

White Paper: Planning for the Future

Briefing Note: The Implications for the West Midlands

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Introduction

Our recent briefing notes have already highlighted the consultation on both the potential more immediate changes to the planning system (deadline 1st October 2020) as well as the wider ranging consultation on the “Planning for the Future” White Paper (deadline 29 October 2020).

Changes to improve the effectiveness of the current planning system

Responses to these proposed policy changes are due on 1st October 2020. These include:

- Changes to the standard method for calculating the **housing requirement**:
- Delivering “**First Homes**” as part of the affordable mix on site.
- Supporting **SME housebuilders** by deferring CIL and potentially reducing contributions
- **Small Sites** - Increasing the size of site before **affordable housing** is required from 10 dwellings to 40 or 50 dwellings
- Extension of **Permission in Principle** to Major developments.

White Paper Planning for the Future

The proposed changes include:

- Simplification of **Local Plans** placing all land into one of the three categories (but each having the possibility of more detailed annotations):
 - **Growth Areas;**
 - **Renewal areas;** and
 - **Protected Areas.**
- **National Design Codes, Development Management Policies and Conditions.**
- Streamlined **Plan Making**
- Changes to the standard method for calculating the **housing requirement** by adding **Step 3** a revision of the requirement to take account constraints such as green belt and AONB as well as opportunities like previously developed land.
- **No 5 year land supply** requirement for housing
- **No Duty to Cooperate**
- Quicker and simpler assessments of **environmental impact**

- Reforms to S106 and Community Infrastructure Level (CIL)

The potential impact for the West Midlands (WM)

The headline impact for the WM is the overall scale of the need identified compared to the calculation using the “original” (2014) based standard method, as set out in Table 1, although it has to be recognised that no adopted plans are currently based on the “original” Standard Method

Table 1: Comparison of Dwellings required under New (2020) and Existing (2014 based) Standard Method (Uplift).

LPA	2014 LHN	2020 Revised SM	% Difference
Stratford-on-Avon	581	1675	188.4%
Wychavon	497	1396	180.6%
North Warwickshire	171	439	156.5%
Malvern Hills	389	929	138.9%
Redditch	174	368	111.4%
Cannock Chase	276	575	108.5%
Stafford	400	829	107.3%
Tamworth	149	305	105.0%
Telford and Wrekin	510	941	84.7%
Bromsgrove	379	694	83.3%
Shropshire	1177	2129	80.9%
Nuneaton and Bedworth	429	662	54.4%
Wyre Forest	231	353	52.5%
Warwick	627	910	45.1%
South Staffordshire	254	364	43.6%
Dudley	636	880	38.3%
Herefordshire, County of	846	1166	37.8%
Staffordshire Moorlands	185	255	37.3%
Stoke-on-Trent	500	684	36.9%
East Staffordshire	430	582	35.5%
Rugby	525	705	34.3%
Lichfield	321	423	31.8%
Solihull	807	1011	25.3%
Coventry	2376	2676	12.6%
Wolverhampton	750	844	12.5%
Newcastle-under-Lyme	355	395	11.2%

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LPA	2014 LHN	2020 Revised SM	% Difference
Walsall	882	823	-6.6%
Worcester	362	290	-19.8%
Sandwell	1488	1141	-23.3%
Birmingham	5069	3056	-39.7%
West Midlands (WM) Total	21775	27503	26%

For the West Midlands, the uplift from the existing Standard Method is 26%. This is the third greatest increase of any region (behind the East Midlands and South West); it also exceeds the overall impact of the “revised” Standard Method proposals across England, which indicate a 22% uplift.

Amongst the 30 individual authorities within the West Midlands only 4 (13%) record a decrease compared to the current calculation of local housing need. This is the lowest proportion of authorities showing a decrease of any region. However, in absolute terms the decrease is significant (c.-2,500 dwellings) and offsets around 65% of the total increase for the 8 authorities where the indication of need has more than doubled.

The reason for these changes is two-fold: firstly, the differences between the 2014 and 2018 household projections; and also, the impact of the new affordability calculation. For authorities such as Stratford-upon-Avon and Malvern Hills the uplift reflects a cumulative impact from removing the cap on uplifts for affordability together with projections reflecting recent growth.

The main impact of a potential decrease in the assessment of need arises from Birmingham. The current adopted development plan for Birmingham acknowledges an unmet need for up to 38,000 homes. We have calculated the “original” standard method without reference to the 40% cap on the current plan requirement. Uplift to need from Steps 1 and 2 for other neighbouring authorities can thus partly be interpreted in the context of the wider housing market area.

The objectively assessed housing need (OAN) in the Birmingham Development Plan (2017) is 4,450 dwellings per annum, however only 2,555 dwellings per annum is planned to be met leaving unmet housing needs to be addressed by neighbouring authorities. This OAN was lower than the present housing local housing need produced by the current Standard Method of 5,069 but

the revised method would reduce this to just 3,056 dpa, which while a substantial reduction is still higher than that actually being planned for in the local plan.

Like the previous transitional arrangements (from the 2012 to 2018 NPPF) the arrangements now proposed will allow for those plans that are presently in preparation, i.e. at or close to the Regulation 19 submission, to be taken through the system (a process which in some cases has taken years under the last set of transitional arrangements). As such “new style” Local Plans maybe a considerable time away for some areas. In terms of the White Paper’s proposals:

- Step 3 of the White Paper Standard Method allows constraints to be taken into account as part of the housing requirement figure. The process for making this final adjustment is unclear although one might speculate it would entail discussions between the councils and central government which would be beyond scrutiny. For areas around Birmingham with extensive **Green Belt** and environmental constraints, this third step is likely to substantially reduce the starting figure.
- The reductions that will occur as part of the third step will not be made up in other areas as there is no requirement for unmet housing requirements in one authority to be accommodated by neighbouring authorities as there will be no **Duty to Cooperate** or **Statements of Comment Ground** in the ‘New Style’ Local Plan approach, where unmet housing requirement will simply remain unmet.
- These changes together with the removal of the five year land supply test leave very few other levers available to government should authorities fail to produce a plan or produce plans with zoning which are not capable of delivering requirements at the rates anticipated.
- For plans currently under preparation and assessing potential contributions to Birmingham’s unmet needs a ‘do nothing’ approach may be appealing.

In respect of appeals the expectation is that these will be fewer as policies will be clearer and that all local authorities will have a 5 year supply and up to date plans. Such a statement is perhaps less surprising if one takes in account the potential ability for councils to influence the housing requirement by reference to constraints in step 3 of the SM, and the slimmed down test of deliverability.

What is unclear is whether the “2 step” Revised Standard

Method for calculating the housing requirement (as proposed in the changes to the current system) will be used for the Housing Delivery Test and the 5 year land supply calculation prior to the changes to the legislation. This is pertinent, for not only is the 3rd Step of the SM only contained in the Planning for the Future consultation (not the proposed changes to current system) but also because the 5 year land supply test is proposed to be removed in the Planning for the Future consultation. If the 2020 SM housing requirement is to be used in the 5 year land supply test, then the dramatic uplift in the SM in some areas would clearly put some LPAs at significant risk in the short term.

These changes may have a substantial impact on the process for the allocation and promotion of land for development, as well as impacting on gaining developable permissions and the role of appeals. Therefore, it is important that all those who operate within the system consider these proposals and make representations.

If you wish to discuss the implications of these proposed changes or how to now produce future strategies in these potentially uncertain times, please contact us as we would be happy to discuss.

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