

**Cabinet , 16 October, 2013**

**Site Allocations and Policies Local Plan review**

**Submitted by: Executive Director of Regeneration and Development**

**Portfolio: Economic Development, Regeneration, and Town Centres**

**Ward(s) affected: All**

**Purpose of the Report**

To consider issues arising from the Site Allocations and Policies Local Plan process and to seek authority to prepare a new Local Plan for the borough as a whole or jointly with the City Council.

**Recommendations**

**1) That Cabinet agree to the principle of ceasing to prepare and withdrawing the Site Allocations and Policies Local Plan and to instead proceed with the preparation of a new Local Plan either on a borough-wide only basis or jointly with Stoke-on-Trent City Council.**

**2) That a further report is submitted to the earliest available meeting of the Cabinet in order to receive the views of the Planning Committee; to receive an update on Stoke-on-Trent City Council's formal stance in this matter and; to approve the details of a timetable for the preparation a new Local Plan.**

**3) That the financial implications of this report for 2014/15 to 2016/17 are addressed through the Medium Term Financial Strategy and the respective budget-setting processes.**

**Reasons**

To reduce the council's exposure to the risk of being found 'unsound' at examination. To ensure that the borough council takes the necessary steps to create a development plan that reflects the vision and aspiration of its communities and contributes to the achievement of sustainable development. To enable the views of the Planning Committee to be taken into account before a final decision is made.

**1.0 Background**

- 1.1 Members will recall that in July 2012 the Council approved the Site Allocations and Policies Local Plan draft Issues and Options Paper for consultation purposes. The intention was to initiate public discussion on a number of key issues highlighted in the consultation Paper (see section 2.0) and for any comments received to be taken into consideration in the preparation of the Site Allocations and Policies Local Plan.
- 1.2 Members are reminded that the Site Allocations and Policies Local Plan has two very important roles. The first is to deliver the aims and objectives of the adopted Newcastle-under-Lyme and Stoke-on-Trent Core Spatial Strategy (Core Strategy) and the second role is to attempt to ensure that sufficient land

of suitable quality is allocated to meet the objectively assessed needs of the borough for: housing; employment; retail and leisure, over a 20 year period between 2006 and 2026, known as the plan period. These needs are identified as targets in the Core Strategy.

- 1.3 The Core Strategy sets a target of 5,700 new homes to meet the borough's objectively assessed housing needs until the end of the plan period and for these to be built primarily in areas which support the overarching principle of targeted regeneration. This requires all development to be channelled towards the highest priority areas – the city and town centres and areas identified for priority intervention and regeneration (the most deprived areas of the borough) and restraining development within non priority locations.
- 1.4 In support of this strategic approach the Core Strategy identifies a hierarchy of centres, together with an indicative amount of housing to be distributed as follows: Kidsgrove, 600; Newcastle Urban Central, 3,200; and Newcastle Urban South and East, 1,000; Rural Area, 900 maximum.
- 1.5 The Site Allocations and Policies Local Plan must, as far as possible, conform to the strategic principle of targeted regeneration and each key policy objective of the Core Strategy, including the spatial distribution of housing described in 1.4.
- 1.6 If the Site Allocations and Policies Local Plan is unable to comply with the Core Strategy it will fail to deliver its key objectives with a serious risk that once the Local Plan has been submitted to the planning inspectorate for independent examination that it will be a) found to be inconsistent with the other adopted development plan documents for the area – notably in this case the Core Strategy, (Local Plan Regulations 2012, section 8, paragraph 4) and therefore fail a basic legislative requirement and b) it would be found 'unsound.'
- 1.7 With respect to soundness the National Planning Policy Framework (NPPF) in paragraph 182 indicates that for a plan to be "sound" it should be:
  - **positively prepared** – the plan should be prepared based on a strategy which seeks to meet objectively assessed development and infrastructure requirements, including unmet needs from neighbouring authorities when it is reasonable to do so and consistent with achieving sustainable development;
  - **justified** - the plan should be the most appropriate strategy, when considered against the reasonable alternatives, based on proportionate evidence;
  - **effective** – the plan should be deliverable over its period and based on effective joint working on cross-boundary strategic issues; and
  - **consistent with national policy** – the plan should enable the delivery of sustainable development in accordance with the policies in the NPPF.

