



<b>Report To:</b>	Planning Policy Committee
<b>Date:</b>	27 <sup>th</sup> February 2025
<b>Subject:</b>	Government Reform of the Planning System
<b>Purpose:</b>	To provide an update on the Government Planning Reforms and impacts to East Lindsey District Council and the review of the East Lindsey Local Plan
<b>Key Decision:</b>	No
<b>Portfolio Holder:</b>	Tom Ashton - Executive Councillor for Planning and the Built Environment
<b>Report Of:</b>	Phil Norman, Assistant Director - Planning and Strategic Infrastructure
<b>Report Author:</b>	Greg Macrdechian – Interim Local Plan Lead
<b>Ward(s) Affected:</b>	All
<b>Exempt Report:</b>	No

### Summary

In December 2024, the Government released a series of National Planning Reforms including an updated National Planning Policy Framework (NPPF).

An English Devolution White Paper was also published on 16 December 2024, which outlines the Government's strategy to decentralize powers from Westminster.

The Government has set out a clear message that planning reform is key to its strategy for delivering growth. A Planning and Infrastructure Bill is expected this year and a number of working papers are being published to inform this.

This report provides a simple review of the content of the reforms and their impacts on the East Lindsey Local Plan (ELLP).

The Committee is being asked to note the contents of the report. It should be noted that there is large degree of uncertainty in the sector presently. Officers will keep the Committee updated on this and constantly review requirements, course correcting where necessary.

## **Recommendations**

To note the contents of report, its implications and the outlined actions.

## **Reasons for Recommendations**

To ensure any decisions made regarding the local plan review are informed with latest government guidance.

## **Other Options Considered**

One option would take the Local Plan Review through to Regulation 19 before the transitional cutoff date of 12<sup>th</sup> March 2025 to allow the plan to be prepared under the previous NPPF. There has been a body of evidence produced to support this approach. However, due to both the increased housing requirement as a result of the New Standard method in calculating housing need, and the need to progress the Coastal Strategy given the current state of the sea defences, this option would not meet the objectively assessed housing need for East Lindsey.

## **1. Background**

- 1.1** One of the main reasons behind the Government's reform agenda is to provide mandatory housing targets for councils to help to deliver the 1.5 million homes overall or 370,000 new homes per year within the Governments current administration. A new NPPF was published in December 2024, with the policies contained therein being applicable at the point of publication in most cases.
- 1.2** The Government have also introduced a Devolution White Paper with the intention of empowering local governments in England, with the goal of harbouring regional growth and improving public services through increased local autonomy. The government has made plain that two-tier local government areas such as Lincolnshire will be reorganised into unitary authorities to an ambitious timeframe.
- 1.3** The Government have consulted on a paper titled, the Planning Reform for Nature Recovery Working Paper which is a consultation document that looks to align planning reforms with nature recovery objectives and considers the role of ecosystems in climate resilience, public health, and biodiversity preservation.
- 1.4** This paper will look at all 3 elements of the Government Reform in general and in the context of the East Lindsey Local Plan Review especially in terms of housing delivery.
- 1.5** It should be noted that although the Planning Reforms in the NPPF contain changes to policy direct including Green Belt/Grey Belt these are not relevant to the Partnerships' Local Authorities so have not been included in detail this report.

**1.6** It should also be noted that the Government has signalled further planning reform will take place with a Planning and Infrastructure Bill to be published this year. Legislation to inform a new local plan-making system is also expected. Transitional arrangements for current local plan-making are included in the new NPPF. Presently, there are significant unknowns in this regard.

## **2. Report**

### **2.1 National Planning Policy Framework (NPPF) 2024**

#### Housing Development and Targets

**2.1.1** The government has set a goal to build 1.5 million homes over the next five years, using a revised Standard Method for calculating housing need. As was the case with the previous version of the NPPF, this is to be used when calculating Local Housing Need, itself the measure of housing need, which is used in the decision-taking context when locally adopted housing requirements within local plans reach their fifth birthday since adoption. It is also the minimum local housing need figure to be used when plan-making.

