

Committee(s)	Dated:
Planning and Transportation Committee	03/10/2023
Subject: Government consultations on permitted development and planning reforms	Public
Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?	4, 7
Does this proposal require extra revenue and/or capital spending?	No
If so, how much?	N/A
What is the source of Funding?	N/A
Has this Funding Source been agreed with the Chamberlain's Department?	N/A
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Summary

This report provides a summary of government consultations on proposed new permitted development rights and planning reforms and sets out the responses being made.

The Government propose to introduce a new permitted development right that would allow the conversion of hotels to permanent residential use. This could have significant implications for the City and the response on this advises against the proposed approach.

The Government are also consulting on detailed aspects of the operation of the new planning system that will come into effect (in phases) following the Levelling Up and Regeneration Bill receiving royal assent, which is due to happen in the coming months. They propose – amongst many other things – a more streamlined and structured process for preparing local plans, including substantial public engagement, to a shorter 30-34 month timetable for preparation. Plans will also change to support a more digital planning system. These changes, while ambitious, are broadly welcomed and will help to make the plan-making system a more transparent, meaningful and responsive process.

Recommendation(s)

Members are asked to:

- Note the proposed changes to the planning system and the new permitted development rights.

- Note the consultation responses being made to the Government (see Appendix 1).

Main Report

Permitted Development Rights

1. The Government are proposing to amend permitted development rights to allow for the change of use from hotels, boarding houses or guest houses (classified in the C1 use class) to residential use (C3 use class).
2. This could have a significant impact in the City of London. It could lead to the loss of hotel accommodation, at a time when recent evidence has demonstrated that there is significant demand for an additional 350 hotel bedrooms in the City each year (City Of London Visitor Accommodation Sector Commercial Needs Study, Avison Young for City of London Corporation, January 2023). This could in turn undermine the City Corporation's Destination City vision, resulting in domestic and international visitors not being able to find accommodation in the City or driving up hotel room prices. It could also result in the introduction of new residential uses in parts of the City that would be contrary to the approach set out in the adopted Local Plan and the emerging City Plan 2040, which both seek to ensure new residential uses come forward in and near to established residential areas. This could undermine the delivery of strategically important office sites, and curtail the operation of established offices by minimising the opportunities to service office areas overnight. These issues have been highlighted in the consultation response.
3. The Government have indicated that they may consider introducing tests such as on the impact on the local tourism industry. However, this is likely to be largely ineffective as the loss of any single hotel would be unlikely to substantially harm local tourism; it is the cumulative loss that could cause damage. The consultation response has stressed the need to allow consideration on the impact of the operation of existing business premises and the delivery of strategic sites, as well as highlighting the need for minimum space standards and (as a bare minimum) ventilation and lighting.
4. There is a reasonable likelihood that the Government will proceed with the proposed permitted development rights. If that is the case, the City Corporation could consider bringing in an Article 4 Direction to remove these rights. If that is the case this will require appropriate evidence and careful consideration of areas to protect, given recent changes to national guidance on Article 4 Directions indicating that they should be limited to the smallest area necessary.
5. The Government propose increasing the size limit for change of use from Class E use (offices, retail, restaurants, gyms, and some other uses) to residential use, and the removal of the three month vacancy test. To date in the City there has been very few applications for such change of use through permitted development, and there is an established Article 4 Direction removing the

permitted development right in relation to offices, the proposal still risks undermining established shopping areas and introducing residential uses into unsuitable parts of the Square Mile such as busy shopping streets. Changes of use through permitted development also are not required to provide affordable housing. For these reasons, the response advises the Government against the proposed changes.

6. The consultation response also answers questions on other detailed aspects of the operation of permitted development rights.
7. The Government are also consulting on:
 - Detailed aspects of existing permitted development rights that allow change of use from amusement arcades, casinos, pay day loan shops, hot food takeaways, betting offices, and launderettes.
 - Proposed changes to permitted development rights concerning agricultural buildings and their change of use to residential uses.
 - Detailed aspects of existing permitted development rights that would allow larger extensions to business premises, new warehousing, and an increase in the temporary use of land for markets to up to 28 days per year.
 - Proposed permitted development rights for development on open prisons.
8. The proposed changes to these permitted development rights are not considered to have a significant impact on the Square Mile and therefore responses have not been made to these questions.
9. The consultation also issues a call for evidence and a series of questions in relation to how the planning system might better support agricultural land and the rural economy. It is not proposed to respond to this aspect of the consultation.

Planning Reforms

10. The Government have issued a lengthy and detailed consultation on their proposed changes to the process of developing local plans. Amongst many detailed aspects, these include:
 - A 30 month timetable for developing new local plans, with additional preparation and notification time
 - A 'gateway' approach, with three windows broadly covering:
 - i. The development of a vision
 - ii. Evidence and policies
 - iii. Examination
 - Standardisation and templates for evidence, data, and documents (with relevant flexibilities)
 - Better engagement, with opportunities to engage at the outset to shape the vision, to comment on broad options and (later) policies, and to participate in public examination
 - Greater digitisation of the planning system, with prescribed approaches to the development and publication of data.

11. These changes are broadly welcomed. There are concerns across the public sector that the timescale involved could have ramifications for resourcing plan-making and may fall foul of local decision-making processes and timescales. While these are challenges, there are real merits to a speedier plan-making system, provided it is sufficiently streamlined and evidence requirements are made less onerous. This would help to make local plans more responsive and reflective of changing circumstances, and would lead to less likelihood of 'consultation fatigue'. The response to Government reflects this approach.
12. The consultation response also addresses a number of other detailed and technical matters relating to the new planning system.

Corporate & Strategic implications

13. There are concerns that the proposed changes to permitted development rights could undermine the delivery of the Local Plan and emerging City Plan, and could harm the City Corporation's Destination City vision.

Financial implications

14. There are no financial implications arising from this report.

Staff Resource implications

15. There are no staff resource implications arising from this report.

Legal implications

16. There are no legal implications arising from this report.

Equalities implications

17. There are no equalities implications arising from this report.

Risk implications

18. There are no risk implications arising from this report.

Climate implications

19. There are no climate implications arising from this report.

Security implications

20. There are no security implications arising from this report.

Conclusion

21. The Government consultation on proposed changes to permitted development rights – in particular the introduction of the right to change use from hotels to residential use without the need for planning permission – could undermine the City Corporation's Local Plan and emerging City Plan 2040. The shortcomings of the proposed approach have been set out in a consultation response.

22. The proposed changes to the plan-making process are broadly welcomed and could result in improved and more responsive local plans, while ensuring public engagement remains a priority.

Appendices

- Appendix 1 – Responses to Government consultations on permitted development rights and planning reforms

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