

<b>Committee(s)</b>	<b>Dated:</b>
Planning & Transportation Committee – For decision	08/05/2018
<b>Subject:</b> City Corporation response to Government consultation on the National Planning Policy Framework	<b>Public</b>
<b>Report of:</b> Carolyn Dwyer, Director of the Built Environment	<b>For Decision</b>
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### Summary

National planning policy is set out in a single document, the National Planning Policy Framework (NPPF), published by the Ministry of Housing, Communities and Local Government. Draft revisions to the NPPF have been published for consultation which seek to give greater focus to the national policy aim of delivering more housing.

The key areas of interest to the City Corporation in the draft revisions relate to changes to the approach to the presumption in favour of sustainable development, new provisions for Statements of Common Ground, changes to the way that viability assessments are undertaken and reported, the introduction of a new Housing Delivery Test and a reduction in the weight apparently given to economic development.

Proposed changes to the way that viability assessments are undertaken and published are supported and should ensure greater consistency, transparency and accountability in the way that viability assessments are used within planning. Other changes to the NPPF seemingly reduce the weight that is attached nationally to economic development relative to housing development. Whilst the overall aim of increasing housing delivery nationally is supported, the NPPF needs to give appropriate weight to other policy priorities, including the need for economic development and employment generation in areas of economic importance. Further changes are needed to the NPPF and the Housing Delivery Test to ensure that economic priorities are given appropriate weight when considering the need to deliver additional housing. Further guidance is needed on how the proposed Statements of Common Ground will operate within London and other larger urban areas to ensure that the approach does not result in further unnecessary delay to the planning system.

### Recommendation

Members are recommended to:

- Agree the comments set out in paragraphs 4 to 20 of this report, and the detailed comments in Appendix 1, as the City Corporation's response to the Government's consultation on the draft National Planning Policy Framework.

## **Main Report**

### **Background**

1. In 2012, the Government published the National Planning Policy Framework (NPPF). The NPPF sought to consolidate over 1,000 pages of national planning policy into a single document. The NPPF is supported by online Planning Practice Guidance which provides further detail and guidance on the application and interpretation of the NPPF.
2. Since the NPPF was published, a series of consultations on draft amendments to policy have been published, with the principal aim being to reform the planning system to deliver an increase in house building. Key consultations and statements of policy include the Housing White Paper 'Fixing our broken housing market', in February 2017 and 'Planning for the right homes in the right places', in September 2017. The 2017 Budget included additional proposals to amend planning policy and legislation to bring forward more homes and diversify the housing market. The Budget also outlined the Government's intention to bring forward reforms to the Community Infrastructure Levy (CIL) and s106 planning obligations.

### **Current Position**

3. In March 2018, the Government published a package of reform proposals, including revisions to the NPPF, amended national Planning Practice Guidance and reforms to CIL and s106 planning obligations. Changes to CIL and s106 are set out in a separate consultation paper 'Supporting housing delivery through developer contributions', which is considered elsewhere on the agenda. Changes to the NPPF are set out in 2 documents, a revised NPPF document and an accompanying consultation paper outlining the key areas of change from the currently adopted NPPF. The principal issues of relevance to the City Corporation are:
  - Changes to the presumption in favour of sustainable development, giving greater emphasis to the need to plan for and deliver new housing.
  - Changes to the existing Duty to Cooperate with other planning authorities and key stakeholders and introduction of a new requirement to agree Statements of Common Ground.
  - New guidance on the process of undertaking viability assessments and how they should be used in determining affordable housing requirements and funding new infrastructure. This element of the consultation is closely related to consultation on the role of CIL and s106 which is considered elsewhere on this Committee agenda.
  - The introduction of a Housing Delivery Test to ensure that all local planning authorities deliver new housing to meet local needs and contribute to wider national needs.
  - Changes in policy requirements for economic development and the weight to be attached to economic growth relative to housing growth.

## Proposals and Comments

4. The following paragraphs set out comments on the above principal issues and outline in italics comments and a suggested response. Appendix 1 contains more detailed comments in response to the 43 questions raised in the consultation document and it is recommended that this Appendix, together with the comments below, be forwarded to the Ministry of Housing, Communities and Local Government as the City Corporation's formal response to the consultation.

