

REFORMS TO NATIONAL PLANNING POLICY: What Does it Mean for Land Supply?

Briefing Note

On 22 December, the UK Government published its long-awaited prospectus for revising the National Planning Policy Framework (NPPF), as part of a consultation open until 02 March 2023.

While much of the NPPF remains unchanged, there are notable proposed reforms that will have implications on housing delivery, design and local plan progression in particular. But the question remains whether the revised NPPF will now support or hinder the delivery of 300,000 homes per year by the mid-2020s?

WHAT'S BEING PROPOSED?

The scope of the consultation (or 'Prospectus') seeks views on the Government's proposed immediate changes to the NPPF, which largely focus on changes to how housing targets are formulated and monitored through both Development Plans and planning applications/appeals.

The Prospectus also seeks views on further changes to the NPPF to be undertaken in the future. This second element will follow a fuller review of the NPPF and will flow from the wider changes to the planning system. These include those to be brought forward through the Levelling-up and Regeneration Bill (LURB) once it is given Royal Ascent.

In addition, the Government is also seeking views on the approach to preparing a National Development Management Policies (NDMPs) document. This is intended to address more generic 'topic-based' development management-related considerations that are applicable across the country. The NDMP will therefore be separate to the current NPPF, which will morph into national policy focused on the plan-making process.

The consultation document explains a number of specific and immediate changes the Government proposes to the NPPF (subject to and following consultation). These are set out in a tracked-change version of the current NPPF, provided for easy reference, which is available alongside the Prospectus.

Many of the immediate changes to the NPPF focus on how it plans to deliver the homes that local communities need. The Government says that the best way to secure more high-quality homes in the right places is through the adoption of Local Plans, and that having a sound plan in place means housing delivery increases compared to those local authorities with an out-of-date plan, or no plan at all (based on their analysis).

To achieve this, the Government is clear that plan production should continue to progress and believes the changes will assist with this. Whilst we agree with this in principle, the question remains whether the proposed changes actually deliver what the Government says it wants, in terms of increased supply of housing.

A further question focuses on the proposal being able to achieve its aim of increased supply in the short term. The last two years of political propositions of change to the system has led to significant uncertainty at a local level. Many plans have been delayed or withdrawn as a response. Arguably, this latest set of proposals are the most far reaching and could lead to a significant hibernation in Plan making, as authorities re-evaluate the balance of what they are expected to deliver.

WILL THE PROPOSED CHANGES REALLY DELIVER MORE (HOUSING)?

The introduction to the Prospectus, unsurprisingly, reaffirms the Government's commitment to levelling up across the country and building more homes to increase home ownership, amongst other things. Notably, the Government specifically reiterates its 2019 manifesto commitment to deliver 300,000 homes per annum by the mid-2020s, a target many assumed would be axed altogether.

But given it's now 2023 and we're swiftly heading towards the middle of the decade, time is slowly running out for the Government to deliver on its manifesto pledge to the electorate. It's critical the changes to national policy be brought in immediately, and those changes made in 2024 following the 'fuller review' must support this commitment.

The overarching message from Government is clear however, that this target is achieved in the right way, and not at the expense of other important objectives. This is set out in a brief, though the clarification that boosting housing supply would now mean that 'as much of the housing need as possible' is met. We read this in conjunction to the strengthening of other areas, including the severance of the link that the release of Green Belt can be justified to meet housing need.