**2.1.2** Previously, the Standard Method required the identification of a baseline drawn from the annual average projected household growth in the local authority's area over the next ten years, taken from the 2014-based household projections; and multiplying that by an 'adjustment factor' based on the Affordability Ratio for the area. This latter number is the ratio between median earnings and median house prices in the area. Where that ratio is more than four (i.e. average house prices are more than four times average earnings), the formula uplifts the baseline figure accordingly. The government have now published data tables displaying the results of the Standard Method calculation in each Local Authority.

**2.1.3** With regard to household projections (which previously took account of suppressed household growth as a result of constrained supply), the baseline now increases by 0.8% of the current housing stock in the area and is no longer based on household formation, or household projections, but on existing housing stock in the area.

**2.1.4** In respect of 5YLS there is a re-instated requirement to continually demonstrate a 5YLS, regardless of whether there is an up-to-date local plan. As the SELLP is over 5 years old the 5YLS should be calculated based on the new local housing need. In addition the 5% buffer has been re-applied in all cases.

**2.1.5** Furthermore, the Government has made clear that councils that obstruct housebuilding or fail to maintain up-to-date housing plans may face strict sanctions, including the loss of planning powers to central government.

#### Impact on ELLP – targets, 5YLS, HDT

**2.1.6** New Standard Method.

**2.1.7** The NPPF places greater emphasis on what changes the New Standard Method bring to housing delivery in the East Lindsey District Council (ELDC) area. It also places stronger emphasis on robustly supporting strategic policies that should, as a minimum, provide for objectively assessed needs for housing.

- 2.1.8** The extant Local Plan target for ELDC is 558 with identified allocations meeting this figure.
- 2.1.9** The New Standard Method figure for ELDC is 1009 dwellings per year. The current ELDC LP figure is 558. There is therefore an uplift of 451 dwellings per year. These figures come into effect immediately.
- 2.1.10** There are 7 years remaining in the ELDC LP plan period, 2024/25 to 2030/31. Therefore, East Lindsey needs to provide an extra  $451 \times 7 = 3,157$  dwellings across the remaining plan period. The LP is no longer providing for our objectively assessed housing need.
- 2.1.11** The five-year housing land supply is an assessment of the amount of deliverable housing sites against the housing requirement set out in the adopted Local Plan. This looks at all the current commitments (allocated and windfall sites) and assesses which ones are likely to be completed within the next 5 year. It then assesses them against the housing requirement in the Local Plan, along with any shortfall of deliver in previous years of that Plan period. With the change to the NPPF, if a plan is less 5 years old, the 5-year housing land supply should be demonstrate against the current plan. If the Plan is more than 5 years old then should be demonstrated against the figure in the Standard Method. The Council's 5 year housing land supply has been assessed against the Standard Method figure and now stands at 3.22 years; 3.08 years with a 5% buffer. Prior to the introduction of the Standard Method, the Council's 5-year supply figure was 5.36 years; 5.13 years with a 5% buffer.
- 2.1.12** The Housing Delivery Test is calculated over a three-year period and compares need with delivery. Owing to the changes to the Standard Method of assessing housing need, the need figure will include the new figure from 2024/25 onwards and will therefore affect any calculation including 2024/25.
- 2.1.13** East Lindsey hasn't been providing sufficient housing to meet the ELDC LP figure of 558 dwellings per year in all of the last 7 years, or the new standard method figure of 1009. Monitoring for the current 2024/25 year (up to the end of December 2024 ) shows ELDC is on target to achieve the ELDC LP figure of 558 but is very unlikely to achieve the new standard method figure of 1009. (April to December 2024). Although the Housing Delivery Test has previously been passed, as a consequence of this increase it is unlikely that the Housing Delivery Test will be met moving forward. The Local Plan contains allocations with a capacity for 3,828 dwellings, as of the end of December 2024, permissions have been granted for 2,718 of these, although not all are included with the 5-year supply as some of the sites will take longer to build out or are outline permissions. This means sites totalling 1,110 dwellings having no permission of any form. Contacts with owners / agents indicate some of these are being sold to developers, whilst others possibly won't be developed soon if at all.

