

Committee: Local Plan Leadership Group

Date:

Title: Changes to the current planning system

28 September 2020

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Summary

1. The government is consulting a Changes to the current planning system, this report proposes a response to this consultation.

Recommendations

2. The group is invited to note and comment upon the draft response.

Financial Implications

3. None.

Background Papers

4. Draft response to the Changes to the current planning system consultation.

Impact

- 5.

Communication/Consultation	This is a government consultation. Uttlesford District Council has informed Town & Parish Councils of the consultation.
Community Safety	N/a
Equalities	N/a
Health and Safety	N/a
Human Rights/Legal Implications	Consequent changes to national policy & guidance could impact on how the new Local Plan for the district is developed.
Sustainability	Consequent changes to national policy & guidance could impact on how the new Local Plan for the district is developed.
Ward-specific impacts	All
Workforce/Workplace	N/a

Situation

6. The Government is currently consulting on a number of changes to the planning system. This covers four areas:
 - a. The standard method for assessing housing numbers in strategic plans
 - b. Delivering First Homes
 - c. Supporting small and medium-sized developers
 - d. Extension of the Permission in Principle consent regime
7. The consultation advises that it should be read in the context of wider reforms set out in the White Paper: Planning for the Future.
8. The government sets out a number of goals / issues that the changes to the standard method are intended to address. These are summarised below:
 - a. The housing market should be capable of delivering 300,000 homes per annum, adopted local plans, when they are in place, provide for 187,000 homes per annum. This is lower than the number of homes delivered last year (241,000). Plans should be identifying enough land to accommodate the homes our communities need (i.e. 300,000).
 - b. The standard method is a simpler, quicker and more transparent method for assessing housing needs than methods used in the past.
 - c. The current standard method can result in volatile projections that result in artificially low projections in some areas, where overcrowding and concealed households suppress the numbers. The proposed method addresses this.
 - d. The proposed method uses more up to date data.
 - e. The proposed method achieves a better distribution of homes, increasing the numbers in areas of high demand.
9. The current calculation using the standard methodology results in a housing need figure for Uttlesford of 706 dwellings per annum, see appendix 1 for the calculation. The proposed standard methodology results in a housing need figure for Uttlesford of 1,231 dwellings per annum, see appendix 2 for the calculation.
10. The proposed response seeks to positively suggest ways the calculation can be improved to better take account of other government policy and local circumstances.

Risk Analysis

- 11.

Risk	Likelihood	Impact	Mitigating actions
That the timetable proposed in the LDS slips	3 – there are unknown factors in the production of a Local Plan that require consideration and may result in slippage	4 – government intervention would significantly damage the reputation of the Council	The project plan supporting the LDS includes contingency periods to allow for unknown events to be dealt with. This is good practice.
That the government introduces a new system for producing Local Plans	4 – a document with changes is currently out to consultation	4 – the changes currently proposed would result in a radically different timetable	The Council is drafting a response to the government consultation and should also monitor the outcomes.

1 = Little or no risk or impact

2 = Some risk or impact – action may be necessary.

3 = Significant risk or impact – action required

4 = Near certainty of risk occurring, catastrophic effect or failure of project.

Appendix 1 – Current Standard Methodology calculation

A.1 The methodology is set in the Planning Practice Guidance on [Housing and economic development needs assessments](#).

Step 1 – Setting the baseline

A.2 Set the baseline using national [household growth projections](#) (2014-based household projections in England, table 406 unitary authorities and districts in England) for the area of the local authority. Using these projections, calculate the projected average annual household growth over a 10 year period (this should be 10 consecutive years, with the current year being used as the starting point from which to calculate growth over that period). Note that the figures displayed are rounded and individual cells need to be viewed in order to see the full number.

