



Report of	Meeting	Date
Joint LDF Officer Team	Central Lancashire LDF Joint Advisory Committee	1 September 2011

PROGRESSING THE CENTRAL LANCASHIRE CORE STRATEGY

PURPOSE OF REPORT

1. To inform Members of important developments in the progress of the Core Strategy examination, particularly concerning the housing delivery policy (Policy 4) which has a bearing on the plan being found sound by the Inspector.

RECOMMENDATION(S)

2. Members are recommended to:
 - (a) accept the draft recommendations contained in the Inspector's letters, concerning housing requirements, in order that the Central Lancashire Core Strategy may be found sound and proceed to adoption.
 - (b) accept the need for additional strategic sites or locations of land for housing, but to direct the Inspector towards selecting those sites which relate best to the existing pattern of development, including the phased and managed release of land at Higher Bartle and Pickering's Farm.
 - (c) endorse the redrafting of relevant sections of the Core Strategy in accordance with the Inspector's recommendations, and to bring the new wording to the Full Councils for approval, along with a revised timetable towards adoption.
 - (d) note that the adoption of the Core Strategy is most likely to be postponed until early 2012.

EXECUTIVE SUMMARY OF REPORT

3. The Inspector at the Core Strategy examination has made an announcement, and written two letters to Council Officers centred on the subject of housing delivery. His correspondence indicates that the Core Strategy is unsound as submitted in this respect and he has asked the Councils to take steps to remedy the situation, so that the Core Strategy may be found sound and be adopted as part of the development plan.
4. This report sets out and interprets the detail of the correspondence, and assesses the risks involved. It makes recommendations to ensure compliance with the Inspector's draft recommendations. One of the consequences of the Inspector's intervention is that the adoption of the Core Strategy will be delayed as further consultation and subsequent examination hearing time will be required.

REASONS FOR RECOMMENDATION(S)

(If the recommendations are accepted)

5. To proceed expeditiously towards adoption of the Core Strategy.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

6. One alternative option (Option 1) is set out in paragraph 12(a). This is not favoured for the reasons stated in the main body of the report.

BACKGROUND

7. Members have already given careful consideration to the wording of the housing policies contained in the Core Strategy. A detailed report was considered by the Joint Advisory Committee (and subsequently by each Full Council) on 21 September 2010. That report was framed in the light of the government's decision to revoke Regional Spatial Strategies (RSSs). A challenge to that decision as well as a challenge to a subsequent decision of the Government stating that the intention to revoke RSS's was a material consideration has been resolved in the courts. The latest decision of the courts in that series of challenges confirms that until lawful revocation of RSS's takes place (by means of legislation currently in Parliament), development plans must be in general conformity with regional planning policy (which remains part of the statutory development plan)
8. The earlier report to the Joint Advisory Committee also considered the worsening economic circumstances, and subsequently the Councils commissioned research from consultants Ecorys which provided evidence of the current state of the local housing market and economy. The Councils resolved in the autumn of 2010 to progress with the approved Core Strategy based on lower housing requirement figures than set out in the RSS, until such time as new local housing requirements are produced.
9. The Core Strategy examination hearings took place between 28 June and 12 July 2011. One of the most keenly debated policies was Policy 4, wherein the Councils sought to apply housing requirement figures in the short term (2010-2012) that are equivalent to 80% of the RSS figures.

THE INSPECTOR'S FIRST LETTER 15 July 2011 (part 1)

10. On the last day of the examination hearings, the Inspector made an announcement (appended to this report) concerning the housing policies, specifically Policy 4. This was followed on 15 July and 27 July by two formal letters to the Central Lancashire Authorities. The first part of his first letter reads:

"(i) You will recall that in my announcement at the beginning of the Hearing on Tuesday 12 July 2011, I said that I had very grave doubts that the Core Strategy in its present form was sound in its housing policies. In his note of 28 April 2011, the Programme Officer stated that I would need to be satisfied that a sufficient amount of housing could be delivered at the right time and in the right places during the plan period. I have to say that, having considered the evidence from all the participants, I am not persuaded that this has been achieved. I am not convinced that, in matters of housing, the Core Strategy generally conforms with the Regional Spatial Strategy (RSS), and I am not persuaded that matters should be put right in the Site Allocations Development Plan Document (DPD). In my view, the Core Strategy should provide a suitable framework for the preparation of the next generation of plans, particularly the Allocations DPD, by leaving no doubt where, when and how the correct amount of housing will be delivered. I conclude, therefore, that the Core Strategy is not sound in these matters.

