

## **Annex 1: Consultation on the Draft National Planning Policy Framework**

### **Explanatory Note**

#### **1. Introduction**

- 1.1 As anticipated, the Government have now published a revised National Planning Policy Framework (NPPF) which provides new direction on their ambitions around boosting housing supply, promoting economic growth and reducing perceived barriers in the planning system to achieving those outcomes.
- 1.2 The new NPPF was published on Tuesday 30<sup>th</sup> July and is subject to a period of eight weeks of consultation, ending on Tuesday 24<sup>th</sup> September 2024. It is the intention of the Government to consider the responses to this consultation and then publish a final version of the NPPF before the end of this year.
- 1.3 Consultation is focused on a substantial number of questions, 106 questions in all, where the Government is inviting comment from interested parties. Council Officers have drafted a response to the questions in consultation with Planning Regulatory Committee and Local Plan Review Group, and this are presented at Annex B.
- 1.4 Sections 2 and 3 of this note seek to provide a summary of the main issues raised by the new NPPF and some of the expected implications for this district in terms of the preparation of the emerging Local Plan. The [new NPPF](#) can be read in full via the Government website, along with the [changes which are being proposed](#).

#### **2. Key Issues Arising from the Draft National Planning Policy Framework**

##### **Presumption in Favour of Sustainable Development and 5-Year Housing Land Supply**

- 2.1 The proposed NPPF seeks to add clarity to the presumption in favour of sustainable development which encourages planning permission to be approved in cases where plans or policies are considered to be out of date. Presently the NPPF states in paragraph 11 that planning permission should be granted where there are no relevant development plan policies, or the policies which are most important for determining the application are out of date. As Members will be aware, policies can be considered to be out of date where authorities are unable to demonstrate a 5-year housing land supply or where their Housing Delivery Test indicates the delivery of housing was below 75% of the housing requirement for the previous three years.
- 2.2 The proposed revisions clarifies that those relevant policies are those relating to the supply of land. The revisions also include specific reference to the need to take into account policies relating to the location and design of development in the NPPF, and policies relating to securing affordable housing when assessing the impacts of granting permission when the presumption has been triggered.

- 2.3 Of particular relevance to this authority is the reinstatement of the need to demonstrate a 5-year housing land supply for all local authorities irrespective of their Local Plan position. Members will remember that following revisions to the NPPF in December 2023, Local Authorities no longer had to demonstrate a five year supply where, as is the case for this authority, their Local Plan was under five years old. The new NPPF seeks to reverse this revision effectively reinstating the requirement to demonstrate a 5-year housing land supply. The inability to demonstrate such would mean the presumption in favour of sustainable development is again triggered.

### **Calculation of Housing Requirements**

- 2.4 One of the key areas of change emerging from the Draft NPPF are the proposed amendments to the standard method for calculating future local housing need. Members will be aware that following the publication of the 2019 NPPF the previous Government introduced a new standard method for calculating local housing need. This itself replaced the previous Objectively Assessed Housing Need (OAN) method which was used to inform the adopted 2020 Local Plan housing requirement.
- 2.5 Under the current standard method the local housing need of an area is calculated using the 2014 household projections published by the Office for National Statistics (ONS) and taking the 10 year average projected growth to establish the housing need baseline. This figure is then adjusted to take account of the affordability of housing in the local area with the adjustment increased where affordability is noted to be an issue. The adjustment is based on the latest median house price to median earnings ratio.
- 2.6 For Lancaster District the current standard method results in a local housing need figure for the District of **415** dwellings per annum. The current NPPF states that this figure is an *advisory* starting point for establishing a housing requirement for an area. The Framework goes on to note that there may be exceptional circumstances, including relating to the particular demographic characteristics of an area, which may justify an alternative approach to assessing housing need. It is therefore currently open for authorities to investigate alternative approaches to assessing need although these should be exceptions and if followed would need to be justified to the Inspectorate as part of the Examination process.
- 2.7 The proposed NPPF identifies a new standard method of calculating housing need. Importantly it also makes clear that alternative approaches are not to be used and this is no longer an advisory requirement.
- 2.8 The new standard method being proposed would see a move away from the use of demographic and economic information as the baseline for identifying need and would instead replace this with a new baseline figure based on the existing housing stock of an area with a 0.8% uplift then included. This figure would then be uplifted again to take account of affordability with adjustments made to reflect the affordability of housing in the local area.
- 2.9 To calculate affordability, the workplace based median house price to median earnings ratio is again used but the new approach would use an average figure used based on data from the last three years. The new approach would also see the weighting applied to this figure increased in the calculations. This would mean that the baseline is adjusted upwards in areas where house prices are more than four times higher than earning. The calculation

