

CABINET ITEM COVERING SHEET PROFORMA

AGENDA ITEM

REPORT TO CABINET

3 DECEMBER 2015

**REPORT OF CORPORATE
MANAGEMENT TEAM**

CABINET DECISION

Regeneration & Transport – Lead Cabinet Member – Cllr Nigel Cooke

Regeneration and Environment Local Plan (RELP) Evidence Base Review

1. Summary (expanded report summary)

The purpose of this report is to seek the agreement of members for a review the evidence base that informs the Regeneration & Environment Local Plan (RELP) prior to its submission to the Secretary of State for examination-in-public. It explains that the reasons for delay in the plan-making process are largely a result of constant change at a national level in planning legislation and guidance, which have incrementally changed the approach to plan-making and the range and level of evidence required to support it in a fundamental way. This has undermined the development strategies that the adopted Core Strategy set out for the borough in 2010. The report also makes it clear that an updated plan is unlikely to resolve the issue of a lack of a five year supply of land for housing. It contains a timetable for the review of the evidence base, an assessment of the implications of the revised evidence and, if necessary, a re-draft and re-consultation on a further version of the Publication RELP but also points out that this timetable may change for a variety of reasons. Finally it concludes that the outcome of the review may be that the Council needs a new local plan rather than amend the RELP. Appendix 1 is attached to give more background on these matters.

2. Recommendations:

It is recommended that Members agree to:

1. review the evidence base informing the planning policies in the RELP;
2. a revised timetable for the review, the assessment of the implications of that new evidence, and, if necessary, a re-draft and re-consultation on the RELP before submitting it to the Secretary of State for Examination-in-Public.

3. Reasons for the Recommendations/Decision(s)

1. The public consultation on the Publication RELP held in January & February 2015 generated a number of responses casting significant doubt on how robust the evidence

base underpinning the plan was and stating intentions to challenge the plan at EIP on the grounds of a lack of an up-to-date robust evidence base;

2. To ensure that a timetable is in place to meet the government's early 2017 deadline for the production of a local plan.

4. **Members' Interests** (the text below is fixed and should not be altered by the author, however, extensive guidance on the Members' Code of conduct is available to officers if required)

Members (including co-opted Members) should consider whether they have a personal interest in any item, as defined in **paragraphs 9 and 11** of the Council's code of conduct and, if so, declare the existence and nature of that interest in accordance with and/or taking account of **paragraphs 12 - 17** of the code.

Where a Member regards him/herself as having a personal interest, as described in **paragraph 16** of the code, in any business of the Council he/she must then, **in accordance with paragraph 18** of the code, consider whether that interest is one which a member of the public, with knowledge of the relevant facts, would reasonably regard as so significant that it is likely to prejudice the Member's judgement of the public interest and the business:-

- affects the members financial position or the financial position of a person or body described in **paragraph 17** of the code, or
- relates to the determining of any approval, consent, licence, permission or registration in relation to the member or any person or body described in **paragraph 17** of the code.

A Member with a personal interest, as described in **paragraph 18** of the code, may attend the meeting but must not take part in the consideration and voting upon the relevant item of business. However, a member with such an interest may make representations, answer questions or give evidence relating to that business before the business is considered or voted on, provided the public are also allowed to attend the meeting for the same purpose whether under a statutory right or otherwise (**paragraph 19** of the code)

Members may participate in any discussion and vote on a matter in which they have an interest, as described in **paragraph 18** of the code, where that interest relates to functions of the Council detailed in **paragraph 20** of the code.

Disclosable Pecuniary Interests

It is a criminal offence for a member to participate in any discussion or vote on a matter in which he/she has a disclosable pecuniary interest (and where an appropriate dispensation has not been granted) **paragraph 21** of the code.

