

Report of	Meeting	Date
Director of Partnerships, Planning & Policy Introduced by the Executive Member for Planning & Partnerships	Executive Cabinet	14 th October 2010

CENTRAL LANCASHIRE CORE STRATEGY – AMENDMENTS TO MAKE FOR PUBLICATION STAGE

PURPOSE OF REPORT

1. To inform Members of the amendments proposed to the Core Strategy for its publication stage following announcements by central government on the revocation of the Regional Spatial Strategies (RSS), changes to Planning Policy Statement 3 (PPS3) on Housing and other matters.

RECOMMENDATION(S)

2. The Executive Cabinet is requested to:
 - a) Recommend the Council to approve amendments to the version of the Core Strategy previously approved by Members in March/April 2010 so that it can be formally published to allow for representations to be made.
 - b) Approve the commissioning of research to assess the appropriateness of the former RSS housing figures for Central Lancashire in the current economic circumstances.

EXECUTIVE SUMMARY OF REPORT

3. The decision of central government to revoke Regional Spatial Strategies and allow councils more discretion to decide local planning requirements has implications for our LDF preparations, particularly the Core Strategy. This report explains the current situation in the light of recent announcements, and recommends a way forward to help progress the Core Strategy and respond to the current economic circumstances and uncertainties in the housing market after considering the following alternative options:
 - a) Option 1: Stop work on the Core Strategy and start again later
 - b) Option 2: Progress with approved Core Strategy using the former RSS figures
 - c) Option 3 :Progress with approved Core Strategy based on lower housing requirements than the RSS
4. The housing requirements in the former RSS were informed by a detailed preparation process. The Central Lancashire authorities influenced and agreed with the final figures for our respective Districts. Our approach and that of 4NW was driven by the desire to facilitate growth and prosperity in the area. That remains our long term aspiration however in the short term given the current economic difficulties, which were not envisaged when the RSS was prepared, a lower level of housing requirement is considered prudent (Option 3). This approach is envisaged as a short term precautionary measure, pending the adoption of Site Allocations, and so help control residential development that may prejudice decisions on where new housing should be located.

5. Such an approach is not without risks. There are also many current uncertainties concerning economic recovery, future funding streams and the precise outcomes of the government's planning reforms. However housing development activity has reduced across Central Lancashire overall, particularly so in Preston and especially in the last year. A reduction in housing provision of 20% per annum would still be within the tolerance considered acceptable by national planning policy as set out in Planning Policy Statement 3 (PPS3). However because of the changed situation and uncertainties it is appropriate to commission research into the robustness of the former RSS housing requirement figures for our area given the current economic circumstances. The intention is that this new evidence would be available to inform the final content of the Core Strategy on its passage through to adoption.
6. The government has changed other parts of PPS3 by reclassifying housing development in residential gardens 'garden grabbing' as greenfield development and removing the national minimum density for new housing. These changes need to be reflected in the Core Strategy, minor policy and other text alterations are appropriate. The former RSS covered other topic areas relevant to the Core Strategy. However the RSS evidence informing these other provisions remains sound and up to date so no alternative approach is considered necessary in these respects for the Core Strategy. Neither are there considered to be gaps in the Core Strategy as a result of revocation. The Core Strategy text only needs to be changed slightly to reflect the deleted status of the RSS. This is also an opportunity to make other small amendments to the Core Strategy to reflect other national government, legislative and evidence updates.

REASONS FOR RECOMMENDATION(S)

(If the recommendations are accepted)

7. To agree an appropriate way forward for advancing the Core Strategy.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

8. These are referred to in paragraph 24.

CORPORATE PRIORITIES

9. This report relates to the following Strategic Objectives:

Put Chorley at the heart of regional economic development in the Central Lancashire sub-region		Develop local solutions to climate change.	
Improving equality of opportunity and life chances		Develop the Character and feel of Chorley as a good place to live	
Involving people in their communities		Ensure Chorley Borough Council is a performing organization	

BACKGROUND

10. Members will recall that the Core Strategy was presented to a joint meeting of the Cabinets on 31 March 2010 and was subsequently approved for publication at Cabinet/Council meetings of the three District authorities. Later, in June, it was decided that the progress of the Core Strategy be held in abeyance for a short time pending consideration of the new coalition government's changes to planning powers and the issuing of any further guidance for local planning authorities.
11. The coalition government has made two related announcements which have an impact on the LDF preparation. On 9 June the government amended Planning Policy Statement 3:

Housing (PPS3) on the subjects of 'garden grabbing' and housing density. On 6 July the Secretary of State for Communities and Local Government revoked Regional Spatial Strategies (RSS), a key element of the development plan and hitherto an important driver of the form and content of the Central Lancashire Core Strategy. At the same time the Chief Planner at CLG issued some new guidance.