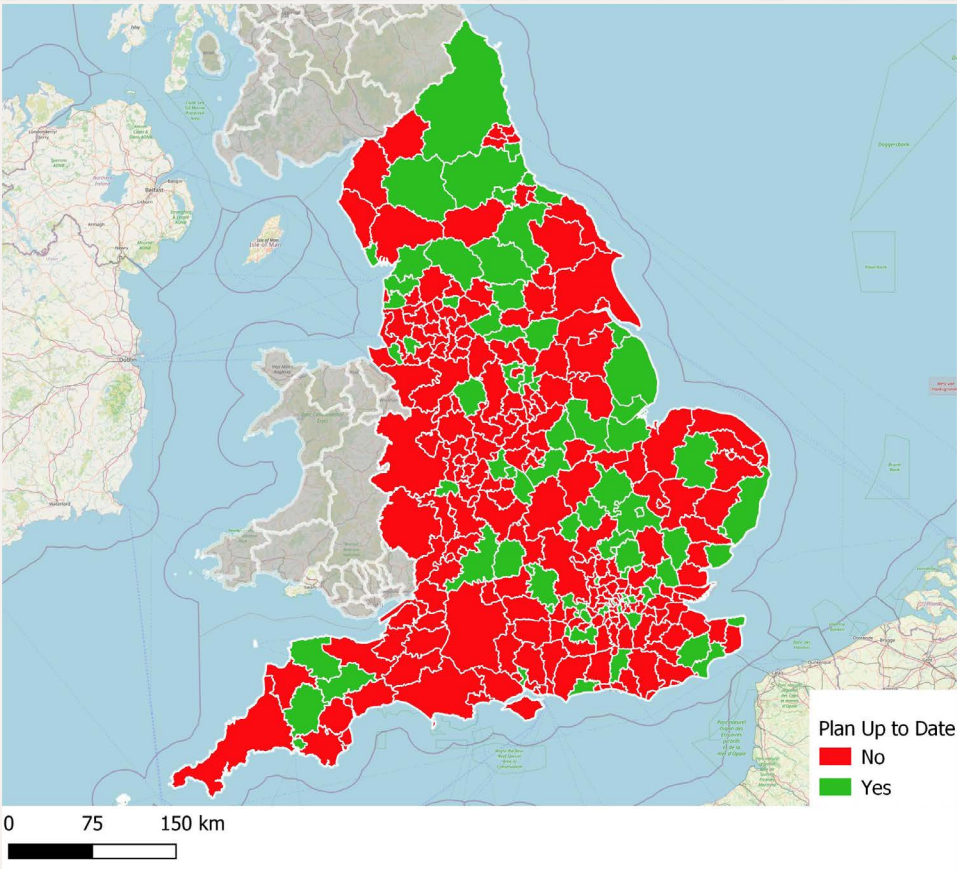
In order to consider this question more fully, it would be helpful to review the proposals relating to planning for housing delivery. To do this, we need to look at the tracked-changes document, notably:

§11b ii and iii The Presumption in Favour of Sustainable Development in Plan-Making

– two additional considerations (or 'caveats') have been added into this key policy in the NPPF which could result in reductions in the provision and delivery of housing in otherwise sustainable locations. These relate to; building at densities significantly out of character with the existing area – this would seem to discourage 'appropriate innovation or change' leading to increase in delivery of housing, contradicting §130 of the current NPPF. The other relates to; clear evidence of past over-delivery, in terms of the number of homes permitted compared to the housing requirement in the existing plan; in which case this over-delivery may be deducted from the provision required in the new plan – this seems to be a clear watering down of the way housing land supply is to be calculated by discounting future housing requirements based on past completions, undermining the 'boost in housing supply' advocated in §60 of the NPPF (this wider objective remains unchanged, for now).

