

# Planning for the right homes in the right places

POS response to consultation

November 2017

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This response is made on behalf of the Planning Officers Society (POS)

The Planning Officers Society represents the most senior professionals and managers of planning functions in the English Local Authorities. We set out to:

- Act as an advocate and promoter of Local Government planning
- Assist and advise the Government and the Local Government Association on planning matters and related issues
- Act as a centre of excellence, undertake research and promote best practice in planning matters
- Promote all aspects of the built and green environment by working closely with other organisations and profession

The Society's aim is to ensure that planning makes a major contribution to achieving sustainable developments, from national to local level, in ways, which are fair and equitable and achieve the social economic and environmental aspirations of all sectors of the community.

We hope you find the enclosed responses useful and please do not hesitate to contact us if you require any further information.

# 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?**

No

Although POS welcomes the approach of a standard methodology, which will save LPAs time and expense, we do not agree with a arbitrary figure added to the Objectively Assessed Need (OAN).

### The scale of need

The evidence demonstrates that increasing OAN figures alone (even if that was translated in even more permissions) will not of itself result in more homes being built and if it did, it could have severe unintended consequences. It appears that the Government has worked back from the rate of house building it believes is needed nationally (225-275 dpa). At paragraph 26 it estimates the total housing need using the formula at about 266,000 dpa. This is well above the current rate of new dwelling production of about 153,000 June 2016 to June 2017.

Whilst it is appreciated that the Government is anxious to see house building increase to meet needs fully, to go straight to the required need level is likely to be counterproductive. Until such time as house building rates catch up, there would be substantial over-supply of housing land on parts of the country, with uncertainty over which land would actually be taken up and the consequent effect on infrastructure provision.

LPAs faced by a big increase in need from the present level would have to review how they can meet the increase. In many areas this will be difficult because of significant

constraints and additional infrastructure needs which will be created. The likely consequence is that such LPAs will take longer to be able to bring their plans forward and sudden increase in needs figures can be expected to slow down the preparation of plans to meet those needs.

Where LPAs prepare plans geared to the new need calculation, it will lead in some areas to very large differences between the amount of land allocated and the actual take-up. The consequence of this is that builders will cherry pick sites. This will happen not just within LPA areas, but between one area than another. LPAs in areas which are considered less attractive by house builders could find that they have ample land allocations but little actual house building. Such LPAs would then be effectively penalised by the Housing Delivery Test.

By contrast, in much of the Midlands and most of Northern England, the new method results in reduced housing needs, commonly because aspirations for economic growth are not taken into account. The consultation document at paragraph 46 gives encouragement to LPAs to set an assessment of housing need in excess of what the standard method would provide. However, each LPA in that situation would have to make its own case, which would involve additional cost and time.

Where there would otherwise be a reduction from current need figures, there should be an automatic uplift to provide for economic growth. This could also allow CLG to reduce the currently suggested increase at 40% to, say 30% of current needs assessments, and thereby somewhat reduce the scale of increases in the SE in particular. Essentially the strategy is one of building more where there is economic success and less where there is economic failure. This will further depress the areas where economies are struggling and add to the over-heating of London and the south east. New homes should correspond with the Governments economic plan, 'Fixing the Foundations: Creating a more prosperous nation' and not continue to add to existing trends.

Housing markets, particularly those on the edge of cities, are very complex and house prices are affected by a number of different factors. Building significantly more houses in these areas might bring the cost of building down (i.e. land values), but this will simply give the housebuilders an even bigger profit margin. In areas on the edge of city (and

where prices are high) infrastructure is already highly congested therefore building even more homes that are not 'affordable' will simply add even more stress on infrastructure.

There are also usually very limited opportunities for addressing the 'infrastructure deficit'. POS would urge government to invest in enabling infrastructure. The Housing Infrastructure Fund, is welcomed and a good start. However, it appears to be skewed to the South as it is based on investment in areas of high value. Government needs to introduce a strategy which supports areas which need to create markets.

We are concerned that where politicians have struggled to get housing allocations through a difficult local constituency, they will react badly to a methodology that makes no sense to them. Areas which have significant areas of restraint, particularly Green Belt, will see even less need to get a Plan in place and may be happy to operate through s78 appeals. Politically this is likely to be seen as a more palatable strategy in such locations.

#### Alternative proposal to suggested OAN methodology

We welcome a set methodology and one that is simple, even if it is crude. Such an approach will save both money and time. It produces a stable number that we can plan for, that will not be challenged, and future monitoring will enable corrections to be made through the plan-making process. We do not agree with the crude uplift to the OAN figures.

Paragraph 20 says that in carrying out the affordability adjustment, plan makers should use the workplace-based median house price to median earnings ratio from the most recent year for which data is available. There are two issues here. Firstly, in areas where the resident population is largely low paid, but people from outside the LPA area commute into high paid jobs, the use of workplace-based earnings will make housing look more affordable than it is to most residents. There is therefore an argument for using residence-based earnings rather than workplace-based. Secondly, in areas where there is a low level of house building and/or churn in the market, and possibly in some other areas, the types and therefore prices of dwellings being built can vary considerably from year to year. The effect of this could be that the affordability ratio would change