## **2.0 Challenges identified at the Issues and Options stage of consultation**

2.1 The Council went out to public consultation on the Site Allocations and Policies Issues and Options Paper during August and September 2012. The paper highlighted some of the serious challenges facing housing and employment land supply. It was stated that for the final Plan to be found 'sound' the housing issues in particular needed to be overcome.

### **2.2 Housing Issues**

- 1,265 new homes had been delivered between 2006 and 2011. At that time there was an insufficient supply of identified, available and deliverable sites to build enough new homes to meet the Core Strategy target of 5,700 dwellings by 2026. This shortfall was due to a lack of identified sites in parts of the urban area:
- There was a shortfall of potential housing sites both in Newcastle Urban Central and Newcastle Urban South and East with a surplus of sites in Kidsgrove. Therefore the proposed spatial distribution of homes (see section 1.4 above) could not be achieved.

2.4 There are multiple reasons for the shortfall of potential housing sites including: reduction in planning applications for housing; sites have been developed for alternative uses; sites have become unavailable or have been retained for their existing use and; some sites are no longer considered deliverable.

### **2.5 Employment Issues**

- There was rapid development of employment sites early in the plan period and almost half of the Core Strategy employment land target had been completed between 2006 and 2010. Since 2010 the delivery of employment land has been slow due to a combination of the slow economic climate and the shortage of commercially attractive and viable sites.
- A review of employment land in the North Staffordshire conurbation, commissioned jointly with Stoke-on-Trent City Council, suggested that the demand for employment land was greater than the remaining Core Strategy target. The Council would therefore be unable to allocate sufficient employment land in a Site Allocations and Policies local Plan to meet demand as the allocation would exceed the employment target in the Core Strategy.

2.6 The Issues and Options consultation was seen as an important means of encouraging the nomination of new sites. However, if an insufficient number of suitable sites could not be identified then one option being explored was to meet the shortfall on land outside the Borough's administrative boundary.

## **3.0 Outstanding Issues and Challenges**

3.1 The results of the Site Allocations and Policies Local Plan Issues and Options consultation have been assessed by your officers, who have also continued

to monitor and assess the borough's potential land supply to determine whether the Council is able to come forward with sufficient identified and available sites to meet both its housing and employment requirement. The key conclusions arising from this work are as follows:

1. No new significant housing sites have been identified, which conform to policy. The majority of sites of nominated for development during the Issues and Options consultation, and which were of any significance, were in the Green Belt.
2. Since 2006, approximately 1,680 homes have been built with approximately 4,000 homes remaining to be delivered. However, at the time of writing, the potential housing land supply means the council will fall short of the housing target of 5,700 net additional dwellings by at least 600.
3. It is unlikely that the spatial distribution of housing indicated in the Core Strategy can be achieved because of a lack of identified land capacity in certain areas. There is a shortage of at least 500 units in the Newcastle Urban Central area and 400 units in the Newcastle Urban South and East area. The lack of capacity in Newcastle Urban Central raises serious doubts that the Site Allocations and Policies Local Plan can support the priority regeneration areas as required by the Core Strategy. There is an oversupply of identified housing land in Kidsgrove but increasing provision here would be contrary to the original objective of the Core Strategy.
4. There is a risk of exceeding the Core Strategy target of (a maximum) 900 homes in the rural area. This is the result of a change in national policy relating to local planning authorities that are unable to demonstrate a five year housing land supply. The implications are that whilst there is no five year housing supply the Council are unable to assess planning applications against the Core Strategy policies that relate to the supply of housing; this includes the policies relating to the spatial distribution of housing. Therefore it will not possible to show restraint in the rural area purely on housing numbers until the five year housing land supply is restored.
5. Significantly there is doubt that the Site Allocations and Policies Local Plan could deliver key policies within the Core Spatial Strategy (SP1 Targeted Regeneration and ASP5 Newcastle and Kidsgrove Urban Neighbourhoods Area Spatial Policy). These policies support the areas of major intervention, general renewal areas and other areas of housing intervention.
6. The borough continues to be deficient in a broad choice of commercially attractive employment sites and many potential employment sites are under increasing pressure to be developed for housing.