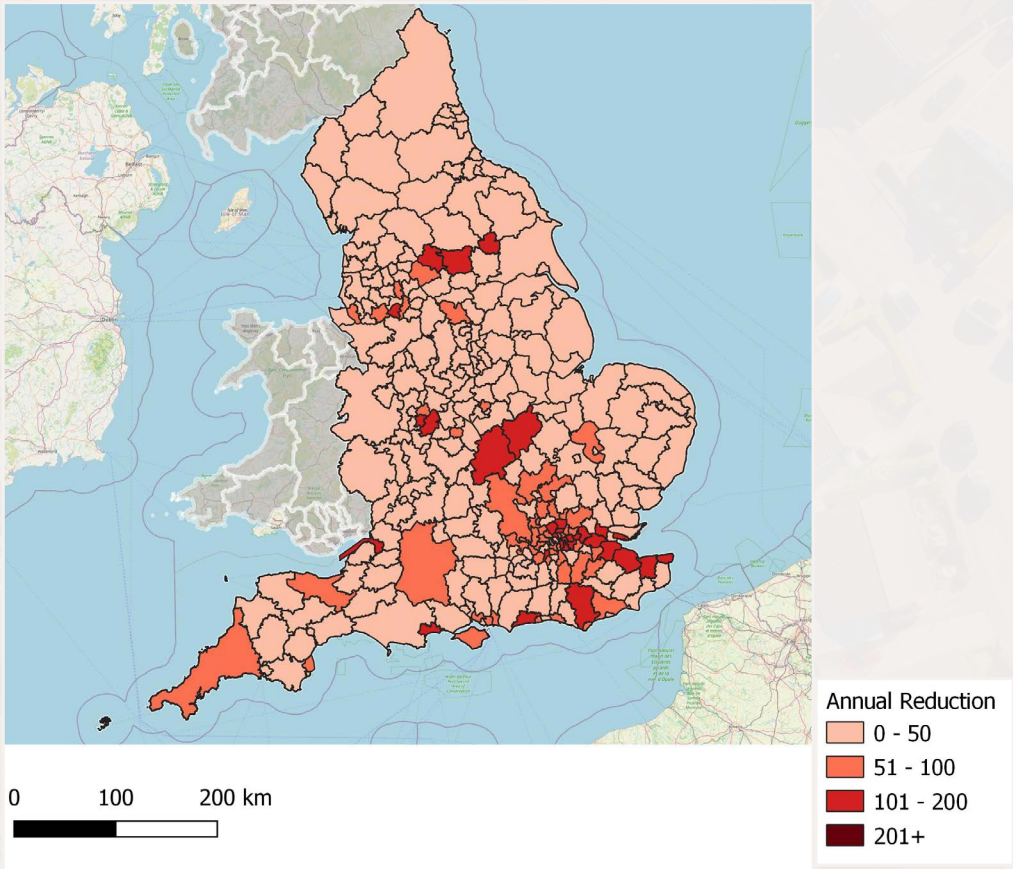
§11d / footnote 9 and §75 and §76 Demonstrating a five-year supply of land – the proposed changes here mean that Councils would only need to demonstrate five years' worth of deliverable sites when plans are more than five years old, and would confirm the ability for Councils to take into account oversupply (undersupply is already accounted for as per the current Practice Guidance) as part of the calculation, relating to the standard method. Immediately upon publication, this could see a scenario where those with an up to date Plan (as illustrated below) are exempt from challenge even if they have had a recently challenged position where land supply has been shown to falter.

Authorities with up-to-date Plans, Proposed to be Exempt from Land Supply Challenge¹



Another notable change would be the removal of the ‘appropriate buffers’ from the land supply calculation – these changes risk further watering down of the way housing land supply is calculated. The potential result is that fewer deliverable sites will be identified to meet the lower five-year requirements. This risks undermining the wider objective of boosting the supply of housing, and would also remove an important tool that would assist in maintaining a supply of land in areas where, for example, delivery on recently allocated has stalled and where delivery has fallen short of planned targets (Cheltenham-Gloucester-Tewkesbury JCS area is one example; South Worcestershire (Malvern hills-Worcester City-Wychavon) being another. The implication of this change is presented below, aligned to the housing need determined using the standard method².