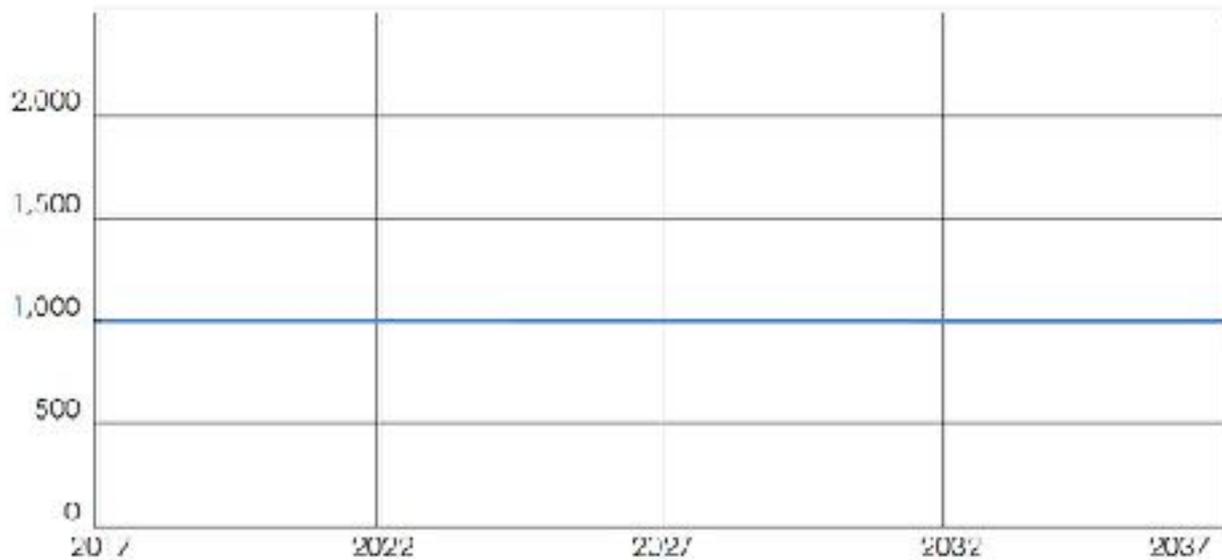
considerably from one year to another, giving instability in the need calculation. A solution would be to allow authorities which can demonstrate such swings in the affordability ratio to use, say, a three-year average.

Notwithstanding our feedback on the affordability adjustment as set out above, we firmly believe that responding to market signals is not achieved by a crude uplift in the OAN number, which will not be translated into additional supply. LPAs will have an artificially inflated target and they will be criticised (including through the proposed Housing Delivery Test) for “failing” to deliver that unrealistic number of homes. We support the baseline stage of the proposed formula (subject to comments on the affordability adjustment above) but not the adjustment factor for market signals.

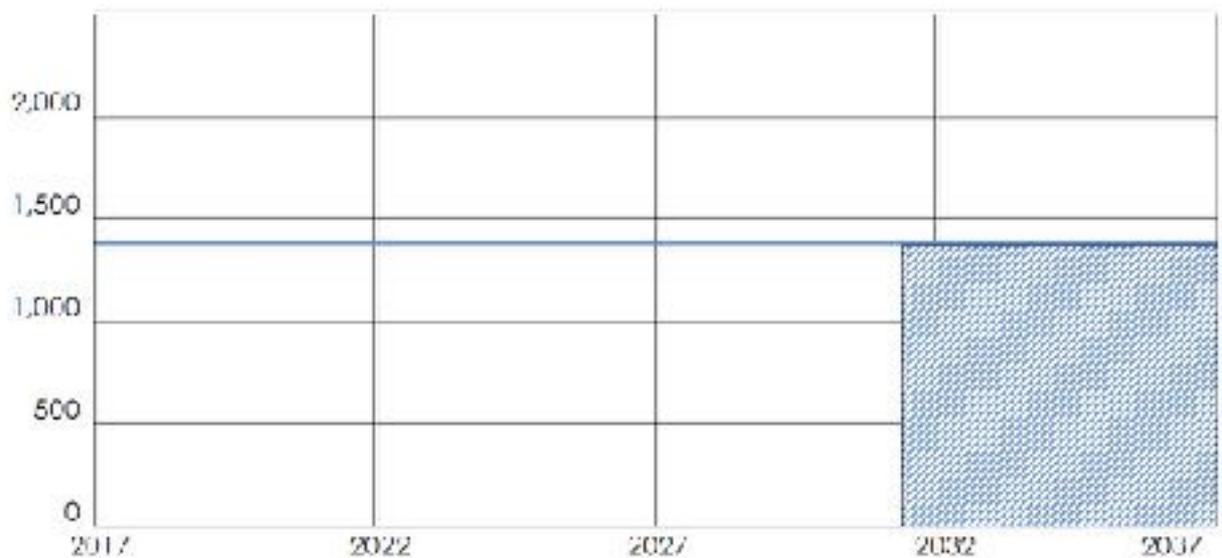
POS objects to the proposed 40% increase, we would suggest the following alternatives;

- Where there would otherwise be a reduction from current need figures, there should be an automatic uplift to provide for economic growth. This could also allow CLG to reduce the cap level from 40% to, say 30% of current needs assessments, and thereby somewhat reduce the scale of increases in the SE in particular (as mentioned previously).
- The transition to the full need should be staged to reflect progress in increasing housing delivery. In other words, the formula would be reviewed upwards from time to time. This would reduce short term increases in the needs figures, and create an incentive for some LPAS to get plans in place before their needs figures rise again. And may incentivise housebuilders to build, in the knowledge that more sites will then be released.
- Or, if DCLG chooses to continue with the current proposals despite our view, we would suggest the 40% uplift is reduced as time goes on, this will save a oversupply of housing towards the end of a plan period but allow for a more immediate acceleration of housing supply in the short term (this is explained in more detail below).

