

Committee: Planning & Transportation	Date(s): 18/12/2018
Subject: Revised National Planning Policy Framework	Public
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Summary

In 2012, the Government published a concise statement of national planning policy – the National Planning Policy Framework (NPPF). In July 2018, an updated NPPF was published, incorporating changes in legislation and guidance since 2012. The updated NPPF is accompanied by revised online national Planning Practice Guidance. Planning law requires that applications for planning permission should be determined in accordance with the development plan (the City of London Local Plan and the London Plan), unless material considerations indicate otherwise. The NPPF must be taken into account in preparing the development plan and is a material consideration in the determination of planning applications.

Many aspects of the NPPF are either unaltered since the 2012 version, or are amended in a minor way, and do not have significant impacts for the City of London. There are a number of changes that are welcome, including: recognition of the need to plan for clusters of knowledge and data-driven industries; a greater focus on design quality and clarification of the approach towards daylight and sunlight; and further encouragement for early engagement between planning authorities and applicants to resolve concerns, including encouragement for statutory consultees to also engage at an early stage.

However, there are also a number of changes which could impact adversely on the drafting of the City of London Local Plan and the determination of planning applications. These principally relate to: a standard approach to assessing housing need which does not accord with the approach taken in the London Plan in setting housing targets for the City; a new prescriptive Housing Delivery Test which does not reflect the ‘lumpy’ nature of housing delivery in the City or the priority need for commercial development; and lack of clarity over the role of the London Plan and how provisions, such as the requirement for Statements of Common Ground and housing supply calculations, should be approached in the short term.

Recommendation(s)

Members are asked to:

- Note the publication of the revised NPPF and the key implications for the City of London set out in this report.

Main Report

Background

1. In 2012, the Government consolidated over 1,000 pages of national planning policy guidance into a 65 page document, the National Planning Policy Framework (NPPF). The NPPF was supported by an online Planning Practice Guidance resource, which provided further detail and interpretation of national policy.
2. The NPPF sets out the Government's planning policies for England and how these should be applied. Planning law requires that applications for planning permission should be determined in accordance with the development plan (the City of London Local Plan and the London Plan), unless material considerations indicate otherwise. The NPPF must be taken into account in preparing the development plan and is a material consideration in the determination of planning applications.

Current Position

3. In July 2018, the Government published a revised NPPF, which replaces the 2012 NPPF and incorporates changes in legislation and national planning policy and practice since 2012. The updated NPPF is supported by revised online Planning Practice Guidance. The policies in the new NPPF became material considerations in the determination of planning applications from the date of publication of the Framework. Local and strategic level plans are expected to be revised to take account of the NPPF, although transitional arrangements are in place for plans which are submitted for examination on or before 24 January 2019. Much of the guidance is either unaltered or subject to minor change from the 2012 guidance, but there are a number of more significant changes which potentially impact upon the City of London and these are outlined below.

Key changes and implications for the City Corporation

4. Sustainable Development. The overarching objective of achieving sustainable development incorporating economic, social and environmental objectives has been retained. The NPPF also retains a presumption in favour of sustainable development, under which planning permission should be granted where a local plan is out of date and proposals do not conflict with the policies in the NPPF. The City of London Local Plan was adopted in 2015, and is being reviewed, and therefore meets the requirement of being up to date. However, the presumption in favour of sustainable development now applies where housing delivery is substantially below target as expressed in the Housing Delivery Test, and this may be problematic given the lumpy nature of housing development in the City (see paragraphs 9-11).
5. Building a strong, competitive economy. This section has moved from being the first chapter in the NPPF to the 6th chapter and has reduced in size, covering just 5 paragraphs (including 3 paragraphs on the rural economy). Nevertheless, the NPPF retains the requirement that significant weight should be attached in planning policy and decisions to the need to support economic growth and

productivity, allowing local areas to build on their specific strengths. A new paragraph added since consultation in March 2018 requires planning policy and decisions to recognise and address the specific locational requirements of different economic sectors, including making provision for clusters or networks of knowledge and data-driven creative or high technology industries. This section, although short, does provide a strong framework for continued protection and enhancement of the City's economic strengths and emerging economic sectors.