#### **4.0 External Advice**

- 4.1 In order to address these fundamental issues your officers have, over the last few months, taken Counsel's opinion on the ability to consider allocating Green Belt land for housing and employment sites through the Site

Allocations and Policies Local Plan. We have also recently met with a senior member of The Planning Inspectorate together with officers from Stoke-on-Trent City Council, to discuss the potential scope for Stoke-on-Trent City Council accommodating 500 units of the borough's housing shortfall.

#### 4.2 Key messages and conclusions:

- The Council does not have the option of reviewing the Green Belt through the Site Allocations and Policies Local Plan because the Core Spatial Strategy makes no provision to do so and it would therefore be seen by The Planning Inspectorate as a change of strategy.
- The Council does not have the option of accommodating the borough's housing shortfall in Stoke-on-Trent because the Core Strategy did not make provision for this and it would therefore be seen by The Planning Inspectorate as a change of strategy.
- There is clear evidence that the Site Allocations and Policies Local Plan would be unable to deliver the Core Strategy's key objectives. Furthermore attempting to change the strategy (of housing delivery) through the Site Allocations and Policies Local Plan would result in the 'Plan' ultimately being found 'unsound.'

4.3 This situation clearly has serious implications for the borough's plan making process, but since the Core Strategy is also the adopted Strategy of the City of Stoke-on-Trent it is important to take into account how this might impact on planning in Stoke-on-Trent. The next section gives consideration to this, as well as, the context provided by Cheshire East and Stafford Borough.

### 5.0 Policy Context of Neighbouring Authorities

#### 5.1 Stoke-on-Trent City Council

5.2 The Stoke-on-Trent City Council had submitted a representation in respect of the Site Allocations and Policies Issues and Options consultation Paper, stating that the City could not support a review of the Core Strategy before 2016/17. However, it is now Stoke-on-Trent City Council's intention to take a report to their Cabinet, on the 24 October, 2013, which will give further consideration to this position, as part of a review of their future plan making programme.

#### 5.3 Cheshire East Council and Stafford Borough

5.4 Both Stafford Borough and Cheshire East council are pursuing growth strategies through the local development framework. In the case of Cheshire East this could result in significant housing and employment sites in close proximity to the borough and City of Stoke-on-Trent. Both Councils objectives for growth marry with national planning policy, at least in principle. Concern has been expressed that investment opportunities and population could well be drawn away from the north Staffordshire conurbation. Should Cheshire East succeed in realising its aspirations or if Stafford Borough, is unable to resist more development in and around Stone and before 2021, then investors are likely to be attracted to these neighbouring areas.

- 5.5 In these circumstances it is entirely appropriate to evaluate the adopted Core Strategy and consider whether it is able to fulfil the Council's own objective of creating a borough of opportunity and facilitating economic growth, particularly when this is considered together with the difficulties the borough has in meeting its own housing needs and providing a portfolio of comparable housing and employment sites.

