

# Agenda Item IMD12

## INDIVIDUAL EXECUTIVE MEMBER DECISION REFERENCE IMD:

<b>TITLE</b>	Changes to the Current Planning System Consultation
<b>DECISION TO BE MADE BY</b>	Executive Member for Planning and Enforcement - Wayne Smith
<b>DATE, MEETING ROOM and TIME</b>	22 September 2020 Online, 3:30pm Tuesday 22 September 2020
<b>WARD</b>	None specific;
<b>DIRECTOR / KEY OFFICER</b>	Director, Place and Growth - Chris Traill

### **PURPOSE OF REPORT (Inc Strategic Outcomes)**

To consider the councils response to the government consultation 'Changes to the current planning system' (MHCLG, August 2020).

### **RECOMMENDATION**

The Executive Member for Planning and Enforcement agrees that Wokingham Borough Council submit the comments contained in Enclosure 1 as this Council's response to the government consultation 'Changes to the current planning system' (MHCLG, August 2020).

### **SUMMARY OF REPORT**

The government has published a number of proposed changes to the planning system, covering the following broad areas:

- Revisions to the standard method of calculating Local Housing Need;
- Introduction of a new First Homes requirement.
- Temporary revisions to exclude small and medium developers from affordable housing requirements.
- Extension of the Permission in Principle process from minor developments to major developments.

The consultation runs until Thursday 1 October 2020. The consultation document is available to download [here](#).

The recommended response to the questions set out in the consultation document is provided in Enclosure 1 to this report. A supporting analysis of key issues is set out below.

The proposed revision for calculating local housing need would result in Wokingham Borough's requirement increasing from the current level of 789 to 1,635 dwellings per annum, a 107% increase.

The recommended response draws attention to a number of key flaws with the approach of a standard method, particular with regards to data for Wokingham Borough, and requests government scrap the approach and instead introduce an alternative approach which takes into account a range of factors to establish a robust housing requirement in consultation and engagement with local authorities. Factors should include demography and affordability but also other factors such as infrastructure investment, environmental impacts and proportionality. Household projections and affordability should not be applied without judgement being exercised. The outcome should remain in place for a period of time, and not be amended on an annual basis to enable a genuinely plan-led system.

The consultation proposal also include a number of actions that would limited the ability of the council to secure affordable housing. These include requiring a minimum of 25% of all affordable housing units to be First Homes, and moving the threshold at which local authorities can require a contribution towards affordable housing from the current 10 dwellings to 40 or 50 dwellings.

## **Background**

The government has published a number of proposed changes to the planning system, covering the following broad areas:

- Revisions to the standard method of calculating Local Housing Need;
- Introduction of a new First Homes requirement.
- Temporary revisions to exclude small and medium developer from affordable housing requirements.
- Extension of the Permission in Principle process from minor developments to major developments.

The consultation runs until Thursday 1 October 2020. The consultation document is available to download [here](#).

## **Business Case (including Analysis of Issues)**

The rhetoric of the government in this consultation, and the separate 'Planning for the Future' white paper which proposes wide reforms, is that the planning system is the fundamental block to delivering housing. This focus is misplaced. It is settled in national legislation and policy that the planning system must be genuinely plan-led; each plan is examined against four criteria for soundness, and will be tested for 'deliverability'. Therefore the basis of each adopted plan must be sound.

Proactive and positive local authorities, such as Wokingham Borough, have shown that high quality developments of a strategic scale can be planned for, funded and delivered alongside substantial infrastructure investment under the current system. The introduction of mechanisms such as the five year housing land supply test and the presumption in favour of sustainable development have not worked to resolve focused issues of delivery in a few areas, but have instead acted to obstruct proactive, plan-led developments through undermining public confidence in the planning system.