"(ii) The purpose of this letter is to suggest ways in which the Core Strategy can be made sound with regard to its housing policies. As accepted at several Hearings, the RSS to 2021 forms part of the development plan for Central Lancashire and its Policy L4 states that local planning authorities should assume that the average annual requirement set out in its Table 7.1 will continue for a limited period beyond 2021. I therefore consider that the Core Strategy should adopt the annual net requirement of 1341 dwellings set out in that Table, allocated as indicated to Chorley (417), Preston (507) and South Ribble (417). This equates to a total of 21,456 dwellings during the 16 year period 2010-2026 and it should be included in Core Strategy Policy 4. As RSS paragraph 7.19 states, the annual average figures are not absolute targets and may be exceeded where justified by evidence of need, demand, affordability and sustainability issues and fit with relevant local and sub-regional strategies. For this reason, and owing to such considerations as the Government's agenda for growth, the relationship between housing and the economy and the Core Strategy's suitable acknowledgement at paragraph 9.1 of the considerable economic growth potential of Central Lancashire, this annual and total provision should be regarded as a minimum requirement.

"(iii) The Core Strategy should look to the long term and it should include provisions showing where and when the components of the total housing requirement will be delivered throughout the stages of the plan period up to 2026. You will recall my hand-written note of 29 June 2011 which set out a theoretical delivery strategy concerning 15,000 dwellings during a plan period of 2010-2026. I consider that this sort of approach would be a vital addition to the Core Strategy. It would, for example, provide a greater certainty for developers, the public and the providers of the phased and necessary infrastructure. It would assist the monitoring and implementation of the strategy, it would set the scene for the Allocations DPD and it would accord with Planning Policy Statement (PPS) 12 paragraph 4.1 by setting out how much development is intended to take place where and when and by indicating by which means it will be delivered. It would also mean that decisions upon planning applications could be given a clear steer immediately. In particular, it should show how the requirement to deliver a 5 year supply of housing land can be met. Several participants refer to a backlog of housing completions. Ideally, this should be made good as soon as possible. Owing to the present state of the economy, however, I doubt that this can be rectified during the early stage of the plan period. I think that it would be more realistic to expect this to take place fairly steadily throughout the plan period. It is another reason for regarding the total housing provision as a minimum requirement."

COMMENTARY ON HOUSING REQUIREMENTS

11. A number of matters are clear from the proceedings of the examination and the Inspector's letter:
 - (a) The Councils advanced the argument for a short-term reduction in the housing requirements for Central Lancashire.
 - (b) This has not found favour with the Inspector.
 - (c) The Inspector has announced his preliminary view on the housing policy. He is inviting comment back from the Councils (and the examination objectors) even though it is highly likely that this will be his final recommendation.

12. In the circumstances there are two options for Members to consider:
 - (a) **Option 1: Continue to argue for the lower RSS figures in Policy 4**

The Inspector has given a very clear indication as to his likely approach to Policy 4. In the light of that indication, it is inconceivable that he will recommend adoption of the policy in its current form. It is overwhelmingly likely that the Inspector's finalised recommendation will follow the draft set out in his letter. In those circumstances there seems little purpose in the Councils pursuing Policy 4 as currently drafted.

(b) Option 2: Accept the Inspector's recommendation

Choosing this option should ensure that the Core Strategy can proceed to adoption with expedition and thereafter become a valid part of the development plan. Adoption will ensure that the Site Allocations work at the three Councils can proceed unhindered in this respect and be consistent with an adopted Core Strategy. It will also give the Councils the confidence to operate plan-led development management with up to date policies and proposals in the Core Strategy. (Members should note that an appeal for 300 units on an existing safeguarded site in Chorley has recently been allowed at appeal, on the basis that the local plan (adopted in 2003) was out of date, and in the light of the ministerial statement "Planning for Growth", and despite a proven five year supply).

