

MAIDSTONE BOROUGH COUNCIL

CABINET

21 NOVEMBER 2012

REPORT OF DIRECTOR OF CHANGE, PLANNING AND THE ENVIRONMENT

Report prepared by Rob Jarman and Sue Whiteside

1. CORE STRATEGY PROGRAMME

1.1 Issue for Decision

1.1.1 To consider rescheduling the Core Strategy programme to allow time for officers to review the robustness of the evidence base supporting the Council's Core Strategy following recent examination findings.

1.2 Recommendation of Director of Change, Planning and the Environment

1.2.1 That Cabinet agrees the Core Strategy programme be rescheduled to take account of the need to review the evidence base for the Core Strategy including the housing and employment targets and the Council's 5-year housing land supply.

1.3 Reasons for Recommendation

1.3.1 The Publication draft of the Core Strategy was due to be presented to Cabinet on 21 November 2012 for approval to undertake the next stage of public consultation (regulation 19) in December 2012. In parallel with the Core Strategy programme, the adoption of the Integrated Transport Strategy was due to be considered at the same meeting. The two documents are co-dependent because of the need for transport infrastructure to support strategic site allocations.

1.3.2 In recent months a number of core strategy examinations in other parts of the country have been suspended because the presiding Inspectors were not satisfied with the evidence supporting the local authorities' housing and employment targets. The implications arising from these suspensions need to be given full consideration, particularly in the context of the National Planning Policy Framework (NPPF), to ensure the Council's evidence base is robust enough to support Maidstone's Core Strategy at examination.

- 1.3.3 There also appears to have been a shift at examination from locally determined targets to a greater emphasis on meeting national projections. This includes greater emphasis on demonstrating cross boundary working and also bearing in mind that the South East Plan targets have still not been revoked.
- 1.3.4 The comments received during recent consultations on the draft Core Strategy Strategic Site Allocations and the draft Integrated Transport Strategy together with representations submitted on Core Strategy policies in 2011 will be fully considered as part of the review of the evidence base.

Unsound core strategies

- 1.3.5 Three key Inspectors' reports on core strategy examinations have been considered: Bath & North East Somerset (June 2012), Salford (September 2012) and West Berkshire (July 2012). The first two examinations have been suspended. Following an initial examination suspension, the West Berkshire Core Strategy was on balance found sound because of a substantial strategic land allocation that met the aims of the NPPF in the short term. However, the West Berkshire Core Strategy will be subject to an early review to address the Inspector's outstanding concerns.

Housing targets and the South East Plan

- 1.3.6 A common theme running through all three Inspectors' reports is the local authorities' inadequate demonstration of a realistically deliverable supply of housing land to meet identified housing targets.
- 1.3.7 The National Planning Policy Framework (NPPF) published in March 2012 confirms that local authorities can continue to draw on evidence submitted to regional strategies "*supplemented as needed by up-to-date, robust local evidence*" (NPPF para 218). Whilst acknowledging that core strategies needed to be in general conformity with regional strategies, the Inspector for West Berkshire (in making specific reference to the South East Plan) stated:

"The SEP was not able to plan for all need and demand and it indicates (7.6-7.7) that local planning authorities can test higher numbers through their development plans. The SEP had a long evolution before its final approval in 2009 and much of the evidence dates from much earlier, eg 2004 household projections. Its assessment of housing needs and demand is not therefore up to date".

Up-to-date demographic information

- 1.3.8 The West Berkshire Inspector stipulated that the most up-to-date ONS based household projections (i.e. DCLG published household projections 2008) should form part of any assessment of housing need and demand.

Use of environmental constraints

- 1.3.9 The NPPF gives emphasis to meeting objectively assessed needs, with sufficient flexibility to adapt to changes, unless adverse environmental impacts can be demonstrated (NPPF para 14). The Sustainability Appraisal/Strategic Environmental Assessment for the West Berkshire Core Strategy did not fulfil this need because the South East Plan target was assumed to be the local level of need, whereas more up-to-date evidence demonstrated a greater need. Even where the need for affordable housing is substantially greater than the annual average for overall housing provision, the NPPF expects this need to be met in full unless adverse environmental impacts can be demonstrated. Affordable housing need must be given weight in assessing the overall level of housing need.

The SHMA and the Housing Market Area

- 1.3.10 The NPPF requires local authorities to have a clear understanding of their housing needs through the preparation of a Strategic Housing Market Assessment (SHMA), working with neighbouring authorities where housing market areas cross administrative boundaries (NPPF para 159). Bath and North East Somerset had failed to examine its housing market area, only looking within administrative boundaries in its SHMA.

The integration of housing and employment targets

- 1.3.11 Strategies for housing, employment and other land uses should be "*integrated*" and "*take full account of relevant market and economic signals*" (NPPF para 158). The Inspector for Bath and North East Somerset emphasised that this does not mean there is justification for making this link the primary consideration because there is not a linear link between homes and jobs (i.e. by the use of a conversion factor). However, it is important to ensure that there are sufficient workers to fill planned jobs or to achieve other objectives such as a reduction in out commuting.