We have described below in more detail how the current DCLG model could be modified so that it is a more realistic component in planning for homes. Comparing the proposed model with the current model, on a plan with a 20-year time horizon and 1,000 units a year as its OAN figure, you get the following outcomes.

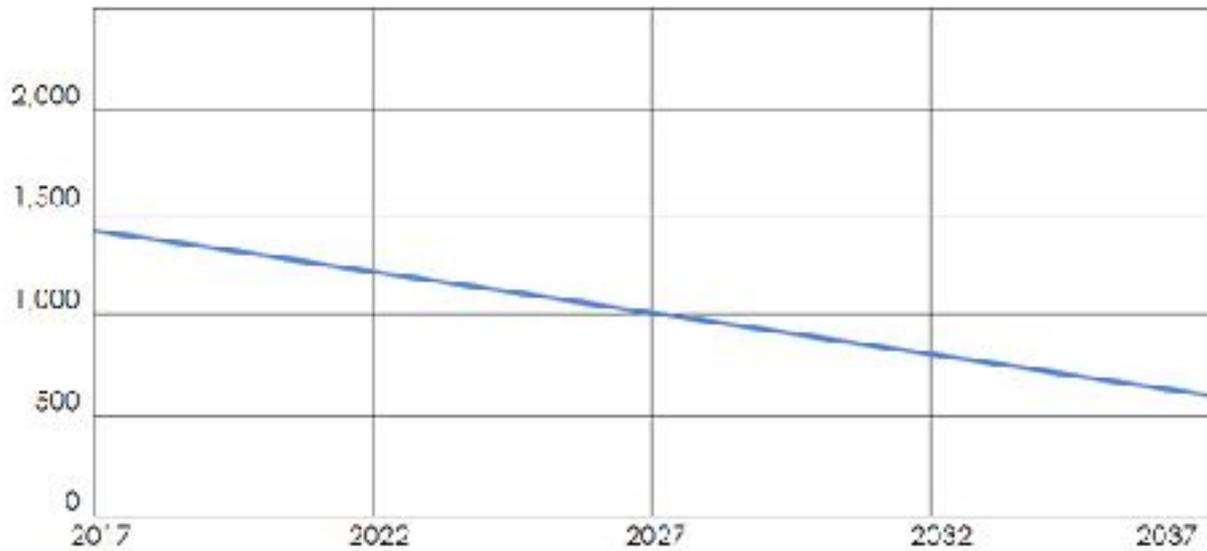


The current model delivers housing need over the twenty-year period and as the market will be “satisfied” (in terms of sufficient homes) in 2037, house prices should “normalise” at that time in the economic model that DCLG bases its strategy on.



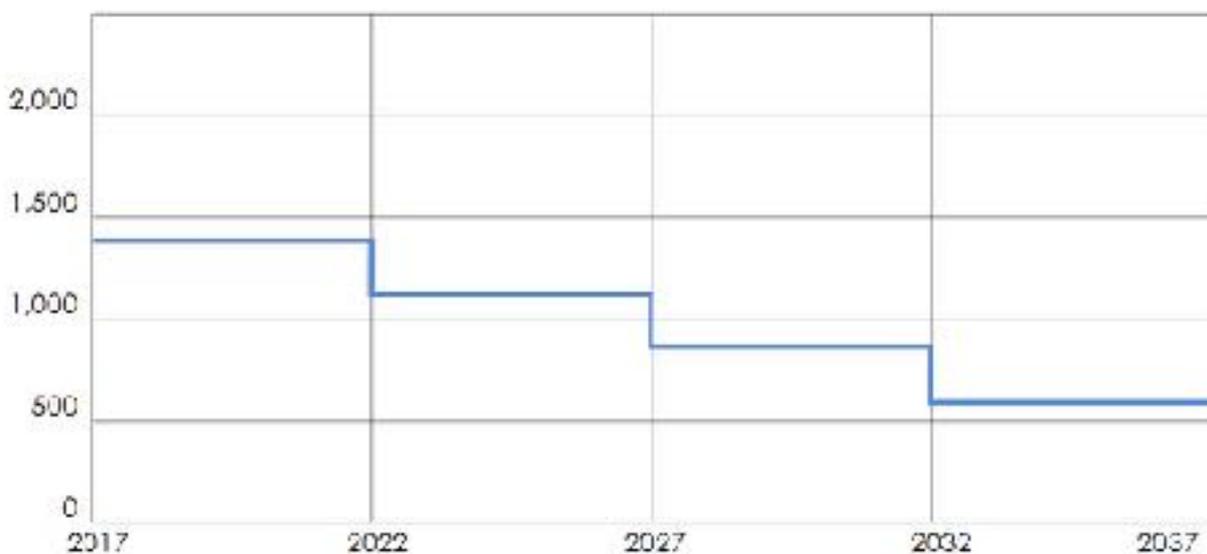
In DCLG’s proposed model with a 40% uplift for market signals, housing need (ie 20,000 homes) is delivered over a shorter period – during 2031 the 20,000 homes 20-year target will be provided. Therefore, at the end of the plan period, 8,000 homes above demographic OAN will be built (the shaded area), which presumably are not needed.