### **Presumption in favour of sustainable development**

5. The current NPPF sets out a presumption in favour of the grant of planning permission for sustainable development. Local plans are required to meet objectively assessed development needs, except where policies in the NPPF suggest that development should be restricted. A footnote to the text provides examples of the types of policies that might justify restricting development, including nationally designated environmental designations or flooding considerations. The draft revised NPPF retains the presumption in favour of sustainable development, but the footnote has been amended to be a defined list of those policies which could be used to restrict the presumption in favour of sustainable development rather than a list of examples.
6. ***Comment:** Although a minor wording change, the changes to the footnote mean that some key policy objectives and aims within the NPPF and local plans would be excluded from consideration as reasons for restricting development. Within the City of London, this would mean that national, London-wide and local policy frameworks which support the City's national and international cluster of businesses will be given less weight than listed environmental and heritage designations when considered against the presumption in favour of sustainable development. This small change has added importance when considered alongside the new Housing Delivery Test (outlined in paragraphs 15 and 16 below) under which the presumption in favour of sustainable development will apply where housing delivery falls below defined targets. To ensure that the City's primary business role is given sufficient weight alongside the need for housing, the NPPF should be amended such that other adopted policy objectives can be considered when determining the weight to be attached to the presumption in favour of sustainable development.*

### **Statements of Common Ground**

7. The current NPPF and planning legislation require local planning authorities to cooperate with other authorities and stakeholders in the preparation of plans. The draft revisions propose to strengthen this requirement, introducing a formal requirement for a Statement of Common Ground to be formally agreed between local planning authorities to demonstrate that they have effectively cooperated to ensure cross boundary matters are addressed and, particularly, to ensure that wider housing needs are met.
8. ***Comment:** The introduction of formal, signed, Statements of Common Ground could add significant complexity to the existing Duty to Cooperate. London boroughs and the City, in particular, may need to sign Statements with a number of neighbouring authorities and, in the case of waste planning, with waste*

*planning authorities much further afield. The requirement for Statements to be formally agreed by authorities could slow down plan making and, where agreement and signature is not achieved, frustrate the timely progress of otherwise sound local plans. There should be provision within the NPPF for those aspects of a plan which do not rely upon Statements of Common Ground to progress to adoption even where agreement is yet to be reached on issues of cross boundary significance.*

9. *It is not clear from the draft NPPF how Statements of Common Ground will work in London, and whether boroughs and the City will be required to sign single all-embracing Statements, or individual Statements with each neighbouring authority, Greater clarity is needed on how this system will work in London and other larger urban areas, with transitional provisions agreed to allow further work to test the process. It would be helpful for the Government to publish a standard template for Statements of Common Ground in its Planning Practice Guidance to avoid different interpretations of what constitutes an appropriate Statement.*

#### **Changes to the way that viability assessments are prepared and published**

10. The draft NPPF proposes a number of changes to the way that viability assessments are used within planning, including their publication and preparation. The draft suggests that viability assessments should only be required at plan-making stage with no need for the viability of individual schemes to be assessed except in exceptional circumstances. It requires that all viability assessments should be made publicly available and, within associated Planning Practice Guidance, sets out a standard methodology for how assessments should be conducted. Through the consultation, the Government is also seeking views on how review mechanisms should be used within viability appraisals.
11. **Comment:** *The proposed changes to the way that viability assessments are undertaken and used can be supported. The requirement that such assessments should be publicly available is strongly supported and the enhanced transparency around the process will assist in community engagement in both plan making and the determination of planning applications. There will remain occasions where some information within assessments needs to remain commercially confidential, but there should be a national policy requirement that developers provide detailed justification where elements are to remain confidential, enabling the local planning authority to weigh commercial considerations against the public benefits of making the information public. In such cases, both the developer and local authority determinations should be published.*
12. *In relation to limiting viability assessments to the plan-making stage, the NPPF should set out in more detail when viability on individual applications would be appropriate. For example, there may have been significant changes in costs or values since the plan was approved, or abnormal development costs that should be taken into account.*
13. *Review mechanisms attached to viability considerations can play an important role in ensuring that development makes an appropriate contribution towards infrastructure provision or affordable housing, even if the full requirement is not viable at the time of application. It will be important that review mechanisms*

*provide certainty to local communities that the contributions promised by new development at the time of application are actually delivered.*

14. *The standardised methodology for viability assessments set out in associated planning guidance to the NPPF is welcomed. This should allow for greater understanding of key aspects of viability at local authority and community level. In particular the requirement that land value must take into account the full cost of complying with planning policies is strongly supported. To ensure that this is factored into all viability considerations, this requirement should be set out as national policy within the NPPF and not relegated to Planning Practice Guidance.*