**2.1.14** What changes to New Standard Method means to East Lindsey District Council.

**2.1.15** As a result of changes to the New Standard Method the calculation for the % Year Housing Land Supply for East Lindsey drops to just over 3% (3.08%) with a deliverable/5 Year Housing requirement calculated at 61.68%

**2.1.16** An error has been identified within the housing stock baseline used to calculate the Standard Method figure for East Lindsey District Council as it is too high. When the Council was submitting the Housing Flows Reconciliation form for the year 2023/24, the Opening Stock figure was too high. After further research looking at previous returns, the start figure on the Housing Flows Reconciliation form for the year 2021/22 had been significantly increased from the Closing Stock figure for the previous year. The number had increased by 18,906 dwellings (from 69,448 to 88,394). Further research showed there was no indication where this figure has been derived from as the completions figure submitted for 2020/21 was 454. This was not spotted at the time the 2021/22 form was filled in although ELDC submitted an amendment on the form for the year 2023/24 with an explanation of why the Opening Stock figure was incorrect. As expected, this incorrect figure has had a significant impact on the calculation of the Standard Method figure for the East Lindsey.

**2.1.17** This error has been carried over into the Housing Deliver Test 2023 spreadsheet, which shows East Lindsey with 2,375 completions for the year 2020/21. However, the figure that was submitted to Government was only 454 as previously explained. This is not only significantly higher than the actual completions, but the difference between these two figures is also higher than the unexplained increase in the Opening Stock figure in the 2021/22 Housing Flows Reconciliation form.

**2.1.18** To date there is no indication of how these figures have been arrived at, but they present a misleading picture of the actual housing delivery, and therefore, the number of dwellings in the District, and significantly impact the New Standard Method Housing Figure Target set for ELDC. However, work is continuing on trying understand how this error has come about and conversations are taking place with relevant parts of Government to seek to address this issue.

Other notable points from the revised NPPF

**2.1.19** Streamlined Planning Permissions: Reforms aim to expedite housing development by simplifying the planning process and reducing bureaucratic delays.

**2.1.20** Mandatory Local Plans: Councils are required to maintain current local plans demonstrating a five-year housing supply, with penalties for non-compliance.

**2.1.21** For plan-making, a three-month transition period (to 12 March 2025) for some (but not all) advanced plans to proceed under the former NPPF (December 2023).

**2.1.22** Stronger emphasis on necessary infrastructure improvements including new or improved accessible green spaces.

- 2.1.23** Stronger emphasis on climate change and sustainability and planning's role in supporting the transition to net zero by 2050.
- 2.1.24** Councils now have the authority to ban new takeaways within walking distance of schools to promote children's health and combat obesity.
- 2.1.25** Introduction of the concept of nature recovery networks and emphasis on Biodiversity Net Gain and new developments protection of irreplaceable habitats, including ancient woodland and veteran trees.
- 2.1.26** Development is prioritised on previously used land to protect green spaces, though some Green Belt areas are designated for necessary development. This should be the starting point and focus on recycling previously developed land.
- 2.1.27** Nationally Significant Projects: The NPPF facilitates faster development of laboratories, data centres, and infrastructure projects by allowing ministers to designate them as nationally significant, thereby bypassing local councils.
- 2.1.28** Greater emphasis on high quality design and beauty in new development and encouragements of the use of design codes and guides and support for upward extensions and the use of airspace above existing buildings paragraph.
- 2.1.29** The NPPF contains a section on maintaining effective cooperation, updated in NPPF 2024. The Government has introduced changes to "strengthen the existing Duty to Cooperate requirement and introducing effective new mechanisms for cross-boundary strategic planning" ahead of formal strategic planning mechanisms that will be introduced through new legislation.
- 2.1.30** The NPPF places greater emphasis on effective strategic planning across authorities as playing a "vital and increasing role in how sustainable growth is delivered". That guidance is given immediately before reference to the duty to co-operate ("DTC") on strategic matters. This approach is a requirement that policy-making authorities ensure that plan policies are consistent with those of other bodies where a strategic relationship exists, and with the relevant plans of infrastructure providers, unless there is a clear justification to the contrary. It is fortified by the three following requirements:
- a) a consistent approach to planning the delivery of major infrastructure;
  - b) that unmet development needs from neighbouring areas are "provided for" in accordance with para 11(b);(strategic policies should, as a minimum, provide for objectively assessed needs for housing and other uses, as well as any needs that cannot be met within neighbouring areas);
  - c) any allocation of designation across boundary areas, or which has significant implications for neighbouring areas, is appropriately managed by all relevant authorities.
- 2.1.28** Transitional arrangements for local plan making are covered later in this report.