Members are required to comply with any procedural rule adopted by the Council which requires a member to leave the meeting room whilst the meeting is discussing a matter in which that member has a disclosable pecuniary interest (**paragraph 22** of the code)

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**REPORT OF CORPORATE
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CABINET DECISION

Regeneration and Environment Local Plan (RELP) Evidence Base Review

SUMMARY

The purpose of this report is to seek the agreement of Members for a review of the evidence base that informs the Regeneration & Environment Local Plan (RELP) prior to its submission to the Secretary of State for examination-in-public. It explains that the reasons for delay in the plan-making process are largely a result of constant change at a national level in planning legislation and guidance, which have incrementally changed the approach to plan-making and the range and level of evidence required to support it in a fundamental way. This has undermined the development strategies that the adopted Core Strategy set out for the borough in 2010. The report also makes it clear that an updated plan is unlikely to resolve the issue of a lack of a five year supply of land for housing. It contains a timetable for the review of the evidence base, an assessment of the implications of the revised evidence and, if necessary, a re-draft and re-consultation on a further version of the Publication RELP but also points out that this timetable may change for a variety of reasons. Finally it concludes that the outcome of the review may be that the Council needs a new local plan rather than amend the RELP. Appendix 1 is attached to give more background on these matters.

RECOMMENDATIONS

It is recommended that Members agree to:

1. review the evidence base informing the planning policies in the RELP;
2. a revised timetable for the review to allow an assessment of the implications of that new evidence, and, if necessary, a re-draft and re-consultation on the RELP before submitting it for examination-in-public.

DETAIL

Background

1. Originally, the RELP formed part of the Council's Local Development Framework (LDF), which was intended to be a portfolio of documents which, taken as a whole, would comprise the Council's development plan. The RELP was intended to be the site allocations document which delivered the strategic policies contained in the adopted Core Strategy and the housing sites emerging from the targeted Core Strategy Review undertaken in 2012.

RELP Publication Consultation

2. In January and February 2015, the Council undertook a consultation on the Publication version of the RELP. This was intended to be the final period of public consultation before the plan was submitted to the Secretary of State for independent examination. However, a significant number of representations questioned the age of the evidence underpinning the document and it was clear that a number of objectors were intending to challenge the plan on that basis. This would leave the Council exposed at examination to the risk of the RELP being found unsound. To reduce this risk, it would, therefore, seem apposite to take an opportunity to update the evidence base, test the results against the existing plan and, if necessary, amend and re-consult on the plan before submitting it for examination.

Current RELP Evidence Base

3. The Core Strategy, adopted in March 2010, is now 5 years old and is not compliant with the National Planning Policy Guidance (NPPF) as it was adopted prior to its introduction in 2012 and its housing and employment figures are based on the Regional Spatial strategy (RSS). However at the time the decision was made to proceed with the RELP on this basis, it was a legitimate and sound approach. National planning policy was then clear that policies did not have to be considered out of date simply because they were adopted prior to the NPPF.
4. But planning practice has moved on since that time and, since 2011, the government has made a number of changes to the planning systems which directly affect local plans, it:
 - abolished Regional Spatial Strategies;
 - introduced the duty to cooperate, objectively assessed housing need, the presumption in favour of sustainable development, neighbourhood planning, and the need to demonstrate that site allocations are viable and deliverable;
 - gave LPAs the option of preparing single local plans rather than LDFs;
 - published the National Planning Policy Framework and National Planning Policy Guidance;
 - amended the Local Plan regulations;
 - gave greater importance to the five year supply of housing land;
 - extended the permitted development regime;
 - gave overarching importance to increasing the supply of new homes to address the housing crisis;
 - Changed the definition of affordable homes to include low cost market housing.
5. In combination these actions have had the effect of making plan-preparation more difficult, whilst also undermining the status of development plans. In addition, a Court of Appeal decision in December 2014 related to Solihull Metropolitan Borough Council indicated, for the first time, that housing figures from RSS must be regarded with “extreme caution.”

The Five Year Supply

6. The requirement for Councils to demonstrate a five year supply of housing sites has had a particularly corrosive effect on the status of plan policies and the control that the Council has over the location of development. And, as Stockton has found, particularly in the south of the borough, it has left the Council in a vulnerable position, unable to resist speculative planning applications for housing in any location. Consequently, a number of planning permissions for housing have been granted in areas identified as areas of restraint in the adopted Core Strategy and RELP. The green wedges and rural parts of the borough have been particular targets. Thus the RELP’s spatial strategy is becoming significantly out-of-date and a number of its policies have been significantly eroded.

7. Council officers recently commissioned a report through the Institute for Local Governance (ILG) and produced by Northumbria University entitled “National planning policy and issues of housing land supply from a North East and Stockton perspective.” This report investigated a number of issues around the five year supply, including its impact on policy planning and concluded that the NPPF applies a one-size fits-all approach to the resolution of the housing problem and is designed with a focus on the more dynamic housing markets of the south east, whilst it leaves other areas, such as the north east, a former industrial area with a less dynamic housing market, at a disadvantage.