6. The economy chapter does not address existing Government policy to permit the change of use of offices to residential (for which the City has an exemption and a pending article 4 direction), or a current Government consultation on proposals to allow redevelopment of office buildings to provide new residential development through permitted development. This current consultation will be brought back to your Committee in January for consideration.
7. Delivering a sufficient supply of homes. The NPPF restates and strengthens the Government's commitment to the supply and delivery of new housing, introducing a new standard methodology for assessing housing need and a Housing Delivery Test.
8. The *standard methodology* is based on national household projections and is intended to ensure development plans provided for sufficient housing to meet need and reduce the need for detailed examination of local plan housing targets. However, the latest 2016-based projections published shortly after the NPPF suggest a significantly lower national housing need than the Government's target of 300,000 homes a year. The Government is now consulting on technical changes to the methodology to ensure that local plans continue to deliver a level of housing to meet this target. For the City, the changes are not likely to be significant as housing need is determined through the London Plan. What is not clear, however, is whether Public Examination of the new City of London Local Plan will consider housing need in relation to the standard methodology, or the London Plan target, or both, or the weight that will be attached by the Inspector to the national methodology.
9. The new *Housing Delivery Test* is to be applied by Government and published annually in November. It measures delivery in each local authority area against local plan housing targets for the previous 3 years. The NPPF identifies 3 thresholds of housing delivery and actions that local authority must take if these thresholds are not reached:
 - a. Where delivery is below 95% of the target, a local authority should prepare an action plan indicating how delivery will be increased;
 - b. Where delivery falls below 80% of the target, a 20% increase in supply should be applied to the authority's forward looking 5 year land supply target;
 - c. Where delivery falls below 75%, it will be regarded as being substantially below target and, there will be a presumption in favour of sustainable development.
10. The Test will be phased in over the period to 2020, with the threshold for substantially below target being 25% for the Test to be published in 2018. The national test results have not yet been published (at 27/11/18), but delivery in the

City over the past 3 years has been significantly below Local Plan targets. Therefore it is possible that the City could fall below the threshold in some years. Housing delivery in the City tends to be 'lumpy' and meeting targets relies upon delivery of large sites which do not come forward in a consistent annual pattern. Thus, the City may fail the Test at times, but it is likely that it will pass in subsequent years and, across the 15 year period of the Local Plan as a whole, meet and exceed housing targets. In commenting on the draft NPPF, the City Corporation did express its opposition to this form of Test and the way it is applied.

11. If the City were to fail the Test and fall within the definition of 'substantially below', the presumption in favour of sustainable development would apply and would become a material consideration which would carry significant weight in favour of granting permission for housing development, when weighed against the Local Plan policy to protect office uses. This would be a potentially serious risk if the Government applies its Test in an inflexible way.
12. Other changes to housing policy which will impact on the City include: widening the definition of affordable housing to include affordable home ownership, requiring at least 10% of homes to be available at a discount of at least 20% below local market value; and Local Plans to accommodate at least 10% of the overall housing requirement on sites of under 1 hectare. These changes reduce the flexibility for local planning authorities to reflect specific local circumstances in planning for housing.
13. Promoting Sustainable Transport. The NPPF requires that transport issues should be considered at the earliest stage of plan-making and development proposals. Plans need to be prepared with the active involvement of local highways authorities. This greater emphasis on joint working between planning and transport already features in the joint working within the City Corporation in the production of the draft Local Plan and draft Transport Strategy. The NPPF refers to the need to plan for the efficient delivery of goods, but does not address issues of consolidation or timing of servicing and delivery trips, In this regard, proposals in the Transport Strategy and Local Plan extend beyond the more limited scope of the NPPF, reflecting local conditions.
14. Making effective use of land. This is a new section within the NPPF, which seeks to make the best use of under-used land and buildings. Provisions include:
 - a. Supporting opportunities for the use of space above existing buildings and allowing upwards extensions where development would be consistent with the prevailing height and form of neighbouring buildings and the overall street scene. Within the City, application of these provisions would be considered within the context of the Local Plan and specifically views protection policies for St Paul's Heights, Monument Views and the London Views Management Framework. The Government is consulting on making upwards extensions for residential development permitted development. A report on this proposal will be brought back to your Committee in January 2019 for consideration.

- b. Encouraging higher densities in town and city centres through minimum density standards in local plans, alongside a strong emphasis on design quality. This reflects provisions in the London Plan, although it is notable that the draft London Plan currently going through examination moves away from specific minimum density standards to a focus on design quality.
- c. Stronger encouragement for early discussions between applicants, the local authority and local communities on design matters, largely reflecting the long-standing approach in the City of London.
- d. Requiring local planning authorities to take a more flexible approach to issues of daylight and sunlight where policies would otherwise inhibit making efficient use of a site, as long as the resulting scheme would provide acceptable living standards. This is a welcome flexibility which reflects the difficulties in achieving optimum levels of daylight and sunlight in city centre locations particularly in areas like the City of London.

15. Local Plans. A number of changes have been made to guidance on the preparation and role of Local Plans, many of which have already been incorporated into the draft City Local Plan and which provide welcome clarification of the roles of different tiers of plan preparation.