## **2.3 Devolution White Paper**

2.3.1 The English Devolution White Paper, published on 16 December 2024, outlines the UK Government's strategy to decentralize powers from Westminster to local authorities across England.

2.3.2 The key proposals include the following:

- a) **Expansion of Mayoral Powers:** The White Paper emphasizes strengthening and broadening the mayoral model of devolution. Mayors are recognized for their unique position to drive growth through decisive leadership and regional collaboration. To enhance their effectiveness, the government plans to equip mayors with additional tools and responsibilities.
- b) **Structural Reforms:** A significant overhaul of local government structures is proposed, aiming to replace two-tier local authorities with larger, single-tier councils. These new unitary councils would serve a minimum of 500,000 residents, intended to improve efficiency, capacity, and financial stability. While this could enhance the ability to undertake large projects and economic improvements, concerns have been raised about the potential distancing of local government from residents and the effectiveness in addressing smaller community issues.
- c) **Standardization of Devolution Processes:** The government intends to accelerate and standardize the processes by which powers, funding, and programs are transferred from Westminster to local areas. This approach aims to create a more uniform and efficient system of devolution across England.

2.3.3 It is difficult to gauge a true understanding of the impacts of the devolution reforms on ELDC although it would clearly delay any progress towards the implementation of a Local Plan. If ELDC was combined with another authority this would have consequential impacts on the delivery of the ELDC LP review due to a number of factors, these including potential changes in the housing and economic market areas; substantial changes to existing and commissioned evidence base; and the inevitable governance and constitutional changes involved with creating the unitary authority. Furthermore, if flooding responsibilities become a function of the unitary authority this will again have an impact on the Local Plan timeframe as well as the delivery of the action plan for both the Humber 2100+ strategy and the Lincs Coast 2100+ strategy.

## **2.4 Review of Local Plan**

2.4.1 The new NPPF puts in place transitional arrangements to support the progress of advanced Local Plans. The latest date for plans to be submitted under the current regulations is December 2026.

2.4.2 MHCLG advise that a new plan-making system is expected to commence in Summer/Autumn 2025. A consultation on national policies for development management is expected in the Spring. Further details on the rollout of the new system will be forthcoming in due course.

- 2.4.3** The ELLP was adopted in 2018, and the start of a review is yet to be formally embarked upon.
- 2.4.4** The new NPPF and its policies apply from 12 March 2025 with regard to any ELLP review. This is because the plan will not have reached Regulation 19 (pre-submission stage) on or before 12 March 2025.
- 2.4.5** East Lindsey District Council has undertaken a partial review of the East Lindsey Local Plan 2018 in line with policy SP29 of the extant Local Plan. The Issues and Options Paper set out certain issues that were considered in the partial review and suggested potential options in relation to these. As part of this work the Council also undertook a call for land for sites exercise for both housing and employment land. This consultation was undertaken for an 8-week period between the 15th February 2021 and the 12th April 2021.
- 2.4.6** Although an evidence base is being developed to support this Local Plan review the March 2025 transitional deadline date to have a plan ready for Regulation 19 consultation will be difficult to achieve with the resource and remaining evidence to develop, notwithstanding this the evidence so far does not support the additional growth the plan would need to deliver for using the new Standard Methodology. This is coupled with the uncertainty over the exacerbated flood constraints effecting large areas of Lincolnshire Coast and the subsequent Lincs 2100+ strategy and action plan. It is therefore proposed to focus on the new plan-making system expected later this year. This does not preclude evidence gathering ahead of this and other preparatory work. The impact of local government reorganisation will also need to be factored in as this work progresses.
- 2.4.7** Local authorities have a statutory obligation to produce a local development scheme (LDS) and keep it up to date. The government wrote to authorities in December asking to receive an update on its timetable in light of the new NPPF. There is a requirement to notify government by 6<sup>th</sup> March 2025 in respect of this.
- 2.4.8** Further information on this was provided by MHCLG at a seminar in January. In cases where new plans are to look towards the new plan making system, they only require this confirmation and a commitment to embark on a new local plan in earnest upon publication of the new regulations. It is officer's intention to notify the government that this is the case in East Lindsey and await their reply. Officers will update Committee on any reply received from Government in due course.