Fixing the Foundations

8. In its productivity plan, “Fixing the Foundations: Creating a more prosperous nation,” (Cm 9098 July 2015), the government announced that all local authorities should have a plan in place by early 2017 or face the government stepping in to produce their plan with the assistance of local residents. Then on 15th September, Brandon Lewis, Minister for Housing and Planning, launched a panel of experts to examine what measures or reforms might be helpful in ensuring the efficient and effective production of local plans. The panel is due to report in January 2016 and it is possible that there may be some changes which will speed up the plan-making process announced early in the New Year.

Potential Outcomes of the Review of the Evidence Base

9. There are two potential outcomes of the evidence review: one is that it confirms the strategies and policies in the existing plan, the other more likely scenario is that it demonstrates that the strategy and the policies are completely out-of-date. If the former happens then the RELP can be amended, subjected to a second Publication consultation and then referred for examination. If the latter, the Council may need to consider preparing a completely new local plan.

Implications of and Benefits of an up-to-date local plan

10. There would be significant benefits in reviewing the evidence. An up-to-date housing requirement would provide more robust basis for the calculation of the five year supply. Also since the adoption of the Core Strategy in 2010 and the publication of previous versions of the RELP, there has been almost continuous incremental change in national planning guidance, as described in paragraph 4, as well as considerable change in local circumstances. A refreshed evidence base for the plan would enable the Council to take them into account in a revised plan. In addition, the Council would have greater control over where development is located with up-to-date policies and supporting evidence, and where its planning decisions are challenged, would have a greater chance of success at planning appeals and public inquiries. Communities would also have greater certainty about the scale of future development in their areas.
11. If the outcome of the evidence review is that the RELP is completely out-of-date and a new plan is necessary, then under current statutory arrangements, the process takes an average of three years. It is hoped that the recommendations of a government review of the local plan preparation process will enable this time table to be cut down significantly.
12. However, if the Stockton Council does decide to begin plan-making again, it will not be the only authority to do so in the Tees Valley nor is it likely to be the only local planning authority (LPA) which will not meet the deadline of early 2017 for plans to be in place.

Timetable

13. Should the evidence review indicate that the existing plan is basically sound with some minor revisions then the following timetable is proposed:
- Evidence gathering, evidence review and re-draft of plan – January to September 2016.
 - Cabinet & Council approval for 2nd Publication Consultation – October 2016.
 - 2nd Publication Consultation – October to December 2016.
 - Cabinet & Council approval for Submission of RELP for Examination – March 2017.
 - Submission of RELP to Secretary of State for Examination – March 2017.
 - Examination-in-public – July 2017.
 - Adoption – November 2017.
14. Should the evidence indicate a new local plan is required; a further report will be brought to Cabinet in September 2016 to explain the results of the new evidence and their implications for plan-making.

FINANCIAL IMPLICATIONS

15. The work identified in this report will be undertaken within existing budgetary provisions.

LEGAL IMPLICATIONS

16. The Council is required to produce a local plan for the area by the Planning and Compensation Act 2004. The procedures for the preparation of local plans and the stages of plan production, which includes a Publication consultation and Examination-in-Public, are identified in the Town and Country Planning (Local Planning) (England) Regulations 2012. Further guidance on the form and content of local plans is contained in the National Planning Policy Framework (NPPF) which requires plans to be supported by up-to-date and relevant evidence about the economic, social and environmental characteristics of the area. It also requires plans to be positively prepared, justified, effective and consistent with national policy. Further guidance is also provided by National Planning Policy Guidance (NPPG). Whilst there are currently no penalties for the failure to produce a local plan, in “Fixing the Foundations: Creating a more prosperous nation,” (Cm 9098 July 2015) the government announced that it would bring forward proposals to significantly streamline the length and process of local plans. These included publishing league tables setting out local authorities’ progress on plan production and setting a deadline for local plans to be in place. Where authorities failed to make progress, the Secretary of State for Communities and Local Government would intervene and arrange for local plans to be written in consultation with local people. The deadline was subsequently announced as early 2017.

RISK ASSESSMENT

17. “This report is categorised as low to medium risk. Existing management systems and daily routine activities are sufficient to control and reduce risk.”