## 6.0 Options Considered

- 6.1 It is considered by your officers that the most successful and secure long-term solution for the Council would be to prepare a different type of land use plan. This is the best method of supporting and delivering the strategic direction of the Council and reducing the Council's exposure to the risk of being found unsound at examination. On the basis that it is important to get a new plan in place as quickly as possible there are three realistic options, each of which could take between 3- 5 years to reach adoption.
- Option A would be to undertake a **Joint Core Strategy Review** with the Stoke-on-Trent City Council, then prepare a **separate Site Allocations and Policies Local Plan** for the borough.
  - Option B would be to 'independently' prepare a **separate full Local Plan** covering the borough only.
  - Option C would be to prepare a **Joint full Local Plan** covering the administrative areas of Newcastle-under-Lyme and the City of Stoke-on-Trent.
- 6.2 Both Option A and C would enable the close interdependencies between the two areas to be reflected in a new comprehensive and coherent spatial plan for the area (acknowledging both the functional economic geography of North Staffordshire as well as the nature of the housing market). However, there would be no guarantee that it would be possible to gain agreement on the key strategic priorities and critically the borough would not be in control of its own timetable. Option A would be the more costly option of the two, as it would involve the cost of two examinations i.e. one for the joint Core Strategy Review followed by one for a Site Allocations and Policies Plan. Additionally it would prolong the uncertainty in the borough about site allocations for both housing and employment because the plans would have to be prepared sequentially.
- 6.3 The key advantage of Option B would be that it would make it possible for the council to consider the most appropriate strategy for the borough independently of Stoke-on-Trent City Council. However, to have any prospect of passing the 'Duty to Cooperate' test this would require close public and signed off joint working with the Stoke-on-Trent City Council on issues including delivery and require joint evidence bases including a Strategic Housing Market Assessment.
- 6.4 By the time of your meeting the likely stance of the City Council in this matter should be known (see paragraph 5.2 – i.e. there should be a published report by the date of your meeting) and this will be an important consideration for the Borough Council in identifying the most appropriate option (likely to be B or C).

6.5 Each option would create the opportunity to:

- Review all land options (including the Green Belt option) in order to deal with the fundamental issues regarding the housing and employment land supply and achieve a more robust and coherent spatial planning framework. In doing this it would be necessary to both consider what elements of the existing strategy remain relevant and to undertake a review of Green Belt and subject this to full public consultation.
- Reassess the housing target to ensure it is up to date.
- Consider and test alternatives to the distribution of both housing and employment development.
- Plan for a longer time period than would have been the case with the Site Allocations and Policies Local Plan.

## **7.0 Proposal**

7.1 It is proposed to withdraw the Site Allocations and Policies Local Plan and to prepare a full Local Plan covering the borough only, subject to clarification of the City Council's position. The Local Plan (whether prepared jointly with the City Council or solely for the Borough) would contain: a spatial vision; a set of strategic objectives for the borough; core policies, that will set the basis for directing change, preferably over a 15 year time period in line with the National Planning Policy Framework (effectively these combine to create the spatial strategy to guide investment decisions), site allocation proposals and finally a set of generic development management policies.

7.2 Once Cabinet have agreed in principle to the withdrawal of the Site Allocations and Local Plan and preparation of a new Local Plan a detailed timetable will be prepared with a view to this being brought to the next available meeting of the Cabinet for approval together with the views of the Planning Committee, who will be consulted on the proposal to withdraw the Site Allocations Local Plan at their meeting on the 29<sup>th</sup> October, 2013.

## **8.0 Financial and Resource Implications**

8.1 The new Local Plan needs to be based on reliable and robust information. Much of the evidence base that is currently in place was commissioned in support of the Core Strategy, and dates from as early as 2007. It therefore requires updating (in some cases this would have been necessary for the Site Allocations and Policies Local Plan). This will involve a significant amount of expenditure over the next three years. If option B is pursued, in order to pass the "Duty to Cooperate" test, it will be both necessary and appropriate for some of the evidence to be prepared jointly with Stoke-on-Trent City Council. Consequently, it should be possible to share some of the costs, although at this stage it is difficult to say how this might be done, because it will be necessary to reach agreement on what exactly needs to be done, and it also depends on the nature of the commissioned work. In the event that option C is preferred then the majority of the evidence base would be prepared jointly.

8.2 Table 1, below sets out a draft funding profile over the next three years based upon option B and is inclusive of the preparation of related planning policy documents and the costs associated therewith (e.g. the preparation of the

Community Infrastructure Levy). It assumes that the cost of a number of studies will be shared with Stoke-on-Trent City Council. At this stage it has only been possible to use estimated costs, but it would appear that there is likely to be an additional requirement of about £76,000 over and above the anticipated budget for next year (2014/15). There is then likely to be a further additional requirement of £9,000 over the following two financial years.