Annual Reduction in Local Housing Need following Removal of Buffers³

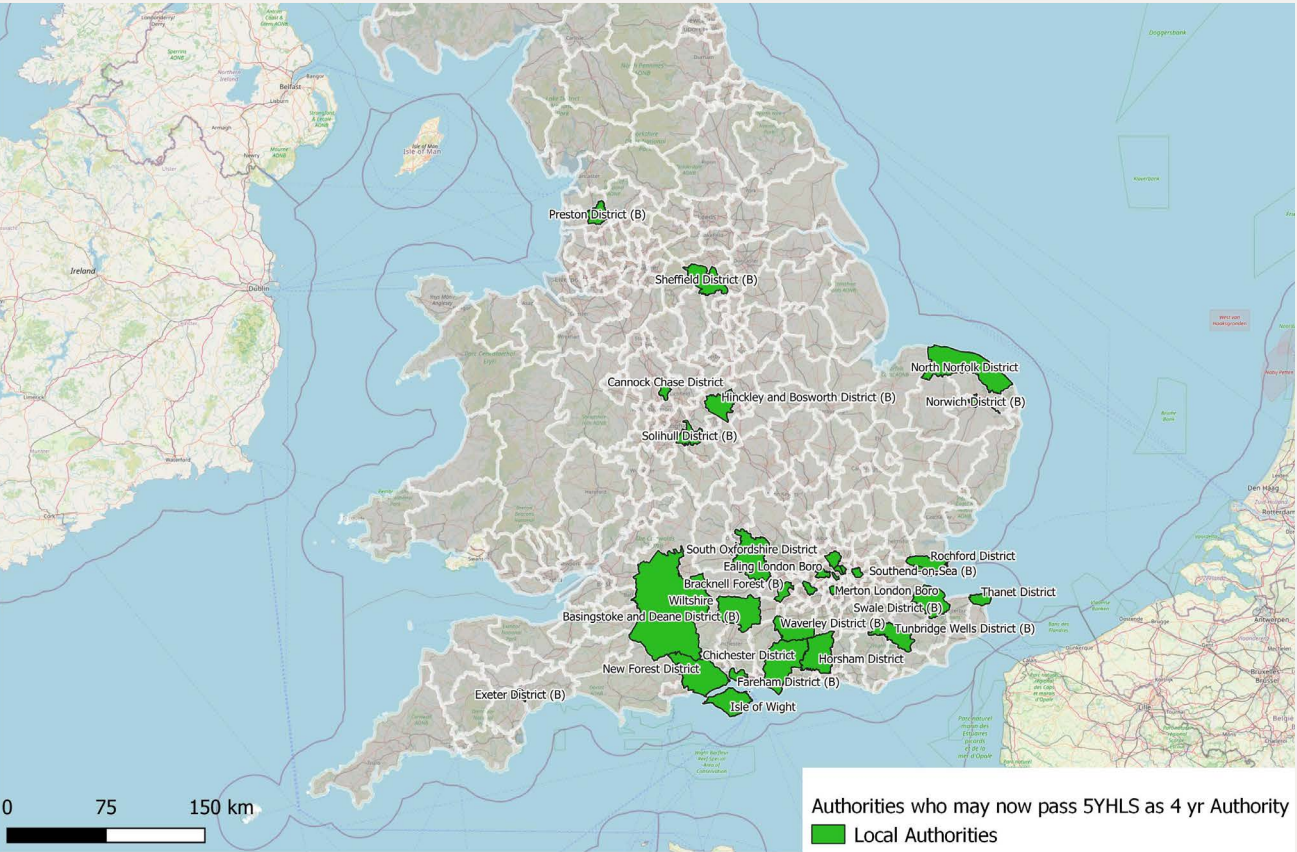


§14 Neighbourhood Plans – this change would increase the protections from the presumption in favour of sustainable development (or ‘tilted balance’) afforded to areas with made Neighbourhood Plans in place. This includes increasing the ‘safety net’ time period from 2 to 5 years, and removing references to housing land supply and housing delivery test as triggers for re-engaging the presumption – this would suggest greater status is to be afforded to Neighbourhood Plans, with potential implications being that parishes could insulate themselves from additional development over a greater period of time.

■ **§35 Test of Soundness** – some significant changes are proposed to the ‘test of soundness’. Under the ‘positively prepared’ test, this would remove the requirement for plan strategies to seek to meet ‘as a minimum’ their objectively assessed needs, replacing this with a much looser approach where needs should be met ‘so far as possible’. In addition, the need for plans to be ‘justified’ has been deleted all together – these changes could be seen as a significant watering down of the test. In addition, there is a considerable risk that the progress of plan reviews currently ongoing could be paused or restarted in order to take advantage of the ‘loosening’ of the soundness tests, further undermining the Government’s intention that plans should continue to move forward.

■ **§61 Local Housing Need using the Standard Method** – the standard method remains (for now, at least) the basis on which housing need should be assessed at the local level. The key change however is the proposal to make the standard method figure an ‘advisory starting-point’ rather than a ‘minimum starting point’ under current policy, and reaffirms that the use of alternative approaches to assessing need will be acceptable where exceptional circumstances can be shown. This is to be read in the context of the preceding §60, which outlines that the overall aim here is that as much need should be met as possible. Whilst this may seem entirely sensible, it is perhaps also important to recognise that many authorities may now feel there is a mandate to plan for less, and that their area is ‘exceptional’. When read in the context of the Green Belt (see below), we can see that there are a number of authorities with high levels of existing policy constraint that may choose to deviate from the starting point.

Authorities with ‘Advanced’ Plan who stand to Benefit from Four Year Supply⁴



■ – this change runs the very real risk that Councils will simply pause or restart their plan reviews until the new system goes live, on the basis that there is no expectation that Councils actually need to meet their local housing need. This has been reported on in a number of local authority areas in recent times where Councils have delayed progress on their plans, mainly in the south of the country⁵. This change clearly brings into question whether the new suite of local plans will, in fact, lead to an increase in the supply (and, ultimately, the delivery) of housing and push delivery anywhere close to the 300,000 dwellings per annum manifesto commitment by the mid-2020s.