COUNCIL PLAN THEMES

18. Economic Regeneration and Transport – the RELP will introduce policies to support the economic regeneration of the borough and to support the provision of transport infrastructure.
19. Environment and Housing – the RELP contains policies to protect and enhance the environment of the borough and identifies sites for housing as well as providing a target for the provision of affordable homes and housing mix.

20. Safer Communities – the RELP supports the creation of mixed sustainable communities which contributes to safer communities.
21. Children and Young People- the RELP supports the provision of community facilities and supporting infrastructure for development such as schools, open space and recreation facilities for children and young people.
22. Health and Wellbeing – the RELP supports community health and contains policies seeking to restrict the existence of premises for the sale of hot food takeaways and other junk food in the vicinity of schools and other places frequented by children and young people. It also seeks the provision of open space and recreational facilities to provide opportunities for play and exercise.
23. Stronger Communities – the RELP supports the creation of mixed sustainable communities.
24. Adults – the RELP supports the creation of a high quality environment for present and future generations where all members of the community have the opportunity to achieve their full potential through the provision of a vibrant economy, a safe and healthy environment and dynamic educational and cultural resources.
25. Arts Leisure and Culture- the RELP supports the provision of cultural facilities and encourages opportunities to create civic space for performances and events and social interaction.
26. Organisational Effectiveness – the RELP provides the basis for the determination of planning applications and as such will facilitate efficient decision-making and discharge of the development management function.

EQUALITIES IMPACT ASSESSMENT

27. This report is not subject to an Equality Impact Assessment as it addresses procedural matters in connection with the production of a local plan.

CONSULTATION INCLUDING WARD/COUNCILLORS

28. No specific consultation has been undertaken with ward members as its subject affects all wards of the borough.

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Education related? No

Background Papers

Planning and Compensation Act 2004.

The Town and Country Planning (Local Plan) (England) Regulations 2012.

National Planning Policy Framework 2012.

National Planning Policy Guidance 2014.

National planning policy and issues of housing land supply from a North East and Stockton perspective. Northumbria University for the Institute of Local Governance (ILG) March 2015.

Fixing the foundations: Creating a more prosperous nation. Cm 9098 July 2015.

Ministerial statement on Local Plans by Brandon Lewis Minister of State for Housing and Planning September 2015.

Government announcement of Local Plan Expert Panel September 2015.

Ward(s) and Ward Councillors N/A

Property N/A

Background

1. Originally, the RELP formed part of the Council's Local Development Framework (LDF), which was intended to be a portfolio of documents which, taken as a whole, would comprise the Council's development plan. The RELP was intended to be the site allocations document which delivered the strategic policies contained in the adopted Core Strategy and the housing sites emerging from the targeted Core Strategy Review undertaken in 2012. National guidance at that time was that once the Core Strategy was found sound and adopted, there was no need for Councils to revisit the evidence underpinning that strategy nor would that evidence be open to scrutiny in the examination of subsequent site allocation documents. It was also the case that, as long as the Council's Local Development Scheme (LDS) clearly showed the Council's intentions, issues, such as the allocation of sites for travellers, could be addressed subsequently in separate documents.

RELP Publication Consultation

2. In January and February 2015, the Council undertook a consultation on the Publication version of the RELP. This was intended to be the final period of public consultation before the plan was submitted to the Secretary of State for independent examination.
3. However, a significant number of representations questioned the age of the evidence underpinning the document, in particular, the fact that the Council had not carried out an Objectively Assessed Housing Need (OAN or OAHN) assessment as required by the National Planning Policy Framework (NPPF). It was clear that, despite the RELP being a site allocations document, intended to identify sites to deliver the strategic development framework agreed in the adopted Core Strategy, a number of objectors were intending to challenge the plan on the evidence underpinning the Core Strategy itself. This might leave the Council exposed at examination to the risk of the RELP being found unsound. To reduce this risk, it would, therefore, seem apposite to take an opportunity to update the evidence base, test the results against the existing plan and, if necessary, amend and re-consult on the plan before submitting it for examination.