means that for every 1% above the 4:1 ratio the multiplier increases to 0.6% (the current method multiplier is 0.25%).

- 2.10 Under the proposed method the local housing need figure for the District would increase to **698** dwellings per annum. It is important to note that whilst this figure would form the Council's local housing need, it is not the final housing requirement for the District. It is the role of the Local Plan to set the housing requirement. That said, the consultation makes clear that local authorities should have *'taken all possible steps, including optimising (housing) density, sharing (housing) need with neighbouring authorities, and reviewing Green Belt boundaries, before a lower housing requirement will be considered'*.

### **Development in the Green Belt**

- 2.11 Another key change in new iteration of the NPPF is the Government's change of approach to development with the Green Belt, whether that be through exploring the role of Green Belt land through the preparation of local plans, or the decision-making process of determining applications for development in areas designated as Green Belt.
- 2.12 The Government have identified a new category of Green Belt land, entitled 'Grey Belt' which is considered to offer more opportunity for development. The NPPF has set a definition for what land may constitute 'Grey Belt' which states:

*"For the purposes of plan-making and decision-making, 'grey belt' is defined as land in the green belt comprising Previously Developed Land and any other parcels and/or areas of Green Belt land that make a limited contribution to the five Green Belt purposes (as defined in para 140 of this Framework), but excluding those areas or assets of particular importance listed in footnote 7 of this Framework (other than land designated as Green Belt)."*

- 2.13 In summary, the definition suggests that local planning authorities should be looking favourably at proposals in locations in the Green Belt where these circumstances apply, either land which can be demonstrated to be previously developed, or land which can be demonstrated to make limited contribution to the purposes of the Green Belt.

### **Green Belt in Plan-Making**

- 2.14 The Government have sought to open up opportunities for development to be considered through the preparation of local plans. Development in the Green Belt has always been an option for local planning authorities through the preparation of their plans (indeed the 2020 Lancaster District Local Plan sought to advance a housing-led allocation in the Green Belt to the South of Carnforth). However, in the past these have been largely dependent on the ambitions of each Council to pursue such options. This is now changing.
- 2.15 The proposed changes, particularly through the amended approach to paragraph 142 of the NPPF, is placing an expectation to pursue and explore opportunities for development within their Green Belts. This is particularly in instances where an authority cannot meet its identified needs for housing, commercial or other types of development through other means (i.e. land outside of the Green Belt).
- 2.16 In such circumstances, local planning authorities will be expected to undertake a full Review of their Green Belt and seek opportunities for development in these areas. In particular this will involve identifying land which meets the 'Grey Belt' definition set out in paragraph 2.12. The only circumstances where the Government consider Green Belt land should not be used

for development is where any alterations would fundamentally undermine the role and function of the Green Belt as a whole.