12. This report focuses on the impact that the RSS revocation will have on housing requirements in Central Lancashire. Accurate and agreed housing land requirements are crucially important to the legitimacy of the Core Strategy. They give direction to the Councils, residents and potential developers on the amount, timing and location of housing development in Central Lancashire. The report will also briefly examine connections with areas of policy related to housing requirements, to show the importance of using housing evidence carefully in response to broader economic circumstances.

PLANNING FOR LOCALISM

13. The government has stated its intention to *"make it easier for local councils to agree and amend local plans with their local community, in a way that maximises the involvement of neighbourhoods."* This is an empowering and a considerable responsibility, but it does not mean that the work undertaken to date on the Core Strategy is cast aside. Although the RSS is revoked, the engagement and much of the evidence base that underpinned it is still valid and available to inform the Core Strategy.

THE VISION FOR CENTRAL LANCASHIRE IN 2026

14. The short term economic situation and the immediate challenge of the revocation of RSS should be balanced against the longer term vision for Central Lancashire as set out in the Core Strategy and the Central Lancashire Economic Strategy (2010).
15. Our vision is optimistic and challenging. It looks beyond the current difficulties of financial restraint and is consistent with the authorities' successful bid for Growth Point Funding to help sustain investment and development. The Core Strategy has been written in its entirety to respond to the vision for all aspects of spatial planning and economic development. Our immediate challenge with the Core Strategy is that we do not lose this sustainable vision, but at the same time understand the current circumstances and appropriately modify our short-term approach.

GUIDANCE FOLLOWING REVOCATION OF RSS

16. Guidance provided by the government's Chief Planner clearly states that despite the revocation of RSSs, local planning authorities should continue to develop LDF Core Strategies and other related documents, reflecting local people's aspirations and decisions on important issues such as climate change, housing and economic development. The extent to which authorities might revisit their Core Strategy will depend on the stage reached in the planning process, the extent of work already undertaken and the scope of policy changes envisaged: any changes will need to meet the requirements of soundness including the use of robust and transparent evidence.
17. Local planning authorities will in future be responsible for establishing the right level of local housing provision in their area, and identifying a long term supply of housing land in the absence of regional housing targets. Some authorities may decide to retain their existing housing targets that were set out in the revoked Regional Strategies. Others may decide to review their housing targets. The government expects that those authorities will quickly signal their intention to undertake an early review so that communities and land owners know where they stand.

HOUSING REQUIREMENTS

18. The housing requirement figures contained in the Core Strategy were derived through a series of exchanges between the Central Lancashire authorities and 4NW (previously the North West Regional Assembly), informed by research including government household projections, economic growth forecasts and engagement with key stakeholders such as housing developers. The key stages in arriving at the final RSS figures are summarised in Appendix 1. The important point here is that the RSS was prepared prior to the recession and the housing requirement figures were based on growth assumptions that currently look highly optimistic.

CAPACITY AND DELIVERY

19. Housing land availability is carefully monitored by the Central Lancashire authorities. Each Council produces annual housing monitoring updates, and periodically the three councils prepare a Strategic Housing Land Availability Assessment (SHLAA). It provides an evidence base on the potential housing land supply and it includes the views of developers concerning the deliverability of the agreed sites. The SHLAA data available at the time the Core Strategy was previously approved for publication (March) was 2009 based. The 2010 based information is now known and reveals severe delivery problems in Preston and significant low performance in South Ribble. This removes the justification for the short term 5% housing delivery performance uplift above SHLAA levels proposed in the March version of the Core Strategy.
20. Although overall the evidence from the 2010 assessment is that there is a five year supply (using RSS levels) of deliverable housing land in Central Lancashire as a whole: within the area the supply is lower than five years in Preston and higher than five years in Chorley and South Ribble. More recent information, including the results of appeal decisions, confirms this view, although developers are signalling their intention to develop (on average) fewer houses per annum on each site. This affects adversely the deliverability of housing and in many cases is a reflection of the current economic circumstances. Appendix 2 sets out house building trends since 2003.