The Inspector's recommendation will not prevent the Councils from researching new local housing requirement figures, which when available can then inform a partial review of the adopted Core Strategy. This should be possible to do within about 18 months.

THE INSPECTOR'S FIRST LETTER 15 July 2011 (part 2)

13. The remainder of the Inspector's letter deals with some issues associated with his draft recommendation that the Core Strategy contains the RSS housing figures. It reads:

"(iv) I must also invite you to give further consideration to PPS 12 paragraph 4.46 concerning flexibility, a matter discussed at the Hearings and upon which participants have commented following my draft addition to the Core Strategy. The paragraph refers to alternative strategies and what would trigger their use. This, I believe, is a matter of soundness, and I consider that the Core Strategy should be clear and more robust on how it would handle contingencies.

"(v) These draft recommendations imply the identification of strategic site or sites and/or of strategic location(s) to accommodate the RSS housing figures and this may mean further consultation and sustainability assessment. They also imply changes to the text, especially Policy 4 and paragraphs 8.12 and 8.13. I would welcome written representations on these draft recommendations from you and from all those who have participated on the subject of housing. These should be with the Programme Officer by Friday 12 August 2011. I then invite you to take these representations into account as you progress the Core Strategy. To assist the process, I will do as much as I can forthwith in the preparation of my Report."

COMMENTARY ON FLEXIBILITY AND STRATEGIC SITES/LOCATIONS

14. The Inspector's recommendation on flexibility goes further than the submitted Core Strategy in that it invites the Councils to identify additional housing land to meet a potential shortfall in annual housing completions. The Inspector's observations on strategic sites and/or strategic locations indicate that he believes the Councils need to identify additional strategic sites and/or locations in order to meet the housing development requirements of RSS with sufficient flexibility. He has clarified that further consultation will be needed to allow representations to be made about the inclusion of any such sites or locations.
15. Whilst the Councils have been reluctant to name additional specific sites in the Core Strategy in advance of the Site Allocations work, the Inspector has clarified that he expects this happen in respect to those capable of being appropriately promoted as of strategic significance (see paragraph 17 below). In an effort to address Inspector's concerns for flexibility and the need for additional identified strategic sites or locations the most appropriate response at this stage is to say that:

- (a) the Councils accept the need for the identification of a limited number of additional strategic sites and/or locations, and consider that this is the best way of improving the flexibility of the Core Strategy. The Councils wish to ensure that only genuine and

sustainable strategic sites and/or locations are identified, and that these should be well located with respect to existing settlements.

- (b) given the inclusion of additional strategic sites or locations in the Core Strategy, the Councils consider that there is no need to introduce any further level of flexibility such as an obligation on the part of the Councils to identify other sites outside of the development plan process.

THE INSPECTOR'S SECOND LETTER 27 July 2011

16. On 27 July, the Inspector issued a second letter, which clarifies and adds to the requirements of the first. It says:

'(i) Further to my letter to you of 15 July 2011, I should welcome some indication of your Councils' intentions following my conclusion that the Core Strategy, as it stands at present, is not sound in so far as its housing policies are concerned. It would also be useful to have some idea of the likely programme of the preparation of changes, sustainability appraisal and consultations etc. This would much assist me, and the Planning Inspectorate, in devising my own work programme. As I intimated in my letter, I have already started on the preparation of my Report and I am willing to continue to deal with those matters which seem to be capable of examination at this stage. I am, however, concerned that if the Core Strategy is to be fundamentally changed, with the revised housing contents having substantial implications for much of the rest of the document, a good deal of reporting time could be wasted and at considerable cost to your Councils. I am sure that this is something which we all want to avoid. It is an urgent matter for all concerned, and I should appreciate your comments as soon as possible.