Current RELP Evidence Base

4. The Core Strategy, adopted in March 2010, is now 5 years old and is not compliant with the NPPF as it was adopted prior to its introduction in 2012. Some elements of the evidence base are now rather aged; the housing figures are derived from the Regional Spatial Strategy (RSS) and the economic evidence dates from 2008. However at the time the decision was made to proceed with the RELP on this basis, it was a legitimate and sound approach. National planning policy was then clear that policies did not have to be considered out of date simply because they were adopted prior to the NPPF. In July 2014, a High Court judgement, Gladman Developments Limited versus Wokingham Borough Council, supported this approach and found that a local authority could complete a sound local plan on the basis of a pre-NPPF Core Strategy incorporating RSS housing requirements.
5. But planning practice has moved on since that time as the result of a subsequent Court of Appeal decision, made in December 2014 and related to the case of Solihull Metropolitan Borough Council versus (1) Gallagher Homes Limited (2) Lioncourt Homes Limited. This judgement held that, in introducing the need for an objective assessment of housing need in preparing local plans, the NPPF had brought about a radical policy change. The judgement indicated, for the first time, that housing figures from RSS must be regarded with "extreme caution." Consequently, a number of local plans have been found unsound or

had to be withdrawn because they have been successfully challenged on the grounds of a lack of an up-to-date OAN.

6. The housing policies in the Core Strategy and RELP have also been undermined by the requirement for the Council to have a demonstrable five year supply of housing sites with a five per cent or twenty per cent buffer. As the Council cannot demonstrate a five year supply, this means that, in determining planning applications, its housing policies are considered to be out of date. This had led to a number of planning permissions for housing being granted in areas identified in the Core Strategy and RELP as areas of restraint. The green wedges have been a particular target with persistent attacks on green wedge policies resulting in a High Court judgement (Tiviot Way Investments Ltd versus (1) Secretary of State for Communities and Local Government and (2) Stockton-on-Tees Borough Council, which ruled that the policies can only apply to the indicative green fingers illustrated on the Core Strategy strategic diagram. The rural parts of the borough, also identified in the Core Strategy as areas of restraint, have also seen significant housing development being approved. The area around the village of Carlton has been particularly affected by this. Thus the RELP's spatial strategy is becoming significantly out-of-date and a number of its policies have been significantly eroded.
7. In addition, the NPPF in 2012 also brought in more stringent tests for site allocations, notably the need to demonstrate their deliverability and viability, which has proved to be onerous for the Council, even when working collaboratively with developers, as in the case of the sites at Harrowgate Lane and Yarm Back Lane.

Changes in National Planning Policy

8. As well as High Court and Court of Appeal decisions changing the context for local plans, since 2011, the government have made a number of changes to planning legislation and policy guidance. The key changes are listed below:
 - Abolition of Regional Spatial Strategies;
 - Introduction of the duty to cooperate, objectively assessed housing need, the presumption in favour of sustainable development, neighbourhood planning, and the need to demonstrate that site allocations are viable and deliverable;
 - the option of preparing single local plans rather than LDFs;
 - publication of the National Planning Policy Framework and National Planning Policy Guidance;
 - amendments to the Local Plan regulations;
 - greater importance given to the five year supply of housing land;
 - extended permitted development regime;
 - overarching importance to increasing the supply of new homes to address the housing crisis;
 - Change to the definition of affordable homes to include low cost market housing.
9. The RELP has sought to accommodate these changes and retrofit requirements such as the duty to cooperate however cumulatively, it has not only delayed plan preparation but also leaves the Council open to challenge at examination.

Evidence Review and Consequences

10. It is proposed that the Economic Strategy and Spatial Planning (ESSP) team commission the following key pieces of evidence:
 - Objective Assessment of Housing Need (OAHN also referred to as an OAN)
 - Employment Land Review

- Strategic Housing Market Assessment
 - Affordable Housing Viability Assessment
 - Retail Capacity Study
 - Traveller Site Accommodation Assessment
 - Open Space Assessment.
11. The evidence will not only support the RELP but will also inform other work being undertaken by the Economic Growth and Development Service on Stockton town centre and other retail centres in the Borough and the Economic Strategy.
 12. Depending on the outcome of the evidence review, there may be a need to revisit the Strategic Flood Risk Assessment should it be necessary to identify additional housing sites.
 13. There are two potential outcomes of the evidence review: one is that it confirms the strategies and policies in the existing plan, the other is that it demonstrates that the strategy and the policies are completely out-of-date. If the former happens then the RELP can be amended, subjected to a second Publication consultation and then referred for examination. If the latter, the Council may need to consider preparing a completely new local plan.