CHANGED CIRCUMSTANCES

21. The March Core Strategy adopted a cautiously optimistic approach for future housing development prospects, taking account of the following assumptions:
- The Homes and Communities Agency (HCA) will use both its general financial resources and local land ownership assets to bring forward unimplemented sites.
 - Loan finance for both developers and mortgages will become more readily available.
 - Rapid progress will be made on identifying future land for housing development in suitable locations (including fully recognising the potential of appropriate re-use of former employment land) in forthcoming Site Allocations documents to accompany the Core Strategy and so reduce uncertainty, release more land and engender developer confidence.
22. Although only a short time has elapsed circumstances have changed:
- HCA funding is being cut back and how their land will be released is being reviewed
 - Loan finance availability remains low
 - Growth Point funding is having to be re-justified
 - Overall public sector funding is being cut severely
 - Inflation has risen
23. In addition there are a number of significant uncertainties concerning:

- Further Growth Point funding
 - Extent of further cuts in public sector funding
 - Financial incentives for house building and government planning policy generally such as developer contributions
 - Infrastructure funding
 - Possibility of a 'double dip' recession
24. These changed circumstances and significant uncertainties justify a precautionary approach to setting housing requirement levels at least in the short term pending progress on Site Allocations and whilst further research is done on the appropriateness of applying the RSS housing figures. Setting the requirement figures too high could undermine the sustainable locational approach of the Core Strategy by attracting planning applications on peripheral greenfield sites, particularly in the more viable locations in Chorley and South Ribble that would further undermine the ability to secure development on inner brownfield sites especially in Preston. This is especially likely in the next 2 years pending the adoption of Site Allocations.

ALTERNATIVE OPTIONS

25. There are three options for the Core Strategy in terms of housing requirement figures:
- a) **Option 1: Stop work on the Core Strategy and start again later**
 - i Negatives – delays all plan making leading to uncertainty for developers and the community, housing requirements not met sooner, slower recovery from recession, could miss out on public and private investment, evidence base will become out of date, huge financial costs of updating evidence and resisting appeals for unwelcome applications for development in unsustainable locations
 - ii Positive – would allow time for new housing figures to be worked up
 - b) **Option 2: Progress with approved Core Strategy using former RSS figures**
 - i Negatives – suspicion that RSS figures are out of date and unnecessarily high, may result in more peripheral greenfield sites being identified for housing than necessary and diverting investment from inner brownfield sites
 - ii Positive – RSS is most up-to-date examined evidence available
 - c) **Option 3: Progress with approved Core Strategy based on lower housing requirement figures than the RSS**
 - i Negatives – departs from the latest tested evidence base, housing requirements may not be fully met, likely to result in major objections from developers
 - ii Positives – reflects current economic situation and uncertainty, allows the Core Strategy and Site Allocations to proceed, gives time before examination to commission research into the robustness of the RSS figures which should assist in revealing how real these negatives are and providing evidence to deal with the situations that may arise

RECOMMENDED APPROACH FOR HOUSING PROVISION IN CENTRAL LANCASHIRE

26. Option 3 is the recommended alternative with the proviso that pending the outcome of the research referred to above a short term 20% reduction in the former RSS housing requirement figures is considered appropriate given what we know at the moment about the local economic situation and recent experience of housing delivery. This Option was supported by the Joint Advisory Committee at its meeting on 21 September. On the assumption that the RSS correctly identified the level of housing required, such a reduction is also sufficiently close to the former RSS figures to largely meet that level of housing required; Appendix 3 refers to this in detail. There is a relationship between housing requirements and economic circumstances, the proposed research can investigate the current position on this. Appendix 4 includes the proposed revised Core Strategy text on housing delivery.

OTHER TOPIC AREAS OF THE FORMER RSS

27. The former RSS covered other topic areas relevant to the Core Strategy. However the RSS evidence informing these other provisions remains sound and up to date so no alternative approach is considered necessary in these respects for the Core Strategy (except as referred to in the next paragraph). Neither are there considered to be gaps in the Core Strategy as a result of revocation. The Core Strategy text only needs to be changed slightly to reflect the deleted status of the RSS.
28. Two additional RSS matters in North West were being reviewed at the time of revocation. This Partial Review was looking at car parking standards, and accommodation requirements for Gypsies, Travellers and Travelling Showpeople. An Examination in Public was held and the Panel's Report on this has been published recently. However this document has little weight and in any event these detailed matters can be considered separately from the Core Strategy. However the Core Strategy does need to be amended to indicate that local parking standards will be produced and reflect government policy changes on Traveller accommodation. These changes are referred in Appendix 5.

