

# North Tyneside Council

## Report to the Deputy Mayor

### DATE: 1 October 2020

**Title:** Government consultation response – Changes to the current planning system

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<b>Portfolio:</b> Deputy Mayor	<b>Cabinet Member:</b> Councillor Bruce Pickard
<b>Report from Service Area:</b> Environment, Housing and Leisure	
<b>Responsible Officer:</b> Phil Scott – Head of Environment, Housing and Leisure	<b>Tel:</b> (0191) 643 7295
<b>Wards affected:</b> All	

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## PART 1

### 1.1 Executive Summary:

This report seeks the approval of the Deputy Mayor to submit a response, attached as Appendix 1, to the Government's public consultation on bringing forward a range of change to policy and legislations regarding the current planning system.

### 1.2 Recommendations:

It is recommended that the Deputy Mayor:

- 1) Notes the contents of the report;
- 2) Agrees that the Authority should respond to the consultation; and
- 3) Approves the draft response attached as Appendix 1 and, in consultation with the Head of Environment, Housing and Leisure, make any final amendments to the draft before its submission as the Authority's response to the consultation.

### 1.3 Forward Plan:

It has not been possible to give 28 days' notice of this report. It first appeared on the Forward Plan that was published on 18 September 2020.

### 1.4 Council Plan and Policy Framework

This report concerns consultation changes to national planning policy and legislation that inform Local Plan policies and decision making in North Tyneside. Collectively the

changes influence a number of the objectives of the Our North Tyneside Plan 2020-2024, particularly:

- Our people will be listened to, ready for work and life be ready for school, be healthy and well;
- Our places will be great places to live, offer a good choice of quality housing, provide a clean, green, healthy, attractive, safe and sustainable environment, be a thriving place of choice for visitors, be great places to live;
- Our economy will grow by supporting new businesses and building on our strengths, continue to support investment in our business parks, units and town centres, be business friendly, ensuring the right skills and conditions are in place to support investment.

As a development plan for the Authority, the Local Plan is part of the Authority's Policy Framework and as such is subject to the Budget and Policy Framework Procedure Rules. The changes proposed by the government once implemented may influence future plan making for North Tyneside.

## **1.5 Information:**

### **1.5.1 Background**

This report outlines the key changes proposed by the government to the existing planning system. The government has indicated it will introduce these changes ahead of more sweeping reform that it has set out within the Planning White Paper: Planning for the Future. The deadline for responses to this consultation is 1 October 2020.

The changes proposed by the government cover four policy areas:

- i. Changes to the standard method for assessing local housing need.
- ii. Securing First Homes, homes sold at a discount to market price for first time buyers.
- iii. Temporarily lifting the small sites threshold below which developers do not need to contribute to affordable housing to either 40 or 50 dwellings.
- iv. Extending the current Permission in Principle (PiP) to major development

The proposed response highlights some concerns and suggested changes that the government are asked to consider as part of implementing changes.

### **1.5.2 The Standard Method for Calculating Housing Need**

The first change the government proposes relates to the calculation of housing need required to inform housing requirements in Local Plan. The existing standard methodology was introduced in 2018. The methodology is based upon local Household Projections prepared independently by Office for National Statistics (ONS). The standard methodology was initially based upon the "latest" published household projections. However, when the 2018 based projections replaced the 2014 based projections – the calculation of housing requirements across the country fell below the government's own target for annual housing delivery. To correct this in the short term, in 2019 government clarified that the 2014 based projections should continue to be used until a revised methodology was adopted.

The standard methodology for calculating housing need is currently based upon:

<i>Steps</i>	<i>Current methodology</i>	<i>Proposed changes</i>
<i>1. A baseline for housing growth</i>	Average household growth over the next 10 years, based upon the 2014 Household Projections	Whichever is the greater of 0.5% of a Local Authority's existing housing stock, and average household growth over the next 10 years based upon the latest Household Projections (currently 2018)
<i>2. An adjustment for affordability</i>	based upon the latest ratio of median workplace earnings and house prices	The affordability uplift is amended to take account of the current affordability ratio and, additionally, any change that has taken place in the previous 10 years.
<i>3. A cap on the % uplift over the baseline</i>	40% max uplift for affordability	The previous maximum uplift of 40% will no longer apply.

Whilst the North Tyneside Local Plan remains up to date, this change has limited impact upon North Tyneside. However, it is important to understand the direction government is taking calculations of local housing needs.

For North Tyneside the revised standard methodology would result in a Local Housing Requirement if calculated in 2020, of 884 dwellings per annum (dpa). In comparison the existing Standard Method calculation for 2020 would be 802dpa. The adopted housing requirement for North Tyneside is currently based upon an average of 790dpa over the period 2011 to 2032.

### 1.5.3 Planning policy for First Homes

The Authority responded to the government's consultation on First Homes, as a form of affordable housing, in March 2020. First Homes are homes provided for sale at a discount on market value. This consultation sets out that a minimum of 25% of all on-site affordable housing contributions should be First Homes. The discount applied to the value of the homes must be at least 30%. A Local Authority can set out requirements for a discount of 40% or 50% where justified through a Local Plan process.