Maidstone's housing target

- 1.3.12 In 2010 the government announced its intention to abolish regional strategies and, although that decision was subsequently quashed

following judicial review, the revocation of regional strategies was pursued through the Localism Bill. Despite the enactment of the Bill in 2011, the regional strategy for the south east remains part of the development plan. It was in the context of the proposed revocation of the South East Plan that the Council resolved to test the regional spatial strategy housing target of 11,080 dwellings for the period 2006 to 2026. There was no nationally prescribed methodology to establish a local target so the Council had a certain amount of freedom to develop its own methodology.

MBC housing target – demographic evidence

- 1.3.13 Part of the work to determine the local housing target comprised a series of demographic and labour supply forecasts, which were commissioned from Kent County Council (KCC), and published in October 2010. The dwelling based forecasts were produced to gain an understanding of how the different dwelling targets would correlate with population forecasts based on varying migration trends (i.e. zero net migration, and 5/10/19 year migration trends). The forecasts used 2006 DCLG household projections which was the latest published data at that time.
- 1.3.14 On 9 February 2011, Cabinet resolved to consult the public on a target of 10,080 homes in a dispersed pattern of development. Although the methodology used to set the housing target was untested at examination, the target was supported by demographic forecasts and the evidence submitted to the South East Plan examination. The subsequent publication of the NPPF in March 2012 confirmed that local authorities could continue to draw on evidence submitted to regional spatial strategies, supplemented by up-to-date evidence (NPPF para 218).

New recent demographic data

- 1.3.15 However, core strategy examination Inspectors are clearly placing little weight on the evidence submitted to the regional spatial strategy examination, deeming it to be out-of-date because of being based on 2004 household projections and, in the absence of up-to-date evidence, are emphasising the need to use the latest 2008 base date DCLG household projections that were published in November 2010.
- 1.3.16 The demographic and labour supply forecasts for Maidstone were published in October 2010 and were based on 2006 DCLG household projections which were the latest published figures at that point. The forecasts are now being updated, using 2008 DCLG household projections as part of the assessment, and the assumptions that feed into the new demographic forecasting model now used by the County are being scrutinised. This review must be undertaken before the

Council proceeds to Publication consultation on the Core Strategy and Submission.

The SHMA and the SHLAA

- 1.3.17 The Maidstone Strategic Housing Market Assessment (SHMA) was published in 2010 and identified Maidstone as a single housing market area (HMA). The SHMA looked at the extent of the HMA for Maidstone and concluded that, based on 2001 census data and the results of the SHMA household survey, Maidstone borough had a relatively high level of self containment. Taking account of the backlog of need, the SHMA identified an affordable housing need that is double the Council's current annual housing target. Such a need clearly cannot be met in full.
- 1.3.18 The Planning Inspectorate places great emphasis on the SHMA at examination, because it is the key document which forms the basis for developing planning policies by considering the characteristics of the housing market. Maidstone's SHMA must be updated to reflect 2011 census data and the latest demographic forecasts to ensure it satisfies the NPPF requirement for local authorities to identify objectively assessed needs (NPPF para 14). A review also offers the opportunity to re-examine Maidstone's HMA as part of the Council's duty to cooperate, although the outcome of a review may confirm Maidstone as a single HMA.
- 1.3.19 The Maidstone Strategic Housing Land Availability Assessment (SHLAA) was prepared in accordance with national guidance and was published in 2009. Since then the Council has monitored SHLAA sites that have been granted planning permission and acknowledged additional sites that have been submitted since the publication date.
- 1.3.20 The starting point for setting a dwelling target is the identification of housing need through demographic forecasting and the SHMA. The next step is to understand Maidstone's capacity to deliver the identified need. This work will be a crucial part of the evidence base if Maidstone were to be in a position of having to justify a target lower than its identified need at examination. A new SHLAA will be required, beginning with a borough wide call for sites, and followed by an assessment and sustainability appraisal of all sites (similar to that undertaken for potential strategic site allocations).

Economic development needs and SEDLAA

- 1.3.21 Maidstone's economic development land requirements must be integrated with its housing needs, taking full account of market and economic conditions. The delivery of sites to meet the borough's identified needs and demand must be tempered by its ability to deliver

enough sustainable sites and to provide an adequate supply of labour. This is particularly important in the context of a continued market recession.

- 1.3.22 Further work on employment demand is currently underway, in parallel with demographic forecasts. To gain an understanding of the capacity of the borough's economic development land, a Strategic Economic Development Land Availability Assessment (SEDLAA) should be undertaken alongside the SHLAA. This would also be followed by an assessment and sustainability appraisal of potential sites.