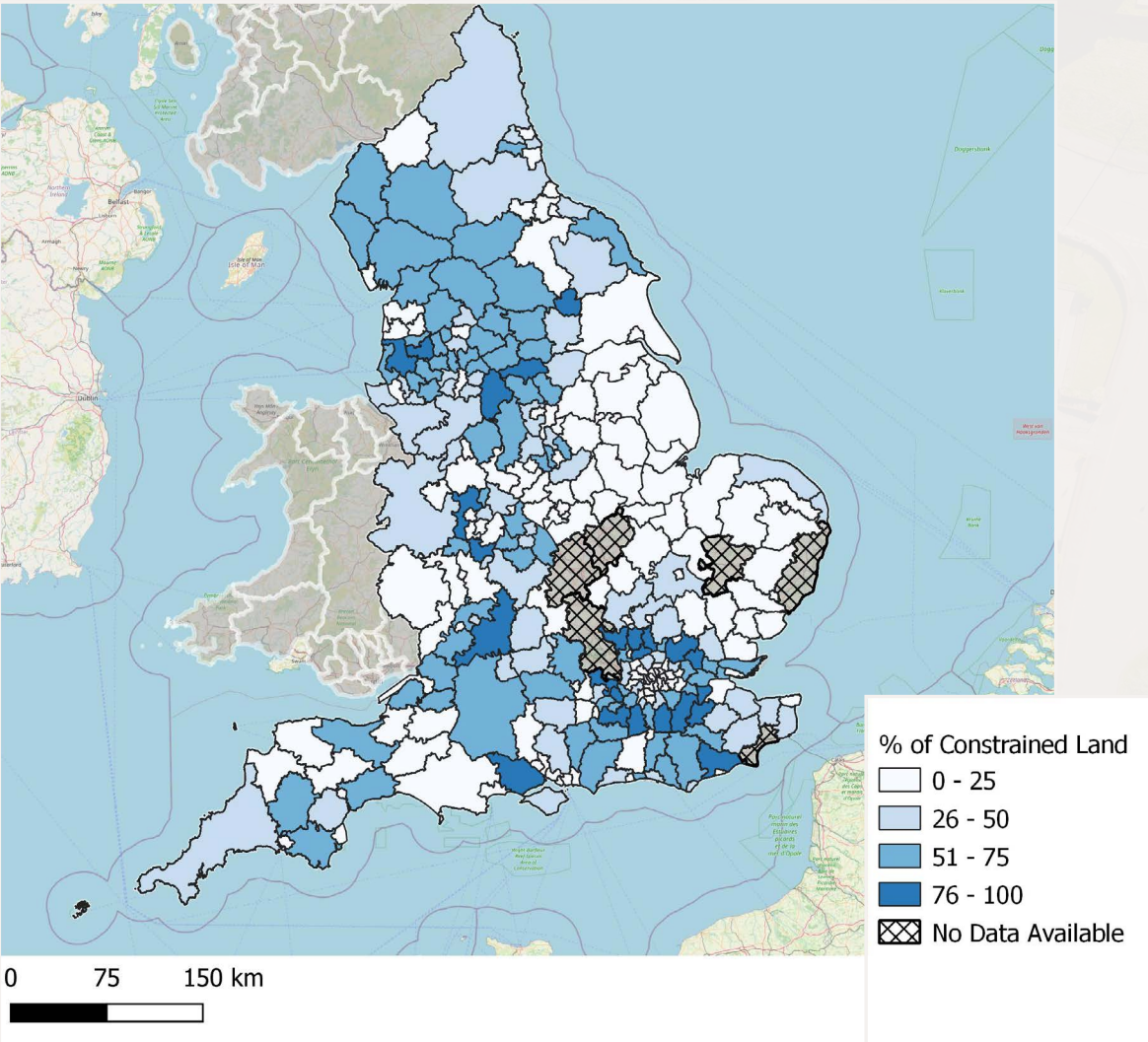
■ **§142 Green Belt Review** – the change would remove the necessity for Councils to review their existing Green Belt boundaries in order to address the housing needs of their areas – this is likely to be the result of the political pressure on Government from back-benchers in Parliament and the potential for a rebellion should this change not be taken forward now, and gives free reign to Green Belt Councils not to meet their housing need. This covers large areas of the South East but also other parts of the country, including the West Midlands, a clear priority area for delivering on the levelling-up agenda. This again runs the risk that current plan reviews will be delayed as Councils affected by this change look to take advantage or to reckon with the political pressure to limit Green Belt release in areas where housing need is difficult to meet in non-Green Belt locations. This raises wider issues as to where the unmet need (which is likely to be considerable now) will be met. This is a critical issue for the levelling-up agenda to grapple with.