'GARDEN GRABBING', HOUSING DENSITIES AND BROWNFIELD DEVELOPMENT

29. Garden grabbing is housing development on residential gardens, so called because it has led on occasion to some high density, inappropriate development. It is a significant issue for parts of Central Lancashire. The coalition government has attempted to reduce the problems caused by this form of development by re-classifying residential gardens from brownfield, with its greater presumption in favour of development, to greenfield land. This change has been set out in an amendment to Planning Policy Statement 3 (PPS3), and whilst it does not mean that no development can take place on gardens, it does make it easier for authorities to refuse applications on such sites. PPS3 states that applications will be determined on a site by site basis taking into account development management policies such as amenity, local character and local housing density. Beyond this, it is open to authorities to adopt their own policies on garden development, and these are currently under consideration.
30. The same document (PPS3) has also been amended to remove the indicative minimum density requirement of 30 dwellings per hectare. There is now no minimum density requirement and applications will be decided on a site by site basis. The density policy (5) and supporting text in the Core Strategy need to be changed to reflect these amendments – see Appendix 4. However, the remainder of PPS3 is unchanged, including the requirement for local authorities to maintain a five year supply of housing land. This requirement is closely linked to the overall housing requirements and the validity of the RSS housing calculations.
31. Evidence collected for the Strategic Housing Land Availability Assessment (SHLAA) indicates that over 70% of all sites available for housing in Central Lancashire is on brownfield land: this assessment takes into account of the re-designation of garden sites with planning consent. As the evidence supports the 70% figure contained in Policy 4 in the Core Strategy, the policy does not require amendment in this respect and is not affected by the revocation of RSS.

OTHER MATTERS

32. The Core Strategy needs to be updated to reflect the latest aspects of Mid Lancashire joint working, the focus of proposed development in the Cottam area, changes in school improvements funding streams and new legislation for dealing with flooding and adoption of sustainable drainage systems. These changes are all referred to in Appendix 5

IMPLICATIONS OF REPORT

33. This report has implications in the following areas and the relevant Directors' comments are included:

Finance		Customer Services	
Human Resources		Equality and Diversity	
Legal		No significant implications in this area	✓

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There are no background papers to this report.

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Appendix1: Evolution of the RSS housing requirement figures for Central Lancashire

The Table below shows how the figures evolved.

Authority	1. NWRA 1 st proposals 2005	2. CLCSRS Study 2005	3. Interim Draft RSS 2005	4. Response to ID RSS 2005	5. Draft RSS 2006	6. Adopted RSS 2008
Preston	N/A	470-620	400	620	507	507
S. Ribble	N/A	360-480	360	480	478	417
Chorley	N/A	340-450	340	450	361	417
Total	1061	1170-1550	1100	1550	1346	1341

All the figures in the table are forecasts of annual house completions for the period 2003 - 2021. The figures in the un-shaded columns were produced by 4NW, informed by the Experian forecasting model. The shaded columns represent submissions made by the Central Lancashire authorities. The first of these (column 2) was the *Central Lancashire City Sub Regional Strategy* work undertaken by Grimleys in 2005. It set out two main forecasts for housing needs and was based on the Cambridge forecasting model. The Interim Draft RSS forecasts (column 3) were not supported by the Central Lancashire authorities, who considered them too low, and not taking into account the area's growth potential in 2005. In response the Central Lancashire authorities proposed higher figures (column 4), based on the calculations of the CLCSRS report. 4NW accommodated some of this uplift in their Draft RSS submissions to government in January 2006 (column 5).

In June 2006, the Central Lancashire authorities produced a joint response to the Draft RSS. In this, they supported the Draft RSS figures and agreed to adopt a cross-district, managed and monitored, phased approach to meeting the three figures. The report also said that housing provision should be phased across housing market areas, and anticipated that an over-supply of land in the early years would be 'corrected' by the managed release of future sites. By the above resolution, the figure of 1346 (as sub-divided in column 5 above) became the so called 'Option 1' submission of the Central Lancashire authorities, as considered and published in the Examination in Public (EiP) Panel Report in March 2007. The final column shows the figure adopted by RSS in September 2008 of 1341 dwellings per annum, cited in the publication *Core Strategy*.

Appendix 2: Housing performance for Preston, South Ribble and Chorley (2003-2010)

Trends across Central Lancashire as a whole show that 8685 dwellings were built in the seven years from 2003 to 2010, as set out in the table below.