In North Tyneside, currently a proportion of affordable homes are made available as Discount Market Value (DMV) homes for sale at a discount broadly between 30% and 40% of market value. The introduction of First Homes as a fixed proportion of the affordable housing mix reduces the flexibility available to the Authority to secure the most appropriate affordable tenure mix for each housing development.

### 1.5.4 Increasing the threshold for affordable housing contributions

This temporary measure would increase the threshold at which affordable homes can be sought from more than 10 dwellings, to more than 40 or 50 dwellings. For North Tyneside, current figures suggest about 8% of affordable homes secured on site as part of s106 agreements are from development of 50 dwellings and fewer. This is in line with the government's expectations that the change would see a reduction in affordable homes secured of between 7% and 14%.

### 1.5.5 Extending PiP to major development

Currently Permission in Principle can only be secured for major development through the brownfield register. This change would enable landowners and developers to seek PiP for developments of in practice between 10 and 150 dwellings.

Securing a Permission in Principle enables an applicant to secure greater certainty that a type of development would be appropriate in principle, at lower cost than securing an outline planning permission. Applicants are then only required to secure consent for Technical Details. Government consider such PiPs would assist in particular SME builders and developers. The consultation indicates that the changes to PiPs would come into effect by the end of 2020.

In North Tyneside PiPs have been introduced as part of the brownfield land register but no PiPs have been sought on other sites. It is likely this change enabling major development to be approved in principle through PiP will increase their attractiveness for applicants.

#### 1.5.6 Proposed response

The Authority's proposed response to the questions set by the government as part of this consultation are provided at Appendix 1.

In relation to the standard methodology the response sets out broadly that it is recognised that changes are needed. However, it is felt some the measures proposed do not offer sufficient flexibility to respond to the genuine requirements for new homes in a given area and potentially diverge substantially from the actual demographic need for growth and deliverability of homes in an area. Some suggested alternative or additional measures are proposed that it is considered could provide greater local flexibility

In relation to First Homes, the Authority generally does not welcome the imposition of a fixed requirement for a specific type of housing product. Such a requirement harms the Authority's flexibility to secure the most appropriate mix of new affordable homes from development.

The proposed temporary uplift to the minimum site threshold for s106 contributions to affordable homes is not anticipated to have a substantial impact upon meeting needs across North Tyneside as a whole. However, at a local level the potential loss of affordable housing delivery has the potential to harm our ability to meet needs locally.

Expansion of Permission in Principle to major development has the potential to make this new route to planning consent more appealing to developers and landowners than it is at present. The Authority's proposed response highlights some of the challenges of determining the suitability, in principle only, of major housing development without clear understanding of the capacity to mitigate planning harm.

#### 1.5.7 Next Steps

The deadline for responses to this consultation is 1 October 2020. Following delegated approval, the draft responses set out at Appendix 1 will be entered onto the government online response system and submitted as the Authority's response to the consultation.

### 1.6 **Decision options:**

The following decision options are available for consideration:

Option 1

Agree with the recommendations as set out at paragraph 1.2 of this report.

Option 2

Do not agree the recommendations as set out at paragraph 1.2 of this report and seek amendments to the response prior to its publication.

Option 1 is the recommended option.

**1.7 Reasons for recommended option:**

Option 1 is recommended for the following reasons:

- The proposed response has been prepared having had regard to a range of feedback from officers and Members within the Authority.

**1.8 Appendices:**

Appendix 1: Proposed North Tyneside Council response to the government consultation

**1.9 Contact officers:**

Martin Craddock, Principal Planning Officer (0191 643 6329)

Jackie Palmer, Planning Manager (0191 643 6336)

Colin MacDonald, Senior Manager, Technical & Regulatory Services Manager (0191 643 6620)

Matt Calvert, Finance Manager (0191 643 7025)

**1.10 Background information:**

The following background information has been used in the compilation of this report and is available at the office of the author:

1. [Government Consultation – Changes to the current planning system](#)

**PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING**

**2.1 Finance and other resources**

There are no financial implications associated with this response to a government consultation.

**2.2 Legal**

There are no legal implications for the Authority with this response to a government consultation.

**2.3 Consultation/community engagement**

### 2.3.1 Internal Consultation

Preparation of the proposed response has involved engagement with officers of the Authority where proposed changes may have specific implications for the service area. Engagement has also been carried out in accordance with the consultation outlined through the delegated authority provided by Cabinet.

### 2.3.2 External Consultation/Engagement

No external engagement has been necessary in preparation of the AMR. No engagement is required to publish the AMR.

### 2.4 Human rights

There are no human rights implications directly arising from this report.

### 2.5 Equalities and diversity

There are no direct implications arising from this report.

### 2.6 Risk management

The proposed response is in relation to future changes to the planning system. The risks associated with the preparation of the Local Plan have previously been assessed. The response provided would form of the Authority's approach to managing risk associated with plan making and the planning process.

### 2.7 Crime and disorder

There are no direct implications arising from this report.

### 2.8 Environment and sustainability

There are no direct implications arising from this report.

## PART 3 - SIGN OFF

- Chief Executive
- Head of Service
- Mayor/Cabinet Member(s)
- Chief Finance Officer
- Monitoring Officer
- Head of Corporate Strategy

and Customer Service