- a. Requiring plans to distinguish between strategic policies (such as policies for economic development, housing, transport) and more detailed development management policies. The revised guidance recognises the role of elected Mayors and combined authorities in preparing strategic plans, including through the London Plan, which addresses a gap in guidance in the previous NPPF. It also highlights the role of neighbourhood planning and neighbourhood plans in delivering the needs of local communities, indicating that neighbourhood plans will take precedence over non-strategic policies in local plans where they are in conflict. There are no neighbourhood plans in the City, so these provisions do not currently apply to the Local Plan, but could do so in the future.
- b. Reaffirming that strategic policies in plans should look ahead over a minimum of 15 years. Plans should also be reviewed at least every 5 years and updated where necessary. Any reviews should be completed no later than 5 years from the date of adoption of a plan.
- c. Requirement for formal Statements of Common Ground to give effect to the existing duty to co-operate in the preparation of plans. There is no guidance on the form these statements should take, or the governance mechanisms for their preparation. Initial assessments of the requirements for Statements of Common Ground for the City of London Local Plan suggest statements may be required with surrounding boroughs on views protection, affordable housing and Culture Mile and with authorities further afield on waste planning matters. A separate report will be brought back to this Committee early in 2019 outlining a recommended governance process for progressing Statements of Common Ground for the Local Plan.

16. Decision making. There has been only minor change to the approach to planning decisions (development management) within the NPPF, confirming earlier guidance on the need for pre-application engagement and front loading of applications with local communities, statutory consultees and local authorities. Statutory consultees are encouraged to take an early, pro-active approach to development applications, providing advice in a timely manner.
17. The NPPF reaffirms the requirement that planning applications should be determined in accordance with the development plan, unless material considerations indicate otherwise, with additional clarification of the weight to be attached to emerging Local Plans.
18. The NPPF provides guidance on the use of planning conditions and obligations, indicating that pre-commencement conditions should be avoided unless there is a clear justification and noting that sections 100ZA(4-6) of the Town & Country Planning Act, when in force, will require the applicant's written agreement to pre-commencement conditions.
19. The NPPF provides further guidance on the use of viability assessments in planning applications, indicating that applications which accord with up to date local plans will be assumed to be viable and that all viability assessments should reflect a standard approach set out in the Planning Practice Guidance and be publicly available. This approach is already reflected in the City's draft Local Plan and will be applied to all viability assessments received after the publication of the NPPF.
20. Transitional Provisions. The NPPF came into effect on the date of publication in July 2018, but transitional provisions were put in place:
 - a. Plans submitted for examination prior to 24 January 2019 will be considered against the previous 2012 NPPF. This does not affect the City's Local Plan, but does mean that the draft London Plan, which goes to examination in January will be examined against the 2012 guidance. The London Plan is therefore not subject to guidance on the standard methodology for housing need, nor subject to the requirements for statements of common ground.
 - b. For the Housing Delivery Test, a 3 year transition is put into effect which indicates that delivery will be considered to be substantially below the housing requirement where housing delivery falls below 25% of the target for the previous 3 years at November 2018, 45% for the November 2019 Test and 75% for the November 2020 Test.

Corporate & Strategic Implications

21. The NPPF and associated national Planning Practice Guidance set out Government planning policy that must be taken into account in the preparation of the City of London Local Plan and in the determination of planning applications in the City. It impacts on how the City can deliver an appropriate balance of development and contribute to a flourishing society, supporting a thriving economy and shaping outstanding environments, as set out in the Vision and Objectives of the 2018-23 Corporate Plan.

Implications

22. There are no financial or legal implications arising out of this report.

Conclusion

23. In 2012, the Government published the National Planning Policy Framework (NPPF), supported by an online Planning Practice Guidance resource. The Government has now updated the NPPF and Planning Practice Guidance. This updated NPPF must be taken into account in preparing the development plan and is a material consideration in the determination of planning applications.

24. Many aspects of the NPPF are either unaltered, or amended in a minor way, since the 2012 version and do not have significant impacts for the City of London. There are a number of changes that are welcome, including: recognition of the need to plan for clusters of knowledge and data-driven industries; a greater focus on design quality and clarification of the approach towards daylight and sunlight; further encouragement for early engagement between planning authorities and applicants to resolve concerns, including encouragement for statutory consultees to also engage at an early stage. However, there are a number of changes which do impact on the City of London Local Plan and the determination of planning applications: a standard approach to assessing housing need which does not accord with the approach taken in the London Plan in setting housing targets for the City; a new prescriptive Housing Delivery Test which does not reflect the lumpy nature of housing delivery in the City or the priority need for commercial development; lack of clarity over the role of the London Plan and how provisions, such as the requirement for Statements of Common Ground and housing supply calculations should be approached in the short term.

Appendices

- None

Background Papers

Report to Planning & Transportation Committee, 8 May 2018, "City Corporation response to Government consultation on the National Planning Policy Framework"

National Planning Policy Framework:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/740441/National_Planning_Policy_Framework_web_accessible_version.pdf

Planning Practice Guidance:

<https://www.gov.uk/government/collections/planning-practice-guidance>

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