	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	Total
Preston	308	544	627	565	609	468	5	3126
Chorley	585	479	489	121	288	355	440	2757
S. Ribble	538	657	520	284	320	312	171	2802
Total	1431	1680	1636	970	1217	1135	616	8685

Housing development in Central Lancashire was above the overall annual requirement of RSS between 2003 and 2006 but below in the years since 2006. Since 2009 the cumulative average for the seven years 2003-2010 has dropped below the annual RSS requirement (1241 average dwellings pa built, compared with 1341 dwellings pa as set out by RSS: a reduction of 7.5%). Within these overall figures are certain notable variations: for instance the latest low level of completions in Preston is net of 85 demolitions, and the Preston figure also reflects the recent collapse of the market for apartments in and around the city centre. In contrast, the level of completions in Chorley remains buoyant, largely because of the delivery of new house building at Buckshaw village. Finally, the level of building on previously developed (brownfield) land is above the RSS figure of 70% for all three authorities.

1a. Preston: year by year

	03/04	04/05	05/06	06/07	07/08	08/09	09/10	Total
RSS figures	507	507	507	507	507	507	507	3549
Completions	308	544	627	565	609	468	5	3126
% difference	-39%	+7%	+24%	+11%	+20%	-8%	-99%	-12%

2a. South Ribble: year by year

	03/04	04/05	05/06	06/07	07/08	08/09	09/10	Total
RSS figures	417	417	417	417	417	417	417	2919
Completions	538	657	520	284	320	312	171	2802
% difference	+29%	+58%	+25%	-32%	-23%	-25%	-59%	-4%

3a. Chorley: year by year

	03/04	04/05	05/06	06/07	07/08	08/09	09/10	Total
RSS figures	417	417	417	417	417	417	417	2919
Completions	585	479	489	121	288	355	440	2757
% difference	+40%	+15%	+17%	-71%	-31%	-15%	+5%	-6%

1b. Preston: cumulative

	03/04	04/05	05/06	06/07	07/08	08/09	09/10
Cumulative RSS figures	507	1014	1521	2028	2535	3042	3549
Cumulative completions	308	852	1479	2044	2653	3121	3126
% difference	-39%	-16%	-3%	+1%	+5%	+3%	-12%

2b. South Ribble: cumulative

	03/04	04/05	05/06	06/07	07/08	08/09	09/10
Cumulative RSS figures	417	834	1251	1668	2085	2502	2919
Cumulative completions	538	1195	1715	1999	2319	2631	2802
% difference	+29%	+43%	+37%	+20%	+11%	+5%	-4%

3b. Chorley: cumulative

	03/04	04/05	05/06	06/07	07/08	08/09	09/10
Cumulative RSS figures	417	834	1251	1668	2085	2502	2919
Cumulative completions	585	1064	1553	1674	1962	2317	2757
% difference	+40%	+36%	+24%	0%	-6%	-7%	-6%

Appendix 3: Rationale for and implications of a 20% reduction in housing requirement figures

PPS3 provides relevant guidance to local authorities in this situation:

“Local Planning Authorities should set out the circumstances in which action will be needed to ensure performance is achieved in line with the housing and previously developed land trajectories. Local Planning Authorities should indicate what ranges of housing delivery and previously developed land performance are acceptable and what action may be taken in what circumstances, so that there are clear and transparent points that will trigger management action.

“Where actual performance, compared with the trajectories, is within the acceptable ranges (for example within 10-20 per cent), and future performance is still expected to achieve the rates set out in the trajectories, there may be no need for specific management actions at that time. In such circumstances, Local Planning Authorities will wish to continue to monitor and review performance closely and consider the need to update the five year supply of deliverable sites where appropriate.

“If at any time, actual performance is outside the acceptable ranges or is at risk of not being met in future.....Local Planning Authorities will need to establish the reason for these performance issues and take appropriate management action. In circumstances where market conditions have changed, it may also be necessary to re-assess need and demand.....”

The current cumulative housing performance level for the Central Lancashire authorities is as follows (and more detail for the trends in each district is shown in Appendix 2):

Authority	Completions 2003-2010	RSS trajectory 2003-2010	Difference	Percentage difference
Preston	3126	3549	- 423	- 12%
Chorley	2757	2919	- 162	- 6%
South Ribble	2802	2919	- 117	- 4%
Total	8685	9387	- 702	- 7%

The current cumulative performance is within the maximum tolerance level of 20% as set in PPS3, but is a concern and the Central Lancashire authorities will continue regular monitoring and analysis of data to understand trends and predict future outcomes. However if over the next two years the rate of delivery is within 80% of the RSS level the overall performance since 2003 will not fall outside the 20% tolerance for any of the Districts – see Appendix 2 for details. There is therefore no need to actively boost housing land supply by permitting significant housing proposals, in advance of new Site Allocations being adopted, as this would risk undermining the efficient and effective use of land. However by the same token an 80% [-20%] target would not necessarily be a tool that could successfully resist such schemes say on appeal.