If DCLG wish to persist with this economic model, POS strongly suggests that the potential end of period impacts of over-supply need to be factored into the calculations. We set out below a blended model that could achieve this.



This model picks up DCLG’s desire to accelerate the normalisation of house prices that is at the heart of its economic model, but builds in the need to slow down supply to avoid the unsustainable consequences of over-supplying housing in areas where the economy is (arguably) overheated and environmentally there are a myriad of real constraints.

Our model starts with an increased OAN of 1,400 (as the DCLG consultation proposals propose) but it reduces at around 40 units per year until after 20 years it is around 600 per year. This gives the economic model of extra supply to reduce house prices a boost, but reduces supply over time so a damaging and pointless over-supply of housing is not the outcome. This could equally be achieved with a stepped model of say 1,400 homes per year for years 1 to 5, then 1,130 homes for years 6 to 10, 870 homes for years 11 to 15 and 600 homes for years 16 to 20 (see below).



As mentioned in our letter to DCLG, Government must recognise that a range of interventions and policies are needed and one size will not fit all. It will be important to ensure that the ambition of some locations to boost their economy is recognised, supported and built into the measures that will emerge from this consultation. LPAs must have a menu of policy interventions to choose from so that they can craft the strategy that is right for their housing market area.

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

There should be a clear explanation to the approach behind the agreed OAN formula so that communities can understand how a housing need figure is calculated. This explanation should be in plain english.

We would suggest that each Council website includes a link to a national DCLG webpage where the information, how many homes each local authority is planning for compared to how many they actually need is kept. This should not be a burden on LPAs. It could be collected locally and entered into a DCLG database, similar to how the PS1 and PS2 are currently logged. This information should then be promoted by Local Authorities in their hard copy and electronic publications/social media alerts.

#### Clarity and choice of terminology

The consultation paper seems to avoid using the term “objective assessment of housing need”. That makes sense in referring to the new housing need calculation which is termed ‘local housing need’. However, where referring to existing local plans the new terminology is also used. It would be much clearer (and more accurate) to continue to use ‘objectively assessed need’ when referring to existing assessments.

There is a need for clarity regarding the cut off dates for when a plan falls out of date – is this to be 5 years to the date of adoption or set against a marker such as the following 1 April in line with the March update of affordability figures?

Clarity needs to be given by DCLG when it comes to revise the NPPF, so that the revisions are clear and unambiguous. For example Paragraph 25a) of consultation document uses ambiguous language, saying that the 40% cap should apply to the annual requirement figure currently set in the local plan. This could be construed as the plan housing target figure, whereas it should be made clear that it applies to the objective need assessment.

**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

This would overcome the common problem of new household projections published during the examination requiring the need to be re-calculated, with any increase having to be reflected in additional allocations.

However, the draft plan should really be fixed for all practical purposes at the time of publication (Regulation 19), POS would suggest that the need figure should be fixed for three years from that date to provide the stability that is sought.

**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?**

Yes

**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?**

Yes

POS agrees with the suggested approach. However, if an Inspector agrees with a proposed alternative approach, it should not need rigorous testing. Testing should be proportionate and should not slow down an examination unnecessarily.

POS would recommend that Government is clear and strong when introducing a standard method. Paragraph 41 of the consultation does not set out a clear message where as paragraph 44 does. We agree it is important to have flexibility in unique areas, however this should be in exceptional circumstances.

#### **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?**

The implication of paragraph 48 is that where an LPA does not have an up-to-date plan, its housing target for the calculation of 5-year supply should be based on the new method for calculating the local housing need. This should be made explicit in the NPPF. The consultation presumes that all authorities existing housing targets would be lower than that calculated using the new methodology, which is not the case.

The intention is clear to encourage LPAs to have an up to date plan in place, but the penalty of not having one should not harm our built and natural environment by approving a proposal which is low quality or of poor design.

In the absence of an up to date local plan the new methodology is suggested to be used without factoring in land constraints, however when making decisions on individual planning applications all policies of the NPPF should be applied, which provides protection to Green Belt. It will be important for LPAs to understand what weight should be given to each when making a decision or defending an appeal. Otherwise time could be wasted in these situations and result in frustration for developers as well as confusion for communities.

The consultation document is silent on how the calculation of the 5-year supply using the new local housing need figure should apply a buffer and, where necessary, take account of past under-delivery (NPPF paragraph 47). In addition it is not clear regarding the relationship between the dates cited in the Housing White Paper for the Housing Delivery Test and this provision.

POS agrees that where there is an adopted joint plan or where there is an existing Mayoral plan to calculate their five year housing supply and Housing Delivery Test calculated for the area as a whole.

Whilst we strongly support the discretion that might be applied where joint plans are being prepared, given the additional complexities involved, there may be other, discreet circumstances where additional time is needed therefore some flexibility for SOS should be included for those not working towards a joint plan.

**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

**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

**Question 6: do you agree with the proposed transitional arrangements for introducing the standard approach for calculating local housing need?**

No

We do not agree with the transitional arrangement that if a plan is five years old and a new plan has not been submitted for examination by March 2018 then the new standardised method should apply. This would penalise authorities who have just completed a SHMA, and only allows 4-5 months since the publication of this consultation in order to submit a new plan which is unrealistic. Many SHMAs are being prepared jointly and a lot of time and money has been put into getting agreement. There should be an additional category added at the beginning of the table, for local authorities who have a SHMA completed in the past 12 months, they should be allowed until March 2019 to submit their plan using their current methodology.