#### Green Belt in Decision-Making

- 2.17 It is not only through the plan-making process where the new changes to the NPPF will make it easier to secure development in the Green Belt. The new Framework is also providing greater scope for the delivery of new development in the Green Belt through the planning application process.
- 2.18 Paragraph 152 of the new NPPF has widened the scope of the types of development which is considered to be acceptable within the Green Belt to include housing, commercial and other development where it meets specific criteria.
- 2.19 These include the utilisation of 'Grey Belt' land where it is demonstrated that development would not fundamentally undermine the wider function of the Green Belt. It also includes circumstances where the Council cannot demonstrate a deliverable five year supply of housing or fail the Housing Delivery Tests.

#### Infrastructure Delivery on Green Belt Sites

- 2.20 The Government are seeking to incentivise delivery of Green Belt sites to both local planning authorities and the local community by making clear that where major development takes place on land which has been released from the Green Belt then a range of contributions will be required, this includes:
- The delivery of 50% affordable housing (subject to viability);
  - Necessary improvements to local or national infrastructure; and
  - The provision of new, or improvement to existing, green spaces that are accessible to the public.

#### Cross Boundary Working

- 2.21 The draft NPPF is seeking to strengthen the importance of cross boundary working through the 'Duty to Cooperate' (DtC) process. The DtC has been a well-established method for local planning authorities to discuss strategic, cross-boundary issues to ensure they are accurately addressed through the preparation of their respective local plans.
- 2.22 These types of issue can include the delivery of housing in a defined market area, or the delivery of strategic infrastructure that might have regional impacts or working collaboratively on matters of the environment. A good example of the DtC process being the cross working undertaken by Lancaster City Council and (the previous) South Lakeland District Council on the preparation of the award-winning Arnsdale & Silverdale Area of Outstanding Natural Beauty (AONB) Development Plan Document.
- 2.23 Over recent iterations of the NPPF the role of DtC began to be diluted and its future as a method for discussing strategic cross boundary issues placed in some doubt. However, the new version of the NPPF reinstates the importance of strategic planning and the role it has on tackling issues such as housing, strategic infrastructure delivery, economic growth and climate resilience.
- 2.24 The new NPPF sets out a clearer approach to how local planning authorities should effectively engage with their neighbours in regard of strategic planning. It highlights the

important that consistent plan making has in terms of providing certainty and speeding up the plan-making process.

### **Delivering Renewable Energy and Boosting Opportunities for Energy Efficiency**

- 2.25 The proposed changes to the NPPF set out a broader emphasis for renewable energy deployment including that LPAs should identify suitable land for renewable energy. By removing '*significant*' from paragraph 164 the recognises the contribution of smaller renewable energy schemes can make. Proposals include increasing the size of renewable deployment that would be determined by the local planning authority, rather than under the Nationally-Significant Infrastructure Project (NSIP) regime to reflect the increases in efficiency of technology. The storage of energy has not been addressed through the proposed changes. The importance of better connectivity to the grid has been noted for some development, such as connectivity for data centres, but connectivity for renewable energy schemes is a notable omission.
- 2.26 The proposed changes to the NPPF say little on the future role of energy efficiency or the reduction of energy use. The weight of the Written Ministerial Statement of December 2023 regarding Energy Efficiency continues to remain unclear for new development. Reducing energy bills for our local residents is directly correlated to the need to increase the supply of renewable energy. There is not the same emphasis placed on reducing energy use in the first place through better quality builds (including better insulated properties), more efficient technology, or passive design as there is to increasing generation.
- 2.27 For existing buildings, the proposed amendments to paragraph 163 of the Framework to include the word '*also*' provides a greater emphasis on the role of energy efficiency and low carbon heating within the decision-making process which is a welcome addition.

### **Planning for Economic Growth**

- 2.28 The draft NPPF has sought to expand its support for a range of specific types of development which they feel to be key to future economic growth, this includes the tactic support for development of laboratories, gigafactories, data centres, digital infrastructure, freight and logistics.
- 2.29 The new iteration of the NPPF requires planning authorities to plan proactively for these types of development in terms of securing appropriate locations for development through the plan-making process, and ensuring that policies in the Local Plan recognise the specific locational requirements for such development.