■ **§67 Agricultural land** – whilst food security is clearly an important issue for the country at the moment, this change risks further limiting the supply of housing land in non-Green Belt locations, and also runs the risk of protracted debates at local plan examinations on matters relating to the quality (or otherwise) of best and most versatile land.

■ **§226 Transitional arrangements** – this change seeks to establish a two-year ‘incentive period’ for Councils to maintain progress on their plan reviews so they can benefit from only having to demonstrate a minimum of four years’ worth of housing against their local housing need, not five years – it is nevertheless unclear whether this incentive will be sufficient to persuade Councils to continue with their local plan reviews and thus support the increase in housing supply as claimed by the Government when set against other incentives for delaying their plans i.e. reducing their housing targets and thus the number of sites proposed for allocation. RPS has mapped what the implications of this change would be upon publication, which identifies a number of authorities that would sit between four and five years, securing additional protections from Government, to focus on bringing a plan to fruition.

IMPLICATIONS OF CHANGES FOR HOUSING LAND SUPPLY AND DELIVERY

Proportion of Local Authorities Covered by Policy and/or Environmental Constraints⁶



To be clear, these proposed changes are some of the more significant in recent years. Whether they'll superseded by more wholesale changes in forthcoming LURB remains to be seen., But if published as currently written, the consultation NPPF will have a demonstrable impact on the flow of planning consents this year.

The changes will add an extended detour for Local Authorities to bring forward Local Plans to adoption, as decision makers reassess how much growth should come forward, relative to the constraints of the area. We observe this already in the few short weeks following publication, as both Mole Valley and Spelthorne reconsider the Green Belt components of their post-submission plans, ahead of Examination.

In summary, the proposed changes highlighted above (though not exhaustive) are more likely to 'reduce or slow down' delivery of housing, rather than increase the rate of delivery. There's a real risk the proposals will undermine the manifesto commitment to increase the overall quantum of growth up to or close to 300k per year by the mid-2020s.

Very few changes (with the exception of the new wording inserted into para 67), if any is proposed that seeks to 'boost the supply of housing' in accordance with paragraph 60 of the current NPPF, which remains unchanged and so is still national policy on planning for housing.

Whilst an emphasis on delivery remains, the consultation NPPF shifts our focus to a policy environment where the meeting need is not the goal, but a process further shaped by an understanding of local constraints. Council's may have struggled previously to reconcile how to meet housing need where harm had been identified, with tough decisions made in the process. Council's may find the NPPF helpful here, however, those tough decisions have only shifted.

Though there may be greater protection for the Green Belt, Council's may find themselves struggling to resolve spiralling unaffordability, as the tools required to deliver that housing need have been taken away.

Now more than ever, strength from Local Authority plan makers will be necessary, to ensure that future housing needs are not side-lined and plans can be positive vehicles for growth and delivery.

References

¹Adopted plans in the last 5 years as of April 2023, per the Government Data published in December 2022.

²Whilst accepting that some authorities still rely on targets set prior to the publication of the Standard Method, or rely on an alternative figure.

³Calculated Standard Method for Local Housing Need for all authorities with associated buffers (5% and 20%) taken from the 2021 HDT Measurement.

⁴Authorities with advanced plans who stand to benefit from transitional *YHLS. Supply figures sourced from Planning Resource (June 2022), and as such exclusive of proposed changes to requirement buffers. Local Plan Review Data has been obtained from DevPlan.

⁵Two more councils delay their local plans after Gove's policy change promise | Planning Resource

⁶Proportion of Local Authority land area covered by constraints including, though not limited to, Green Belt, National Parks, Areas of Outstanding Natural Beauty or Sites of Special Scientific Interest. Data published by the Government in 2017, and does not capture any changes made beyond this point, such as water neutrality areas.

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