We also do not agree that if a plan has been published it needs to be submitted for examination on or before 31 March 2018, this deadline should be pushed back to March 2019. Communities would have engaged with the draft Local Plan and housing numbers. The consultation would be encouraging LPAs to rush feedback from consultation in order to meet a March 2018 deadline. These plans would be at risk of not being sound and not having time and resources to continue positive engagement with the community.

The consultation makes reference to March 2018 as a deadline or when the revised NPPF framework is to be published, the date of the NPPF framework should be confirmed to allow LPAs to plan their timescales appropriately.

## **Statement of common ground**

The principle of SCGs is supported, the Duty to Cooperate (DtC) alone will not deliver effective strategic planning, therefore the proposed role of the SCG in providing 'more teeth' to the Duty is welcomed. However, we are not convinced that, as currently envisaged by government, there will be added value and therefore have made some suggestions to how the SCG could be a more effective tool to support strategic planning. POS would be happy to work with DCLG further to consider how legislation can help these LPAs.

### **Question 7:**

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

Yes

However, we feel the consultation should go further a SCG is the minimum, a joint strategic plan would be best. In 2014 POS produced a paper that sought to tackle the challenge of the Duty to Cooperate (DtC) and concluded:

- Local Plans should be prepared in 2 stages: the strategy followed by the detailed policies
- The strategy stage is where the DtC needs to be focused
- Strategic Environmental Assessment and Issues and Options should only be applied to stage 1
- The Planning Inspectorate applies the Soundness Test to stage 1 and signs it off
- This leaves the drafting of the detailed policies that will deliver the strategy as a simpler process as it will be done in the context of a clear, agreed and sound strategy
- The Planning Inspectorate's role at stage 2 would be to hear objections to the detailed policies
- The carrying out of the Soundness Test at stage 1 and limiting future involvement of the Planning Inspectorate to considering objections to detailed policies, re-establishes a clear process for the plan to gain weight in decision making as it progresses through the system to final adoption
- These changes have the potential to speed up the process

Producing an actual strategic plan for the Housing Market Area (HMA) (or other sensible geography) as part of the DtC process is, we believe, what is needed to drive the success of the process. This has the added advantage of enabling the rest of the process to be speeded up. A link to our paper is included below;

[http://www.planningofficers.org.uk/downloads/pdf/POS%20Manifesto\\_1%20Local%20Plans\\_Aug15.pdf](http://www.planningofficers.org.uk/downloads/pdf/POS%20Manifesto_1%20Local%20Plans_Aug15.pdf)

We feel that Government should adopt this more formal approach to plan making at a larger geography at stage 1, then local plans drafted in conformity with the areas strategic visions in stage 2.

### SCG boundaries

The consultation document highlights that not all strategic planning is being managed currently on an HMA basis and there are other strategic geographies (e.g. between mineral planning authorities nationwide) that will deliver an effective outcome. POS seeks assurances from the Government that, whilst there needs to be a justification for deviating from an HMA, it will not disrupt existing strategic planning partnerships that have no 'functional' justification and force new arrangements for the SCG.

Many HMAs are complex and overlap therefore in most cases, there will be wider but more discreet relationships to manage e.g. with neighbouring authorities that are not within the immediate strategic planning area. There may be an ongoing role for Memorandums of Understanding (MoU) and similar practices to manage these relationships, and these should be referred to in the SCG, although only where required and not be compulsory.

### The need for clarity and certainty

The consultation paper is rather unclear about what should be in statements of common ground. Paragraph 57 refers to statements of common ground setting out how LPAS intend to work together to meet housing needs that cut across authority boundaries, which suggests that the statement is intended to be a project management document, with the actual strategy for meeting needs taking some other form.

We consider that the SCG should be a project management document which is a basis for cooperative working. However, in places the consultation document reads as if the intention is that the statement of common ground should itself be the medium for resolving cross-boundary issues. Paragraph 64 says "the statement will set out the cross-boundary issues, including the housing need for the area, *distribution and proposals for meeting any shortfalls*". (Emphasis added.) Table 2 similarly refers to "proposals for meeting any shortfalls".

POS considers that Government should be flexible about what a SCG actually looks like given the variety of issues that apply in different areas. In some areas, it will probably not be much more than an MoU (possibly with a risk assessment included) but in other, more complex areas, it will be much more.

When translating the proposals in the consultation document into the NPPF, Government will need to be clear about what the minimum requirement for LPAs will be but flexible in how this is set out. If there is ambiguity or uncertainty, planners' energies will initially be absorbed in trying to work out what is actually required of them, rather than getting on with the job.

At paragraph 72 in the consultation, reference is made to two areas and minerals. In two tier areas, the Duty to Cooperate also applies to Mineral and Waste Local Plans. Whilst these Plans do not directly relate to housing provision, they provide a critical element in the delivery of waste management infrastructure and the construction material supply chain so that housing and associated developments can be delivered. The development of more houses and the infrastructure to support them will require a greater amount of construction materials (e.g. aggregates, bricks, concrete, glass, steel, etc.). Mineral planning authorities have a particular Duty to Cooperate aspect that is nationwide, since the strategic planning for the geographic imbalance of where the mineral is and where it is needed has been one of its long recognised functions. It is not clear how the proposed Statements of Common Ground sits with the established Managed Aggregates Supply System (MASS) already in place. Minerals flow all over the country and it seems that there is a danger of multiple Statements of Common Ground being required between mineral supply and demands areas that may add a layer of complication the benefits of which are hard to see over and above the existing MASS. However, it is crucial that government maintains its support for the operation of the MASS, the Aggregate Working Parties (AWP) and their secretariats and a functional National Aggregate Co-ordinating Group.