### **Transitional Arrangements for Plan-Making**

- 2.30 The draft NPPF sets out a number of transitional arrangements for plans which are at the latter stages of preparation and are due for submission in the coming months. Transitional arrangements are very important to ensure there is certainty for local planning authorities in progressing their plans through to adoption.
- 2.31 Given Lancaster City Council is in the early stages of the plan-making process many of these transitional arrangements are not relevant.
- 2.32 However, in the consultation paper which accompanies the draft new version of the NPPF, reference is made to the implications of plans moving forward under the current planning legislation. Plan-making reforms to the planning system were consulted on in late-2023 and reported to Members at that time. Key to the reforms was the expectation that any local

planning authority seeking to advance local plans through the existing system must have reached submission stage by no later than June 2025. The new consultation paper suggests that local planning authorities will be given greater time to prepare plans under the current system, with an expectation that plans can be submitted under this system until December 2026.

### 3. Key Implications for Lancaster City Council

#### Housing Delivery

- 3.1 Of most significance for this authority is the reinstatement of the 5-year housing land requirement and the proposed amendments to the standard method which would see the local housing need figure for this district increased from **415** dwellings per annum to **698** dwellings per annum.
- 3.2 Dealing firstly with the reinstatement of the requirement to always demonstrate a 5-year housing land supply. This reintroduction would mean that in the absence of a 5-year housing land supply this authority would again find itself in a position of determining planning applications for housing in line with the tilted balance as expressed in paragraph 11 of the NPPF engaged. This would mean granting planning permission unless it could be demonstrated that the impacts of doing so would significantly and demonstrably outweigh the benefits.
- 3.3 The loss of this protection (which had been afforded to the Council due to it having a Plan which had been adopted within the past 5 years) is of significant concern to authorities who have only just prepared and adopted a Local Plan. As noted in our proposed response to the consultation, the removal of this protection will significantly weaken confidence in the role and function of the local plan and fails to recognise the significant work undertaken to prepare a local plan. It would again open areas up to speculative planning applications with local authorities forced to expand resources (both time and financial) to defend.
- 3.4 Turning specifically revisions to the standard method, this would see the local housing need for this area significantly increased from **415** new dwellings per annum to **698** new dwellings per annum. This increase would mean that over the lifetime of the next Local Plan the Plan would need to identify sufficient deliverable sites for an additional 4,245 dwellings.
- 3.5 The increase in housing need results from the proposed amendments to the standard method. This would see a move away from the use of demographic and economic trend-based data to an approach based on the existing stock of an area. Whilst noting the volatility and frustrations experienced by many in the use of fluctuating population and household projections under the previous standard method, the use of demographic and economic data did at least ensure that local conditions and circumstances were properly factored into the decision-making process when determining what the local housing needs of an area are likely to be. This can be explained to communities through discussions regarding the evidential need for housing in their area with future requirements supported by evidence.
- 3.6 The stock-based approach being proposed has no linkages with the demographic or economic conditions and trends of a local area. It fails to take account of genuine local characteristics which could lead to need and economic aspirations being unmet in some areas. Where numbers have been inflated upwards it risks producing housing numbers that

have no ability of being delivered in respect of the availability of genuinely deliverable and sustainable sites, the capacity of the market to deliver, or importantly the existence of the community to need them.

- 3.7 Notwithstanding the above concerns, the Council will need to explore all opportunities to deliver this additional housing need identified through the standard method and only where clear evidence exists can a reduced housing requirement be suggested. This will all need to be explored through the current Local Plan Review.