'(ii) As you know, the Draft National Planning Policy Framework (DNPPF) (July 2011) has recently been published. Of particular note as far as the Core Strategy is concerned are its policies for housing. These include significantly increasing the supply of housing by, for example, including an additional allowance of at least 20% to ensure choice and competition in the market for land. This gives greater credence to my conclusion about unsoundness. Whilst accepting that this Framework is in draft form, I consider that your Councils and those parties who made representations on housing matters should be given an opportunity to comment on the DNPPF. Indeed, as it addresses other matters including business and economic development, transport, climate change and the natural and historic environment, it would be prudent to invite further comments from all those who have made representations on the Core Strategy. This will also have implications for the programme of further work on the Core Strategy.'

COMMENTARY ON THE SECOND LETTER

17. It is apparent that:

- (a) The Inspector will not re-draft the Core Strategy: he expects the Councils to do so, in accordance with the direction given in his letters.
- (b) The Inspector expects that the Councils to consult on the re-drafted plan and consider representations before the examination can resume and conclude.
- (c) In order to meet the Inspector's expectations, the Councils will have to identify additional strategic sites and/or strategic locations. In your Officers' view, any such sites or locations will need to include the phased and managed release of land at Higher Bartle and Pickering's Farm.
- (d) The Inspector will invite further comments from all those who have made representations on the Core Strategy in respect of the draft National Planning Policy Framework.

18. Whilst it should be possible for comments to be made on the draft NPPF within the next 4-6 weeks, the introduction of additional strategic sites and/or locations will take longer.

Redrafting, appropriate approvals by the three Councils, a six week period of deposit, analysis of the representations, and the re-opening of the examination, will mean that adoption of the Core Strategy is unlikely until the new year. Officers will prepare a detailed timetable on these matters for Members to consider.

KEY ISSUES & RISKS

19. There are a number of key issues in considering the most appropriate response to the Inspector's announcement and letters, especially in the context of pending legislation and national policy.
20. As planning law currently stands, the Inspector's report will be binding. The Core Strategy must be found sound in order to progress to adoption, and it must be in conformity with RSS to be found sound. Following court rulings referred to above (paragraph 6) it is unlawful to take the proposed Localism Bill and revocation of RSS into account in plan making. Furthermore, the ministerial statement "*Planning for Growth*" seeks to increase the supply of land for housing, and the Inspector has taken this into account as a material consideration. The draft NPPF builds on aspects of "*Planning for Growth*" in respect of the delivery of housing.
21. **National Planning Policy Framework (NPPF):** a draft NPPF was issued on 25 July for consultation, with responses invited by 17 October. The NPPF seeks to consolidate national planning guidance and policy into one single document. A separate report on the draft NPPF, is included on this meeting's agenda, its main key points are:
 - The NPPF seeks to introduce a presumption in favour of development under certain circumstances, including when the local plan is considered absent, silent, indeterminate or where relevant policies are out of date.
 - The soundness test will also assess whether the plan has been "positively prepared" on a strategy which seeks to meet objectively assessed development and infrastructure requirements, including unmet requirements from neighbouring authorities where it is practical to do so consistently with the presumption in favour of sustainable development. The examination will also assess the duty to co-operate.
 - The need to identify a 5 year rolling deliverable supply is maintained, but an *additional* allowance of 20% should be included to allow for competition and choice.
 - It is open to Local Planning Authorities to seek a certificate of conformity with the NPPF, but the draft is silent on how that may be sought, and whose decision it would be, and there is no mention of that mechanism in the Localism Bill.
22. **Localism Bill:** the Localism Bill has reached its report stage in the House of Lords. For plan making, the RSS will be revoked. The bill includes a clause to enable transitional arrangements to be prepared by the Secretary of State, but no details are yet available. It is customary for transitional arrangements to permit those with advanced plans to progress them to adoption, and Members may wish to consider making representations on this issue to the Secretary of State.
23. **Planning Applications:** recent appeal decisions demonstrate that the Government's agenda to significantly increase the delivery of new housing can outweigh a proven five year supply, and a dated local plan. Without an up to date development plan all applications will be decided in the light of the NPPF, with its presumption in favour of sustainable development. This means that in circumstances with the RSS revoked and no adopted Core Strategy, there would be no up to date housing requirement at all, and the presumption in favour would apply. All three Councils can expect to receive planning applications on safeguarded land and other un-allocated open land sites. Should applications be refused, the impact would be an increase in appeals, together with their associated costs.