Five year housing land supply

- 1.3.23 Each year local authorities must demonstrate a 5-year supply of deliverable housing sites. Maidstone has maintained a 5-year supply to 1 April 2011 but is unlikely to meet this requirement from 1 April 2012. Although the Council continues to experience high levels of dwelling completion rates on sites with planning permission, the windfall sites on previously developed land that formerly contributed towards this supply at a steady pace are no longer materialising at the same rate. This issue must be addressed.

Implications of rescheduling the Core Strategy programme

- 1.3.24 Rescheduling the Core Strategy programme will take the document's Submission date beyond March 2013, which is the end of the transitional period for local plans set out in the NPPF. In April 2013, due weight will still be afforded to policies adopted since 2004 according to their degree of consistency with the NPPF (NPPF paras 214-215). Maidstone's development plan document policies for affordable housing and open space were adopted in 2006 so can be given due weight. Due weight will also be given to emerging plans and policies depending on their stage of preparation (NPPF para 216).
- 1.3.25 Given the Inspectors' reasons for suspending core strategy examinations, together with the impacts of the recession and the need for up-to-date data, a rescheduling of the programme is required to ensure the evidence supporting the Maidstone Core Strategy is sound. To a large extent it is "business as usual" for the development management process because the saved local plan policies used to determine planning applications generally accord with the NPPF, and affordable housing and open space policies are given (and will continue to be given) due weight until such time as they are superseded by new policies. Furthermore, the Council has had a good record of winning appeals since the NPPF has come into effect.
- 1.3.26 Meanwhile, successful consultations on the draft Core Strategy strategic site allocations and the draft Integrated Transport Strategy

were completed in October 2012. The consultation events were very well attended, and the Council has received 2,654 comments from 1,170 individuals and organisations on the draft strategic site allocations; and 594 individuals and organisations submitted 1,869 comments on the draft transport strategy. The strategic site allocations policies will be merged with the draft Core Strategy policies, and the document will be appropriately amended as a result of the two consultations undertaken in 2011 and 2012. The Integrated Transport Strategy will be reviewed in the light of comments received and amended accordingly, and will reflect any modifications to the Core Strategy.

1.3.27 A progress report on the Core Strategy, Integrated Transport Strategy and related documents will be presented to Cabinet by March 2013.

1.4 Alternative Action and why not Recommended

1.4.1 Cabinet could resolve to proceed with the current Core Strategy programme and to not review the evidence base supporting its housing and employment targets. This approach is not recommended because of the exceptionally high risk that, without up-to-date evidence to support its targets, the Core Strategy will not be found sound.

1.5 Impact on Corporate Objectives

1.5.1 The Core Strategy assists in delivering the Council’s objectives of economic prosperity and providing for decent housing.

1.6 Risk Management

1.6.1 Rescheduling the Core Strategy programme to build in time to assess the robustness of the evidence base for housing and employment targets will minimise the risk of the Core Strategy being found unsound at examination. If the Core Strategy is found unsound there would be cost implications for the Council.

1.7 Other Implications

1.7.1

| | | |
|----|---------------------------------------|---|
| 1. | Financial | X |
| 2. | Staffing | X |
| 3. | Legal | X |
| 4. | Equality Impact Needs Assessment | |
| 5. | Environmental/Sustainable Development | |

- 6. Community Safety
- 7. Human Rights Act
- 8. Procurement
- 9. Asset Management

| |
|---|
| |
| |
| |
| X |
| |

1.7.2 There is an initial requirement for further consultants' reports on demographic forecasting and employment demand, which can be funded through the LDF budget. A new Strategic Housing Market Assessment would require a re-profiling of the LDF budget but the Strategic Housing and Economic Development Land Availability Assessments can be undertaken in-house. Consultants are appointed in accordance with the Council's procurement procedures.

1.7.3 The assessment of the evidence base and management of new work streams can be accommodated within the existing staff structure. Legal advice will be sought on the issues arising from the Inspectors' reports, and will continue to be sought at each stage of the plan making process.

1.8 Relevant Documents

Report on the Examination into the West Berkshire Core Strategy (July 2012) <http://www.westberks.gov.uk/CHttpHandler.ashx?id=31491&p=0>

Bath & North East Somerset Core Strategy Examination: Inspector's Preliminary Conclusions on Strategic Matters and Way Forward (June 2012) <https://consultations.southglos.gov.uk/gf2.ti/f/251202/7331269.1/PDF/-/RD68%20BANES%20CS%20Inspectors%20Preliminary%20conclusions.pdf>

Salford Core Strategy Examination Inspector's Report (September 2012) http://www.salford.gov.uk/d/120926_Letter.pdf

1.8.1 Appendices

None.

1.8.2 Background Documents

None.

IS THIS A KEY DECISION REPORT?

Yes

No

If yes, when did it first appear in the Forward Plan?

This is a Key Decision because

Wards/Parishes affected