### **Housing Delivery Test**

15. Following earlier Ministerial Statements and consultations, the draft NPPF confirms that the Government will proceed with a new Housing Delivery Test. Progress on the delivery of new housing in each local authority will be monitored over a 3 year period and, where delivery falls below 95% of the agreed housing target, an action plan will be required setting out how the local authority will increase housing delivery back to target levels. Where delivery falls below 75% of the target over a 3 year period, the presumption in favour of sustainable development will apply, i.e. housing delivery will take precedence over other locally agreed policies.
16. **Comment:** *There are two principal concerns with the proposed Housing Delivery Test. Firstly it places a responsibility for ensuring delivery of new housing on local planning authorities when those authorities have very limited mechanisms to actually ensure that house builders deliver on the permissions granted. The Test needs to relate principally to the roles and responsibilities given to local planning authorities, i.e. planning for sufficient housing to meet needs over at least a 5 year period and ensuring that sufficient planning permissions are granted to allow targets to be met.*
17. *Secondly, the Test is to be calculated over a 3 year period, rather than assessed in relation to the 5 year supply of housing land that local plans are required to demonstrate, or over the longer time period of the local plan. A 3 year period is too short where, as in the case of the City of London, a local planning authority is reliant on a small number of larger housing sites to meet housing targets, or where there are fluctuations in delivery as a result of market conditions. The City of London is geographically constrained and established planning policy (supported by national planning policy and the London Plan) emphasises the importance of the City as an office centre. Opportunities for new housing in the City are limited and housing delivery has tended to be 'lumpy' responding principally to market conditions. Over the timescale of the City Local Plan, the City has consistently exceeded housing delivery targets, but over the 3 year period required by the new Housing Delivery Test there may be periods when delivery both falls below target and times when it exceeds target. The rigid application of the proposed Housing Delivery Test does not reflect the reality of housing delivery in the City and the presumption in favour of sustainable development could lead to housing coming forward in inappropriate places, potentially undermining the City's ability to deliver much needed office development. The Housing Delivery Test should be considered over at least a 5*

*year period, a period which is less susceptible to short term market volatility and which aligns with the national requirement for local plans to demonstrate a 5 year supply of housing land.*

### **Economic Priorities**

18. The NPPF retains the overall approach to sustainable development, with 3 overarching objectives: economic, social and environmental. The revised NPPF places greater emphasis on the need to deliver new housing across the country than in the existing document. Planning for economic development is retained within the current draft, with a requirement to build a strong, competitive economy. Planning policy should reflect this in setting out a clear economic vision and strategy, set criteria or identify sites for economic development, address barriers to economic investment and be flexible to accommodate new and flexible working practices and changing economic circumstances.
19. **Comment:** *The draft NPPF's policy approach to economic development, emphasising the need to plan for economic growth and be flexible in dealing with changing circumstances and working practices is supported. However, there is concern at the balance of policy priorities in the NPPF between economic development and housing. Policies on economic development are summarised in 4 paragraphs, whilst policy for housing is set out over 5 pages. New development should meet the NPPF definition of sustainable development, which encompasses three objectives, economic, social and environmental.*
20. *Whilst the City Corporation supports measures to increase housing supply and has adopted a local strategy to increase housing delivery on City Corporation owned land, the delivery of new housing has to be balanced against other national and local priority needs, particularly the need to deliver economic and employment growth. The NPPF should be framed in such a way that local policy priorities which have been agreed through local plan consultation and examination can be weighed against national priorities and weight apportioned accordingly. Within the City of London, this means that the NPPF should enable the long-standing emphasis on office and employment growth to be retained, whilst making an appropriate contribution to meeting housing needs.*

### **Corporate & Strategic Implications**

21. The Government's proposed changes are designed to give greater emphasis to the delivery of new housing and this implies less policy support to the delivery of economic development. The approach to housing supply, in particular, could have an adverse impact on the City of London's ability to retain and plan for additional office growth. This could impact on the City's ability to 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.

### **Financial Implications**

22. There are no financial implications arising directly from the proposed response to the draft National Planning Policy Framework.

## **Conclusion**

23. National planning policy is set out in a single document, the National Planning Policy Framework, published by the Ministry of Housing, Communities and Local Government. The Government has published revisions to the NPPF and amendments to the accompanying Planning Practice Guidance to give greater focus to the national policy aim of delivering more housing. Alongside this consultation the Government has published draft amendments to the process for delivering developer contribution through the setting and use of the Community Infrastructure Levy and s106 planning obligations. These changes to developer contributions are addressed in a separate report to this Committee.
24. The key areas of interest to the City Corporation in the draft revised NPPF relate to a reduction in the weight apparently given to economic development, compounded by changes to the approach to the presumption in favour of sustainable development, new provisions for Statements of Common Ground, changes to the way that viability assessments are undertaken and reported and the introduction of a new Housing Delivery Test.
25. Proposed changes to the way that viability assessments are undertaken and published are supported. The proposals should ensure greater consistency in the way that viability is used, ensure that adopted planning policy requirements are taken into account in determining the value of development sites, and improve the transparency and accountability of the viability process to local communities.
26. Other changes to the NPPF seemingly reduce the weight that is attached nationally to economic development relative to housing development. Whilst the City Corporation supports the need to increase housing delivery nationally, the NPPF needs to give appropriate weight to other policy priorities, including the primary business role of the City of London. Changes to the NPPF and the Housing Delivery Test are needed to ensure that the overarching approach to sustainable development is delivered and economic priorities are appropriate weight alongside the need to deliver additional housing and meet national environmental objectives. Further guidance is needed on how the proposed Statements of Common Ground will operate within London and other larger urban areas to ensure that the approach does not result in further unnecessary delay to the planning system.

## **Appendices**

- Appendix 1 – City of London Corporation detailed comments on the draft National Planning Policy Framework.

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