#### **Pressures to Release Green Belt Land**

- 3.8 The proposed changes to Green Belt through the new draft NPPF may have some significant implications on how development is managed within the City Council's own designation – the North Lancashire Green Belt – both in the short term but also through long term through the plan making process.
- 3.9 The definition of 'Grey Belt' appears to be subjective in its judgement, particularly when coming to conclusions over whether land sufficiently meets the five purposes of Green Belt as defined in national planning policy.
- 3.10 Whilst there will be an impetus on the local planning authority to make a judgement on the relative contribution land makes to the purposes of the Green Belt (through the preparation of a Green Belt Review), it will be also for the judgement of others too, particularly landowners and developers who are likely to seek to advance ambitions for land in the Green Belt through attempts to demonstrate their land as 'Grey Belt' rather than Green Belt. That may involve some landowners seeking to degrade their land in order for it to fulfil this criteria.
- 3.11 The newly worded paragraph 152 of the NPPF places an expectation on local planning authorities to favourably consider development in the Green Belt, particularly in areas which cannot demonstrate a five-year supply of housing. That will apply to Lancaster district. Based on this it is likely that the authority may see a rise in planning applications on land within the Green Belt where it can be demonstrated that the requirements of paragraph 152 are engaged.
- 3.12 The relaxation of Green Belt development will not only be applicable to the Council's considerations towards planning applications. Paragraph 142 makes clear that local planning authorities will need to look favourably towards Green Belt locations as part of preparing and reviewing their local plans, particularly in instances where the supply of land outside of the Green Belt is challenged.
- 3.13 With the Local Plan Review currently at such an early stage it is difficult to tell whether there will be a need for the Council to consider options for development in the Green Belt. However, unlike in previous iterations of the local plan, national guidance no longer provides the same safeguards to protect land in the Green Belt particular where there are no viable alternatives for development elsewhere.

#### **Changes to the Local Plan Timetable**

- 3.14 As noted earlier in this report, whilst not part of the formal consultation process on the revised NPPF the Government have indicated that there will be an extension of time in terms of preparing plans under the current legal system for plan making.

- 3.15 The Council's current timetable for the Local Plan Review is very much predicated on our previous understanding around reforms to the planning system, as consulted on in late-2023. Key to that understanding was the Government's direction that any plan to be prepared under the existing system must be submitted for examination by June 2025. Plan submitted after this date would be expected to be prepared under the new system.
- 3.16 This direction has now changed as part of the current draft NPPF consultation process, with the Government now indicating that it will be accepting plans under the existing system of plan making until December 2026. This has implications for the timetabling of the current Local Plan Review and allows more space and time for a plan to be advanced. Allowing for greater time for all parties to help shape its preparation and allow for a more robust plan.
- 3.17 With this in mind, Officers have sought to review the timetable for the Local Plan Review to ensure that sufficient time and opportunity is taken to secure a robust Local Plan which balances the ambitions of the Council against the new expectations of national planning policy. This timetable, which will form a revised Local Development Scheme (LDS), has been considered by the Local Plan Review Group.

#### **Greater Scope for Renewable & Low Carbon Energy**

- 3.18 The increased emphasis on renewable energy within the revised draft NPPF, as well as the proposed changes to the NSIP regime will likely affect the size and scale of renewable energy proposals which will be brought forward for planning permission in the district. Onshore wind is now to be considered the same as any other source of renewable energy, a significant shift after many years of an effective moratorium on the development of onshore wind in England. The implications may be to see new wind proposals being brought forward within the district as well as proposals for the repowering of existing sites.
- 3.19 Changes to paragraph 160 of the Framework will likely mean that areas of the district could be positively identified for its renewable energy potential and their associated infrastructure as part of the forthcoming Local Plan Review. This will be explored as the Review progresses and it will also inform the wider understanding for plan-making, particularly relating to the delivery of strategic infrastructure. The Council's separate work on the Local Area Energy Plan (LAEP) which is nearing completion will likely play a key role in understanding these strategic elements.

## **4. Next Steps**

- 4.1 As noted, Council Officers have put together a draft response to all questions which are considered relevant for Lancaster City Council in its role as local planning authority. It is recommended that this response, at Annex 2 of the committee report, is submitted to the Ministry of Housing, Communities and Local Government.