### **3. Conclusion**

- 3.1** This report has attempted to provide both a generic summary of the planning reforms that will be implemented over the course of 2025 with the introduction of new legislation later in the year. It has also looked at impacts of the new Standard Method for calculating housing need, 5YLS and implications on the local plan review.
- 3.2** In terms of how these reforms impact East Lindsey and the options highlighted at the start of the report, there is still little clarity on this. However, what is known is



that it is evident that the complex constraints and issues in East Lindsey mean that next steps on plan-making are far from straight forward. There are inherent risks with all the approaches outlined above. It is also evident that a long-term solution to the issue of flood risk is of paramount importance, irrespective of future growth.

- 3.2** The proposed increased housing numbers are at such a level that delivery under any option is unrealistic. As such, it must be accepted that the ability to demonstrate a 5-year supply of deliverable housing sites in East Lindsey will be lost in the short, medium and long term whatever approach the Council takes – the result being unplanned growth.
- 3.3** The tension between the coastal zone, the increased housing numbers and the likely inability of the market to deliver these mean that the most sensible way forward would be to engage with Government to seek support.
- 3.4** It should be noted that there is a significant amount of change and uncertainty in respect of planning and more broadly across local government. Officers will notify Government of its intentions to await new legislation before formally publishing a timetable for review of the new plan and will keep members up to date throughout the process.
- 3.5** A new position on the 5YLS will be provided in due course based on the new housing targets.

## **Implications**

### **South and East Lincolnshire Councils Partnership**

None

### **Corporate Priorities**

None

### **Staffing**

None at this time

### **Workforce Capacity Implications**

None

### **Constitutional and Legal Implications**

As outlined in the report in terms of whether the plan is out of date and the presumption in favour of sustainable development applying.

Risk of government intervention in respect of plan-making

### **Data Protection**

None

## **Financial**

It is estimated that the costs of taking a plan from inception to adoption would be in the region of £1,000,000 however, this will depend on several factors such as existing evidence base, fluctuation in legal costs, additional consultation etc.

These costs are a rough estimation at this stage and a full audit of resourcing, IT, evidence base etc will need to be undertaken before budget setting can be fully undertaken.

## **Risk Management**

There is a significant amount of uncertainty around plan-making presently. A full risk assessment strategy would be part of any Local Plan review, however, some critical risks can be found below:

- Failure to retain/recruit sufficiently experienced officers to implement required programme of work.
- Failure to secure funding to resource the process.
- Failure to demonstrate a 5 year supply of deliverable sites and the presumption in favour of sustainable development applying.
- Adverse appeal findings on other/non-Local Plan sites if progress on the Local Plan review is delayed or stalled; and
- Government intervention if inadequate progress is made upon Local Plan Review.

Officers will keep up to date of forthcoming announcements and any response from Government and will respond/inform/course correct as necessary.

## **Stakeholder / Consultation / Timescales**

Timetable to be produced in due course

## **Reputation**

The plan being considered out of date or government intervention may have reputational consequences.

## **Contracts**

None

## **Crime and Disorder**

None

## **Equality and Diversity / Human Rights / Safeguarding**

None

## **Health and Wellbeing**

None

## **Climate Change and Environment Impact Assessment**

None

## **Acronyms**

None – in report

## **Appendices**

None

## **Background Papers**

No background papers as defined in Section 100D of the Local Government Act 1972 were used in the production of this report. Background papers used in the production of this report are listed below: -

## **Chronological History of this Report**

A report on this item has not been previously considered by a Council body

<b>Report Approval:</b>	Councillor Tom Ashton
Report author:	Greg Macrdechian – Interim Local Plan Lead
Signed off by:	Phil Norman, Assistant Director – Planning & Strategic Infrastructure <a href="mailto:pnorman@sholland.gov.uk">pnorman@sholland.gov.uk</a>
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