The real block to delivery is the development industries appetite to build at a level which will affect reduce house prices and their profit margins. Nor will issuing an excess of planning permissions address developer delivery strategies as they will manage construction rates to maintain price and profit margins. Simply put the developer retains control over their market. The government make no substantive proposals to unblock this real issue through incentives or penalties, and instead once again simply looks for more land in the hope that someone will build which is a manifestly ineffective strategy for the reasons stated above. All that this strategy will accomplish is to further undermine public confidence in the planning system.

The recommended response to the questions set out in the consultation document is provided in Enclosure 1 to this report. A supporting analysis of key issues is set out below.

### Standard method for calculating Local Housing Need

The National Planning Policy Framework (NPPF) requires the strategic policies of a local plan to be informed by a local needs assessment, conducted using the standard method in national planning guidance – unless there are exceptional circumstances justifying an alternative approach which also reflects current and future demographic

trends and market signals. The government alongside the publication of the NPPF, confirmed that the standard method should be used to calculate the deliverable housing land supply position for plans adopted over five years ago.

Currently the standard method uses the 2014-based household projections as the starting point for applying an adjustment for affordability based on median house prices and median workplace-based earnings.

The outcome of the standard method currently calculates housing need to be 789 dwellings per annum. Members have expressed that this is too much for Wokingham Borough – the level should be 400-600 dwellings per annum.

The consultation proposals are specifically designed to boost the number of houses delivered through amendments to the standard method. The main changes are:

- Using the 2018-based household projections, which include a revised method to consider migration.
- Introducing an alternative baseline to household projections, which is 0.5% of the existing dwellings stock in the area. This is used only where it is higher than the growth shown by the 2018-based projections.
- As well as the current affordability ratio, the changes in affordability over the last ten years are also factored in, creating a much greater weighting on affordability.
- The cap based on a proportion of existing policy targets would be removed.

The consequence of the amended standard method as proposed is that housing need would currently calculate at 1,635 dwellings per annum, a 107% increase. Neighbouring local authorities and other local authorities in Berkshire are not impacted in the same way, seeing comparatively modest increases or in the case of Slough a decrease.

Local Authority	Current Standard Method (dwellings)	Proposed Standard Method (dwellings)	Change (dwellings)
Bracknell	614	805	+191
Reading	649	700	+51
RBWM	754	914	+160
Slough	863	597	-266
West Berks	513	692	+179
Wokingham	789	1,635	+846

There are a number of difficulties with the approach of using a standard method to calculate the housing needs for all local authorities in England, and in particular Wokingham Borough. These are outlined in the recommended response but in summary relate to:

- The volatility of household projections at a local authority level.
- The way migration is factored into the 2018-based household projections.
- That affordability does not respond proportionately to housebuilding.
- The weight places on affordability by the double adjustment.

The recommended response requests government scrap the approach of a standard method and instead introduce an alternative approach which takes into account a range of factors to establish a robust housing requirement in consultation and engagement with local authorities. Factors should include demography and affordability but also other factors such as infrastructure investment, deprivation, environmental impacts and proportionality. Household projections and affordability should not be applied without judgement being exercised. The outcome should remain in place for a period of time, and not be amended on an annual basis to enable a genuinely plan-led system.

In short, an approach to considering housing need should be framed positively asking 'where should housing go' including engagement and a sense check of whether the outcome makes sense. It is not appropriate to use a one size fits all formula without checks and balances.

### First Homes requirement

First Homes are proposed by government to be housing which is sold at a discounted sales value and that local people get first refusal on.

The consultation proposal is that a minimum of 25% of all affordable housing units secured through developer contributions should be First Homes. The minimum level of discount is suggested as 30% with discretion to increase this to 40% or 50% through the local plan process.

In line with affordable housing, First Homes would be exempt from the Community Infrastructure Levy, meaning such developments do not make a contribution towards the related infrastructure needs.

The recommended response accepts that whilst First Homes may help meet the needs of a section of our communities, it will impact on the council's ability to secure affordable housing, reducing the housing options for those households in greatest need.