Number of households 2020	36,550
Number of households 2030	41,593
Household growth 2019-2029	5,043
Average annual household growth	504.3 per year
Source: 2014-based Live Tables on household projections: Table 406: Household projections by District, England, 1991 - 2039	

Step 2 – An adjustment to take account of affordability

- A.3 Then adjust the average annual projected household growth figure (as calculated in step 1) based on the affordability of the area.
- A.4 The most recent [median workplace-based affordability ratios](#), published by the Office for National Statistics at a local authority level, should be used.
- A.5 For each 1% increase in the ratio of house prices to earnings, where the ratio is above 4, the average household growth should be increased by a quarter of a percent. No adjustment is applied where the ratio is 4 or below. Where an adjustment is to be made, the precise formula is as follows:

$$Adjustment\ factor = \left(\frac{Local\ affordability\ ratio - 4}{4} \right) \times 0.25$$

Uttlesford’s most recent median workplace based affordability ratio		13.54
Adjustment factor	$((13.54 - 4) / 4) \times 0.25 =$	0.59625
Minimum annual local housing need figure	$(1 + 0.59625) \times 504.3 =$	804.99..

Source: House price to workplace-based earnings ratio, Table 5c Ratio of median house price to median gross annual (where available) workplace-based earnings by local authority district, England and Wales, 1997 to 2018

Step 3 – Capping the level of any increase

- A.6 A cap is then applied which limits the increases an individual local authority can face. How this is calculated depends on the current status of relevant strategic policies for housing.
- A.7 Where these policies were adopted within the last 5 years (at the point of making the calculation), the local housing need figure is capped at 40% above the average annual housing requirement figure set out in the existing policies.
- A.8 This also applies where the relevant strategic policies have been reviewed by the authority within the 5 year period and found to not require updating.
- A.9 For areas covered by spatial development strategies, the relevant strategic policies are those contained within the spatial development strategy. For example, where a requirement figure for an authority in a spatial development strategy differs from that in a local plan, the figure in the spatial development strategy should be used.
- A.10 Where the relevant strategic policies for housing were adopted more than 5 years ago (at the point of making the calculation), the local housing need figure is capped at 40% above whichever is the higher of:
- a. the projected household growth for the area over the 10 year period identified in step 1; or
 - b. the average annual housing requirement figure set out in the most recently adopted strategic policies (if a figure exists).

Average annual housing requirement in existing relevant policies		N/a
Average annual household growth over ten years	As per step 1	504.3
The minimum annual local housing need figure	As per step 2	804.99..
The cap is set at 40% above the projected household growth for the area over the 10 year period identified in step 1	$504.3 + (40\% \times 504.3) = 504.3 + 201.72$	714.84
Average annual household requirement		706.02

Appendix 2 – Proposed Standard Methodology calculation

A.1 The methodology is set in the Planning Practice Guidance on [Housing and economic development needs assessments](#).

Step 1 – Setting the baseline

- A.2 Take the higher of
 - a. Using the latest household projections calculate the projected average annual household growth over a 10 year period (this should be 10 consecutive years, with the current year being used as the starting point from which to calculate growth over that period).
 - b. 0.5% of the current dwelling stock

Number of households 2020	36,297
Number of households 2030	41,084
Household growth 2019-2029	4,787
Average annual household growth	478.7 per year
Current dwelling stock	38,008
0.5% of the current dwelling stock	190.04

Step 2 – An adjustment to take account of affordability

- A.3 Then adjust the average annual projected household growth figure (as calculated in step 1) based on the affordability of the area.
- A.4 The most recent [median workplace-based affordability ratios](#), published by the Office for National Statistics at a local authority level, should be used.
- A.5 For each 1% increase in the ratio of house prices to earnings, where the ratio is above 4, the average household growth should be increased by a quarter of a percent. No adjustment is applied where the ratio is 4 or below. Where an adjustment is to be made, the precise formula is as follows:

Adjustment Factor

$$= \left[\left(\left(\frac{\text{Local affordability ratio}_{t=0} - 4}{4} \right) \times 0.25 \right) + \left((\text{Local affordability ratio}_{t=0} - \text{Local affordability ratio}_{t=-10}) \times 0.25 \right) \right] + 1$$

Where *t* = 0 is current year and *t* = -10 is 10 years back.

Uttlesford’s most recent median workplace based affordability ratio		13.54
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Uttlesford's median workplace based affordability ratio 10 years ago		9.64
First Adjustment factor	$((13.54 - 4) / 4) \times 0.25 =$	0.59625
Second Adjustment factor	$(13.54 - 9.64) \times 0.25$	0.975
Third Adjustment factor	1	1
Minimum annual local housing need figure	$(0.59625 + 0.975 + 1) \times 478.7 =$	1,230.86..