### 8.3 Table 1 - Planning Policy Estimated Costs 2013-17.

Financial year	Estimated Costs (£)	Budget inc grants (£)	Estimated shortfall (£)
2013/14	94,385	94,385*	0
2014/15	152,685	76,515*	76,170
2015/16	6,000	72,000	9,000
2016/17	75,000**		
<b>Total</b>	<b>328,070</b>	<b>242,900</b>	<b>85,170</b>

\*The base budget of £36k p.a. has been supplemented in the financial years 2013/14 and 2014/15 by Government and other grants of about £83,900 (including Planning Policy statement grant, Planning Policy Support Fund and Environmental Initiatives funding) and by a £15k contribution from the Council's Strategic Housing budget.

\*\* Expenditure in 2016/17 is mainly associated with the Examination in Public of the Local Plan by The Planning Inspectorate.

- 8.4 A shared evidence base has the potential to realise significant savings, but it does require each council to have the finance in place to match fund external commissions, with potential delay to the timetable of each council if this is not available at the appropriate time.

## 9.0 Major Risks

- 9.1 Due to the multiple issues that have been identified it would be a high risk strategy to proceed to examination of the Site Allocations and Policies Local Plan; the Plan would be unlikely to conform to all four tests of soundness, set out in paragraph 182 of the NPPF. Failure at examination would incur significant costs both financially (for the Council and other stakeholders) and in terms of reputation. More importantly it would fail to deliver necessary allocations of land for housing and employment thereby undermining future economic growth of the borough. Therefore, officers consider that to continue with the Site Allocations and Policies Local Plan is not an option.
- 9.2 The adopted Newcastle-under-Lyme and Stoke-on-Trent Core Spatial Strategy will remain part of the approved development plan for the area, as will the saved policies of the Newcastle-under-Lyme Local Plan, 2011 and planning applications will continue to be assessed against these policies, although the weight given to them is dependent upon their closeness to policies within the National Planning Policy Framework. Nevertheless it can be expected that there will be an increased risk of challenges to the adopted Core Strategy. Members are, of course, aware that relevant policies for the supply of housing would only be considered up to date once the council is able to demonstrate a five year housing land supply (the approach to



mitigating this risk has been agreed at a meeting of the Planning Committee on 4 June 2013).

- 9.3 The new Local Plan will necessitate a review of the North Staffordshire Green Belt in the borough and this is likely to be controversial and any proposals to amend the boundary will require robust justification. However it should be noted that in circumstances where there is limited capacity in the urban area, the advice from The Planning Inspectorate is that Green Belt must be considered, along with all other options, to ensure that the full objectively assessed needs can be met.

## **10.0 Legal and Statutory Implications**

- 10.1 In accordance with section 22(1) of the Planning and Compulsory Purchase Act, 2004 a local planning authority may at any time withdraw a local development document before it is adopted. Section 27 of the Local Plan Regulations, 2012, identifies the steps that need to be taken as soon as reasonably practicable after withdrawing a local plan including:

- a) make available a statement of the fact and;
- b) send, to each of the consultation bodies notified under regulation 22(3) (b), notification that the local plan has been withdrawn and;
- c) cease to make any documents relating to the withdrawn local plan available on the local planning authority's website.

These steps will be taken subject to members resolving to cease preparation of and withdraw the Site Allocations and Policies Local Plan.

## **11.0 Earlier Cabinet Committee Resolutions**

- 11.1 Cabinet approval of the Site Allocations and Policies Local Plan Issues and Options Paper for consultation purposes, 18 July, 2012.

## **12.0 Background Papers**

- Newcastle-under-Lyme and Stoke-on-Trent Core Spatial Strategy, 2009
- Site Allocations and Policies Issues and Options consultation Paper
- National Planning Policy Framework, March, 2012
- Draft schedule of work packages (including cost estimates) to be commissioned to provide the evidence base for the new Plan