The response recommends that any proposal for First Homes should be in addition to current affordable housing requirements and allow local authorities to set the proportion of different affordable housing tenures based on local circumstances. It also requests that housing on exception scheme should not be First Homes by default, and that the form of tenure should be driven by local circumstances.

### Small and medium developers

The consultation proposals propose raising the threshold at which developments should make a contribution towards the provision of affordable housing. Views are sought on a threshold of 40-50 dwellings.

Through the adopted Core Strategy, the council currently seeks a proportionate contribution towards affordable housing from developments proposing a net increase of 5 or more dwellings. This is below the government's threshold of 10 dwellings as set out in the NPPF.

The recommended response objects to this proposal, even on a temporary basis. The proposal would obstruct the delivery of much needed affordable housing and comes on top of other changes to permitted development rights that already reduce the council's

ability deliver affordable housing through the planning system. The response requests that government reaffirm the principle that national policy should not prevent local authorities from seeking contributions to affordable housing for any size of site if it can be justified by evidence.

Permission in Principle

Permission in Principle (PiP) is an existing alternative way to establish whether the principle of development is acceptable. It requires minimal information and is use of currently limited to minor developments.

The consultation proposal is that PiP is extended to allow its use for major developments.

To date, the council experience is that PiP offers little or no advantages over traditional planning application routes including the use of pre-application advice. This view is supported by PiP not being widely used by the development industry.

The recommended response outlines that there seems little benefit in extending PiP to major developments. In addition, the minimal information requirements of PiP make this route unsuitable for larger developments as there is likely to be insufficient information to enable a local authority to approve any application.

**FINANCIAL IMPLICATIONS OF THE RECOMMENDATION**

***The Council faces severe funding pressures, particularly in the face of the COVID-19 crisis. It is therefore imperative that Council resources are focused on the vulnerable and on its highest priorities.***

	How much will it Cost/ (Save)	Is there sufficient funding – if not quantify the Shortfall	Revenue or Capital?
Current Financial Year (Year 1)	Nil	Not relevant	Not relevant
Next Financial Year (Year 2)	Potentially substantial but not enumerated.	Not relevant	Not relevant
Following Financial Year (Year 3)	Potentially substantial but not enumerated.	Not relevant	Not relevant

**Other financial information relevant to the Recommendation/Decision**

No financial implications arise directly as a result of this consultation exercise.

The proposals within the consultation have potentially substantial impacts on the council’s ability to secure affordable housing from developments proposals and over the form of provision. The revised standard method, if confirmed would also significant increase the number of planning appeal procedures and have implications for investment in infrastructure. It is not possible to enumerate the impacts at this time.

<p><b>Cross-Council Implications</b></p> <p>National planning policy and guidance strongly influence the council’s statutory planning function and other services which involve changes to the use of land or buildings.</p> <p>If confirmed, the substantial increase in the housing requirement for Wokingham Borough will impact on a wide range of services due to the growth in local population and impacts on physical and social infrastructure and services. The proposed changes relating to First Homes and small and medium builders will impact the ability of the council to secure affordable housing and influence the tenure mix to reflect local priorities.</p>
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<p><b>Public Sector Equality Duty</b></p> <p>This report relates to proposed changes to the planning system promoted and consulted on by government, and does not directly relate to actions of the council. As such an equality assessment has not been undertaken.</p> <p>An equality assessment will be undertaken by government and views have been specifically invited as part of the consultation process on potential impacts of the proposals in this regard.</p>
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<b>SUMMARY OF CONSULTATION RESPONSES</b>	
<b>Director – Corporate Services</b>	No comments received.
<b>Monitoring Officer</b>	No comments received.
<b>Leader of the Council</b>	Minor comments received and incorporated into the report.

<p><b>List of Background Papers</b></p> <ol style="list-style-type: none"> <li>1. National Planning Policy Framework (MHCLG, February 2019).</li> <li>2. Planning Practice Guidance (MHCLG, online resource).</li> <li>3. Changes to the current planning system (MHCLG, August 2020).</li> </ol>
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