24. **Resources/Reputation:** a significant resource has been expended by the three Councils in reaching this stage, and this could be regarded as abortive cost should the plan be found unsound. Further delays will impact on the currency of the existing evidence base, and further expenditure would be required to update it.

SUMMARY: PREFERRED APPROACH

25. It can be argued that the sooner the Core Strategy is adopted, the sooner the authorities can regain management of development, and continue with preparation on the Site Allocations work.
26. On the matter of housing requirements, the most pragmatic course of action is to accept the Inspector's draft recommendations (Option 2 above). This will allow the Core Strategy to be found sound and proceed towards adoption. However, it is clear from the Inspector's second letter that there will be an unavoidable delay whilst the Councils redraft and seek formal representations on the revised wordings.
27. Once adopted with the redrafted policies and supporting text, the Councils will have a firm basis for managing development with a certainty that is currently lacking. Most importantly, it will then enable the Councils to embark on a partial review of the Core Strategy so that the housing policies may in time be modified to accommodate more up to date locally derived housing requirement figures.
28. On the matter of flexibility and the identification of additional strategic sites and/or locations, the Councils will be expected to include additional named sites within the re-drafted Core Strategy, in order for the document to be found sound.

NEXT STEPS

29. If the recommendations of this report are accepted by Members, the resolution will be passed on to the Inspector to meet his revised deadline of 9 September 2011. Officers will then begin the necessary redrafting of the relevant text in the Core Strategy so that the Councils can endorse the changes, and this in turn will enable those changes to be placed on deposit for formal representations. Only after the representation period will the Inspector be able to re-open the examination and complete his report. A detailed timetable will be drawn up, but Members should be aware that the adoption of the Core Strategy is unlikely to occur until early 2012.

There are no background papers

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ANNOUNCEMENT

During the last few days, and following the evidence put to me during the 7 Hearings which have taken place, I have been giving a great deal of consideration to certain housing matters contained in the Core Strategy. In essence, I have very grave doubts that the Core Strategy in its present form is sound in its housing policies. You will recall that in the note of 28 April 2011, the Programme Officer stated that the Inspector would need to be satisfied that a sufficient amount of housing could be delivered at the right time and in the right places during the plan period. I have to say that having considered the evidence from all the participants I am not convinced that this has been achieved. I am not convinced that, in matters of housing, the Core Strategy generally conforms with the RSS, and I am not persuaded that matters should be put right in the Site Allocations DPD. In my view, the Core Strategy should provide a suitable framework for the preparation of the next generation of plans, particularly the Allocations DPD, by leaving no doubt where, when and how the correct amount of housing will be delivered.

I consider that the matter can be put right, and in a timely fashion. But it implies some fairly radical draft recommendations on my part. Although I have obviously not had the time since the previous hearings to put these intended recommendations in a precise form of words, I would expect them to be along the lines of the Core Strategy having to adopt the annual housing completions indicated in the RSS throughout the plan period and set out on page 69 of the Core Strategy. I would also expect to recommend that this figure be regarded as a minimum requirement, mainly because of such considerations as the Government's agenda for growth and the relationship between housing and the economy. I would give the Council and the participants an opportunity to comment on draft recommendations on this matter, either by way of written representations or with another hearing.

I see no need to discuss this today, for two reasons:

- a) It would mean going over evidence already provided, all of which I have taken into account in coming to these conclusions;*
- b) I shall be writing to the Councils setting out draft recommendations for the Core Strategy's housing policies, and suggesting a way forward. The important point to remember is that the Examination remains open until the Councils receive my Report.*

*Richard E Hollox
Inspector
12 July 2011*