**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?**

It may be that HMAs within a Mayoral area have a similar approach to the rest of the country. For example there are five sub regions within London, each its own HMA. Each London authority could produce a SCG, the Mayor would not need to be a primary signatory but be included in the strategic priorities of the SCG. This would allow for local issues to be picked up at a local level and encourage positive working practices. Communities and Councillors would also be clear on their local area approach, as well as clear on the approach for London as a whole, which is set out in the London Plan.

The consultation document recognises that there are particular difficulties in managing the relationship between some of the major cities and the surrounding areas. These wider relationships need to be referred to in the SCG and where there is a potential impact. For example, a group of authorities on the edge of London may have a different relationship to another group of authorities in terms of supporting housing needs and infrastructure. This should therefore be managed through a direct, bespoke deal/ agreement with the Mayor, or group of authorities drafting a SCG, rather than as part of the wide 'city-region' collaboration (which will still have a role to play).

**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 a primary signatory the same as a LPA.

**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?**

It is not clear from the consultation document whether the Government sees the SCG as a project plan or a policy document. In order for SCG to work well, flexibility should be allowed across the country. In most areas a SCG would work best as a project management document, and the actual means of developing agreed decisions on strategy is set out in something else. The statement should, as set out in the consultation document, provide a record of agreement actually reached. This would

allow for the current variety and different circumstances in ways of joint working to continue.

However, in some cases a SCG may be used effectively at managing strategic priorities across boundaries, and therefore it may need to be both a project plan and a policy document. This would be the choice of the group and not be seen as the norm. The SCG could give a clear steer to what the process for developing the local plans in the area are (or single joint plan) and a high level indication of 'policy intent' if it is to address housing targets across the area and the distribution. It would not, in our view, require an SA/SEA though as the actual policy still has to be set out in a local plan and tested through that process.

Two things then follow. First, the requirements for the content of statements of common ground in Table 2 of the consultation document should be amended to make clear that it is intended to be a project management document, and to make clear that the group of LPAs preparing the statement should set out clearly what means they are already using or intend to use to resolve strategic issues, ie what kind of policy instruments. Second, the NPPF should concisely set out the available range of alternatives, reflecting the examples cited in paragraph 23 above. Language like "process for agreeing the distribution of housing need" is not explicit enough. If this is not done, there is a real risk that in some areas the LPAs will produce documents which are vague or evasive, and do not actually commit them to achieving solutions.

The consultation document makes it clear that this is not supposed to be an additional burden on LPAs so should encompass work on DtC, the Local Development Strategy, the Annual Monitoring Report and local plan project management. However, there will clearly be things that are out of the LPA's control e.g. infrastructure funding, housing delivery, therefore, if the SCG is to be meaningful in terms of effective strategic planning, it may be that some SCG include a risk assessment/ management plan. This would also highlight any areas of risk in relation to the Government's infrastructure funding priorities and proposed Housing Delivery Test. However this should be for the authorities working together to decide and not a requirement of the SCG.

The revisions to the NPPF will need to make it clear the requirement for a robust basis for any agreement on housing distribution, and that this would be examined at the time of local plans (unless there is a statutory plan strategy) to confirm that it is soundly based.

There is a clear presumption in favour of joint plans (in all government proposals) and POS welcomes this. However, it needs to be acknowledged that, whilst there are clearly still risks associated with joint plans, the risks are likely to be much higher where the SCG is trying to manage a number of individual plans within a strategic area, especially if progressing on different timetables. Inevitably preparation of the initial SCG may therefore take longer and some flexibility should be built into the Government's proposed 1 year timetable to reflect this. In addition DCLG will also need to consider how paragraph 156 of the NPPF should be amended to deal with statutory joint strategies, which do not need to cover all the matters listed there, and how such strategies will be examined, eg they cannot demonstrate 5 year supply, that will be for other plan documents.

We welcome the recognition that the SCG will be a 'living document' as the initial policy intent/strategic priorities may change over time as the plans are developed, again highlighting the value of the risk assessment/management plan. However we do not agree that a SCG should be reviewed every time an authority reaches a key milestone in the plan making process. In areas where there are a sizeable number of LPAs working together (eg West Midlands, Greater Manchester, Leicestershire) this could mean the SCG would be constantly under review. We would suggest it would be better to require a minimum of annual review, allied to the timescale for the AMR.

### **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

POS strongly supports the new tests in paragraph 83 of the consultation document. We would suggest that these new soundness test and the Statement of Common Ground should be presented as a package in the new NPPF, they should not be separate considerations or processes.

The new soundness tests explicitly set out that there has to be a strategy, and that this is based on *effective* joint working. It is likely that Inspectors will interpret the new test as meaning that for all practical purposes there is now a duty to agree. It would be very difficult to claim to have met the Duty to cooperate by having lots of discussions but no agreement. The SCG may function predominantly as a project management tool, but allied to the teeth of the new soundness tests they will effectively make proper joint working un avoidable.

DCLG should set this out clearly and link the new tests of soundness into the requirements of a SCG.

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

Yes

**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?**

Whilst the objective may be worthy, this could only be achieved by producing a SHMA which would be as big and complex as those this consultation wants to see an end to.

