planning for an increase in new housing to deliver 1.5 million new houses across the country over the next five-years. The revised standard methodology is based upon 0.8% of existing housing stock with a multiplying factor derived from the workplace-based median house price to median earnings ratio. This does not involve reference to population trends or jobs growth.
- 3.7 For Redcar & Cleveland the new methodology results in a requirement of 642 additional dwellings per year, in comparison to the 45 units from the existing methodology. This is an increase of 1338% in the baseline requirement but it is important to note that the current Local Plan has a minimum requirement of 234 dwellings per year, which is significantly higher than the current methodology, and the borough has delivered an average of 416 additional dwellings per year for the last ten years.
- 3.8 It is intended that the new NPPF will be in place from the end of the year. From this point the Council will be required to determine its five-year land supply based upon the new requirement. The latest five-year supply report (August 2024) estimates a supply for 1 April 2024 to 31 March 2029 of 1,460 dwellings and, if the requirement remains as proposed, this equates to a supply of approximately 2 years against the new requirement. As the Council would not be able to demonstrate a five-year supply, a presumption in favour of sustainable development would be triggered with immediate effect.
- 3.9 The Council would also be required to meet the Housing Delivery Test based upon the new requirement figure of 642. Currently, average housing delivery over the last 3 years is 446. This will equate to 69.5% of the required 642 dwellings and failure to meet 75% of the requirement also triggers the presumption in favour of sustainable development. The new

housing requirement will apply to delivery tests as soon as the Government publishes the official HDT test results.

3.10 Other changes relating to housing supply and delivery include:

- Removing text which states that uplifts in the density of residential development in urban areas may be inappropriate if out of character with the existing area. This is intended to strengthen expectations that plans should result in an increase in density in urban areas;
- Clarifying that the presumption in favour of development applies when policies for the supply of land are out of date;
- Re-establishing the requirement for all planning authorities to annually demonstrate a five-year supply of housing land regardless of the status of the Local Plan;
- Re-introducing a 5% buffer to be applied to the 5-year housing land supply to account for fluctuations;

Developer Contributions and a Diverse Range of Homes

3.11 The consultation proposals state that the Government considers that the best way to achieve the affordable housing and wider infrastructure that is needed in communities is to focus on improving the existing system of developer contributions. It is stated that the Government is not implementing the Infrastructure Levy as introduced in the Levelling-up and Regeneration Act 2023. In previous consultations, the Council had expressed concerns that the proposed Infrastructure Levy could result in a shortfall in funding for important infrastructure.

3.12 In order to support objectives to increase the supply of Social Rent properties, the Government proposes to set an expectation that housing needs assessments explicitly consider the needs of those requiring Social Rent and that authorities specify their expectations on Social Rent delivery as part of broader affordable housing policies.

3.13 It is also proposed to remove current requirements relating to affordable home ownership products. The current NPPF requires that at least 10% of the total homes delivered on major housing sites are delivered as affordable home ownership and that a minimum of 25% of affordable housing units secured through developer contributions should be First Homes. It is, instead, intended that First Homes would remain an option for delivery where local planning authorities judge this to be appropriate for local needs.

3.14 The consultation also intends to introduce text to promote developments that provide a mix of tenure and property types including rental tenures and older people's housing. Views are also sought on the most appropriate way to promote developments that are predominantly single tenure but deliver a high proportion of Social Rent and other affordable properties.

3.15 Other measure relating to the range of housing to be delivered include –

- Specific reference to looked after children is to be included to ensure that the needs of looked after children, alongside other community groups, are reflected in planning policy;
- Widening the definition of 'Community-Led Development' to allow for groups that were originally set up for a purpose other than housebuilding;
- Allowing for Local Plans to remove the limit for Community-Led exception sites which is not larger than one hectare in size or exceed 5% of the size of the existing settlement; and
- Asking for views on measures to increase the supply of small housing sites

Infrastructure and the Economy

- 3.16 The consultation proposes measures to support the priorities of the forthcoming industrial strategy and specific sectors of the 'modern economy'. It is intended that specific support will be given to laboratories, gigafactories, data centres and other digital infrastructure and freight and logistics through the introduction of text to require the identification of suitable locations for such uses and policies that recognise the locational requirements of these industries.
- 3.17 The consultation is also asking for views on whether digital infrastructure projects should be able to opt into the National Significant Infrastructure Project (NSIP) regime and whether data centres, gigafactories and laboratories should be capable of being directed into the regime on request.
- 3.18 In order to support the delivery of key public infrastructure, such as hospitals, it is proposed to introduce text to make it clear that significant weight should be attached to importance of facilitating new, expanded, or upgraded public service infrastructure when considering proposals for development. It is also proposed to introduce specific reference to post-16 education and childcare facilities in existing text relating to giving weight to the need for education provision in plans and decisions.
- 3.19 The proposals also include measures to require a 'vision led' approach to transport planning instead of the current 'predict and provide' approach. It is intended that this new approach will be taken when assessing sites for allocations in Local Plan and that further guidance will be published to set out how this is to be achieved. The consultation also asks for views on how the NPPF and the planning system can better support local authorities to promote healthy communities and tackle obesity.

Green Energy and the Environment

- 3.20 Having removed the additional test for onshore wind schemes, which required that proposals had proven community support, on the 8th of July, the consultation proposes further measures to increase support for renewable energy schemes. It is proposed that onshore wind schemes are reintegrated into the NSIP regime and that the NPPF is revised to strengthen the expectation that authorities seek to identify sites for renewable and low carbon development. Revised text is also proposed to require that significant weight is given to a proposal's contribution to renewable energy generation and a net zero future when making decisions.
- 3.21 The consultation is also seeking views on changing the NSIP regime thresholds for onshore wind from 50MW to 100MW and for solar from 50MW to 150MW and has asked for suggestions on other ways in which planning policy could address climate change mitigation and adaptation.

Planning Fees

- 3.22 The consultation recognises that high quality planning services are important for the timely delivery of decisions to support the priorities for economic growth and housing delivery. The consultation includes a detailed discussion around proposals to increase a number of different planning fees, including householder, and asks for views on whether fees should be charged for applications that currently do not incur fees, such as listed building consents and works to trees with Tree Preservation Orders.
- 3.23 The consultation also suggests 2 different models for local authorities to set their own fees and views are sought on these models. This proposes that either no fees would be set nationally and authorities would be required to set their own fees to achieve costs recovery,

or that there would be a nationally set default fee but authorities could choose to set revised fees where they considered their costs would not be met. The introduction of locally set fees requires primary legislation to be introduced through the Planning and Infrastructure Bill.

- 3.24 The consultation also considers whether fees could be set to go beyond cost recovery for development management teams to be used to fund wider planning services such as plan making, enforcement and heritage. The introduction of fees to allow cost recovery in relation to Development Consent Orders is also discussed.

Other Measures

- 3.25 A significant part of the consultation relates to changes involving Green Belt including supporting the development of previously developed land in the Green Belt and defining Grey Belt, which is to be land in the Green Belt that is previously developed or which makes limited contribution to the purposes of Green Belt. There is no designated Green Belt within the Tees Valley and, therefore, the Council does not make comment on this section of the consultation.

- 3.26 Other proposals within the consultation include –

- Removing text which requires that the availability of agricultural land used for food production is considered, alongside other policies in the Framework, when deciding what sites are most appropriate for development;
- Confirming that development proposals on brownfield land should be regarded as acceptable in principle;
- Removing newly introduced references to beauty and explicit support for mansard roofs. Appropriate upward extensions, including mansard roofs, will still be supported and good design will still be required;
- Amending the Planning Act to increase the water infrastructure projects covered by the NSIP regime;
- Revising the Local Plan intervention criteria that allow the Secretary of State to intervene when authorities are failing to deliver the development plan. The new criteria would include the SoS having regard to local development needs when deciding whether to intervene;
- Transitional arrangements requiring authorities at a late stage of Local Plan preparation, and with a significantly lower plan housing requirement than the new national standard, to immediately revise draft plans or work to replace newly adopted plans. All authorities who aren't at a late stage of plan development within 1 month of the NPPF changes being introduced will be required to prepare plans based upon the new NPPF and system, regardless of whether there is a significant difference in housing requirements.

4.0 What options have been considered

- 4.1 Not applicable. This report provides an update on Government changes to the NPPF.

5.0 Impact Assessment

- 5.1 Not applicable

6.0 Implementation Plan

6.1 Not Applicable

7.0 Consultation and Engagement

7.1 This report provides detail on Government changes to the NPPF. These changes follow a number of national consultations on planning reform and the assent of the Levelling Up and Regeneration Act.

8.0 Appendices and Background Papers

8.1 Appendix 1: Response to Proposed reforms to the National Planning Policy Framework and other changes to the planning system, July 2024

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