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

Yes

## 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

**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?**

No

A simple pro rata by population does not reflect housing need, available land, or indeed appropriate planning of settlements. The small spatial scale of neighbourhood plans makes all of these assessments difficult to undertake accurately.

The formula based approach would be too simplistic. For example, in authorities where there is one or maybe two main towns, a neighbourhood plan in these areas could have a disproportionately low housing figure, especially when existing infrastructure is considered. It would not be appropriate to expect the rural areas outside of the neighbourhood plan to meet an equal proportion of housing.

As an alternative we suggest that the most recent local plan is taken as a guide and the percentage of houses allocated to various geographic areas/sites is worked out. The proportionate percentage split is reapplied to the new LPA housing figure using the standard method. This would continue the most sustainable approach to housing distribution, taken in the previous local plan and focus the largest proportions of the new housing number appropriately in towns and conurbations. The remaining figure

previously planned to be met in unallocated sites or windfall sites could then be spread as an average across the geographic area of the authority.

This would be a crude approach but a little more balanced and sustainable than currently suggested and still meets the Government's intention of not slowing down or disincentivising neighbourhood planning.

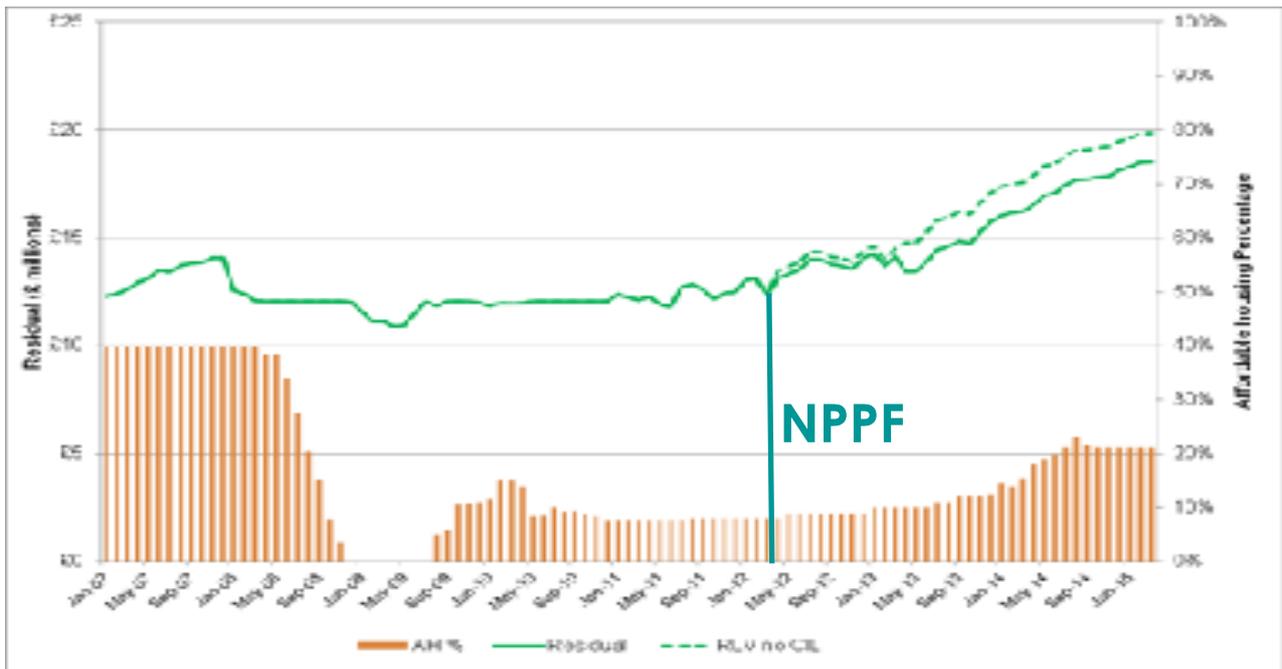
## **Proposed approach to viability assessment**

**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

Local Plan Viability Assessments (VAs) are designed to demonstrate that the Plan can be delivered at a strategic level and will be set at a particular point in time. There also needs to be a dynamic model to sit alongside the LP such as that now adopted by the GLA and LB Croydon if VAs are to be avoided at the application stage (see covering letter).

POS supports DCLG's approach to remove the "viability game" as a feature of the DM process. The starting point is the wording in the NPPF which can be seen to have brought about land price inflation at the cost of delivering affordable housing (see chart in our covering letter which shows residual land valuations against % of affordable housing delivered). The wording in para 173 of the NPPF gives developers confidence that they can "argue viability" and in such situations affordable housing is always the casualty.



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

There need to be firmer and clearer statements in both policy and guidance to;

- Emphasise that land value is an output of the VA process, not an input, and that over paying for land will not be taken into account in assessing viability. (This has been confirmed in case law and PINs decisions)
- VAs should take full account of the cost of adopted policy requirements including Affordable Housing and CIL.

**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?**

POS welcomes this approach. The NPPF should be amended to clearly set out that developers cannot rely on the ‘viability argument’ to get out of providing affordable housing.

However, it is inevitable that applicants will want to argue the particular circumstances which relate to their site and which weren’t taken into account at the LP stage. Such

factors will be material considerations where they are supported by robust evidence and it is difficult to see how this situation can be avoided. There are possible changes to policy and guidance which would help minimise the frequency that this occurs.

- Firstly the applicant should have to demonstrate why the LP VA should not take priority.
- Secondly the delivery of policy and infrastructure should be seen as a cost, not a negotiable extra, in appraisals alongside all the other costs. Build costs, fees and financing costs are all negotiable and there should be no reason why the 'planning costs' should be seen as the balancing factor.
- Thirdly policy and guidance should recognise that review mechanisms can and should have a place in VA and therefore in plan and infrastructure delivery. A simple methodology, using readily available public data, would be to identify any uplift in sales values between the application VA and the sale of the completed development, with an agreed basis for splitting the uplift between the developer and the LPA for further contributions to provide eg Affordable Housing or infrastructure. This approach would have the added advantage of transparency.

Although this does provide certainty to developers it may mean that infrastructure is not provided and affect the sustainability of a location and quality of a built environment. It could be that LPAs have planned for infrastructure in their Local Plan, but circumstances have changed. The Council may not have the opportunity to adapt their approach in decision making until a new Local Plan is adopted.

**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?**

POS would welcome engagement. However, it has proved difficult. Statements from government may help reinforce the necessity to become involved but it is difficult to see that any formal sanction would be practical. Government could set out that in the absence of information from infrastructure providers it becomes inevitable that the LPA will have to make assumptions about requirements and costs which cannot be reopened a later stage.

In terms of encouraging housing associations and infrastructure providers to do this, we would suggest making contact with them directly and engaging in detail to understand the constraints they work within. It would certainly be very beneficial to have this engagement if and where possible.

**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?**

POS welcomes making viability assessments simpler, quicker and more transparent.

However, we consider the current viability assessment methodology is straightforward. The complications come with the inputs. It would be a relatively simple task to set out what factors should be taken into account and presented to the LPA, but it is at this stage that arguments about how the variables are calculated and what may or may not be confidential arise. For a summary to be useful it would have to identify Gross Development Value, development costs including planning requirements and the residual land value. Any summary without such a breakdown would be of little value.

The NPPF should be amended so that it does not give developers confidence in 'arguing viability' to get out of affordable housing. This needs to be very clearly outlined in NPPF to give Councils confidence to stick with their local plan affordable housing and infrastructure requirements unless exceptional circumstances arise in decision making.

**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

**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?**

POS welcomes this approach. LPAs could include summaries of large schemes and the benefits they bring in corporate social media accounts/newsletters/magazines. However, this would need to be sensitively managed so developers feel they have a level amount of support from the Council. Also, for each scheme approved there is likely to be some in the community who are not happy with the decision and local politicians will be mindful of this.

Information on the benefits of the scheme, as well as progress/timelines should be advertised by the developer on hoardings and wider advertisements and social media.

POS would suggest that DCLG engages with the Local Government Association who represent local councillors and the National Association of Local Councils, who represent Town and Parish Councils to understand how benefits of a scheme could best be promoted.

## **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

It is tempting to look at housing delivery, but this is not down to LPAs. In order to incentivise LPAs to plan positively for the homes that their communities need, POS suggests that there should be three measures:

1. A plan-making indicator: a local plan is adopted that is not older than 5 years
2. A decision-making efficiency indicator: major applications are determined within PPA/Extension of Time targets or DCLG targets if necessary
3. A decision-making quality indicator: appeal record is at or above the national average of 66%

This basket of indicators, that are easy to measure, could be seen as painting a picture of a good LPA and one that should be able to levy the additional 20% fees. LPA's should be measured against these indicators over a two-year period.

To enable LPAs to budget, a decision to allow an LPA to charge the additional fee would need to be made and fixed for a period, say 3 years. If they failed to meet any of the criteria over the following two years, then the LPA would effectively have 12-months' notice that the 20% additional fee right was to be lost. To recover the right, they would need to be measured again over a two-year period.

The additional fee increase should apply to all planning authorities, including mineral and waste planning authorities. As mentioned in the response to Q7, no construction of any housing or related development can take place unless the construction materials, as derived from mineral working, are made available. The function of mineral planning authorities is a critical element in the material supply chain.

**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?**

Answer as above

**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?**

Only to the individual authorities who meet the required criteria

It is unrealistic to think that over 400 Councils (if include unitary, upper and second tier) will meet the criteria. There will inevitably be some local reasons why criteria cannot be met.

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

An additional 20% increase in fees would allow good performing councils to recruit and retain staff. Local Authorities should confirm that this additional increase in fees should be spent within planning departments. However, increasing budgets in LPAs will not help alone, there needs to be a government recognition and action plan to mitigate the acute lack of planners and help LPAs compete with the private sector. POS would strongly urge Government to encourage people into the planning profession, perhaps by means of a bursary/help with university fees/public recruitment drive.

## **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?**

POS considers that Councils need to increase the numbers of homes they build, to go some way to meeting the annual housing target. We suggest that local authorities are given a stronger set of tools to become more effective in assembling land. This should be done through increased CPO powers and introducing Compulsory Selling Orders

(CSOs). It may be that local authorities choose to partner up with private developers to take forward land assembly using their funds and the Local Authority's powers.

POS would refer Government to our CPO manifesto paper;

<http://www.planningofficers.org.uk/downloads/excel/POS-Manifesto-CPO-Improvements.pdf>

This sets out that CPO powers need to be reformed and highlights that at present local authorities very rarely use the powers particularly to tackle stalled housing sites. The complexity of the system acts as a disincentive for local planning authorities to use CPO as a planning and regeneration tool. The resources, both financial and skills, needed to navigate the CPO process are beyond the means of many local authorities.