Implications of preparing a new local plan

14. If the outcome of the evidence review is that the RELP is completely out-of-date and a new plan is necessary, then under current statutory arrangements, it is estimated that the process takes an average of three years. So if this process begins in January 2017 then it is likely that it would be January 2020 by the time a new plan is in place. It is hoped that the Local Plan Expert Panel, discussed in paragraph 24, below will recommend a significant slimming down of the process of plan preparation so that this timetable could be considerably shortened but at the moment it is not possible to predict what the outcome of the work of this panel will be.
15. If the Stockton Council does decide to begin plan-making again, it will not be the only authority to do so in the Tees Valley as Darlington Borough Council have recently agreed to do this.
16. It is also likely that other local planning authorities (LPAs) will not meet the deadline of early 2017 for plans to be in place, announced by the government in its productivity plan "Fixing the Foundations" discussed in more detail in paragraph 25 of this report. Redcar & Cleveland's anticipated date of adoption is currently August 2017, if all goes smoothly. However Stockton and Darlington would miss this deadline by a much wider margin of 9-12 months.

Benefits of an up-to-date local plan

17. Since the adoption of the Core Strategy in 2010 and the publication of previous versions of the RELP, there have been significant changes to the planning system nationally. In addition, local circumstances have also experienced considerable change. An update of the evidence base for the plan would enable the Council to acknowledge those changes and take account of them in a revised plan. There would be a further opportunity for the resident and business communities to influence plan-making and up-to-date policies and supporting evidence would stand up to greater scrutiny at planning appeals and public inquiries, giving the Council greater control over where development goes and providing more certainty for communities about the scale of future development in the borough. In addition, the Housing and Planning Bill is proposing to increase the influence of local plans with a proposal for sites allocated in the plan to be granted "planning in principle." Therefore it would be beneficial for the plan to be able to take these proposals into account before they are enacted.

Timetable

18. Should the evidence review indicate that the existing plan is basically sound with some minor revisions then the following timetable is proposed:
 - Evidence gathering, evidence review and re-draft of plan – January to September 2016.
 - Cabinet & Council approval for 2nd Publication Consultation – October 2016.
 - 2nd Publication Consultation – October to December 2016.
 - Cabinet & Council approval for Submission of RELP for Examination – March 2017.
 - Submission of RELP to Secretary of State for Examination – March 2017.
 - Examination-in-public – July 2017.
 - Adoption – November 2017.
19. The ESSP team would, of course, seek every opportunity to shorten this process where possible.
20. Should the evidence indicate a new local plan is required; a further report will be brought to Cabinet in September 2016 to explain the results of the new evidence and their implications for plan-making.

Five Year Housing Supply

21. However, members should note that the RELP is unlikely to help resolve the lack of a five year supply of deliverable housing land. Council officers recently commissioned a report through the Institute for Local Governance (ILG) and produced by Northumbria University entitled “National planning policy and issues of housing land supply from a North East and Stockton perspective.” This report investigated a number of issues around the five year supply, including its impact on policy planning.
22. The report found that the lack of a five year supply of deliverable housing land is not specifically confined to Stockton. Research published in May 2014 by the Local Government Association (LGA) found that nationally only 54% of authorities could demonstrate a five year supply. In London, the figure was as high as 85% but in the north east that fell to 36%. By the time the ILG report was finalised in March 2015 the figure had fallen to 25% of local authorities in the north east that is only 3 local planning authorities (LPAs) out of 12. Even then, developers were asserting that those claiming to have a five year supply would not withstand closer scrutiny.
23. Without a five year supply, LPAs are in a vulnerable position and are ripe for developers to come forward with speculative applications. The authors interviewed representatives of the development industry who explained that the house-building industry is risk averse and that the likelihood of a successful application with minimum resistance was the key determinant in all developers’ considerations in deciding whether proposals were likely to be viable. They are driven by the need to provide a return for shareholders and will not build a house if they cannot sell it. So whilst they might have a planning permission, they will only build out if they have secured buyers.
24. The NPPF assumes that the only reason that land will not come forward for development is because of planning restrictions and that the only solution is to allocate more and more land for housing. However, national research by Colenutt and Field (2013) quoted in the report, states that the big five house builders (Bellway, Berkeley, Persimmon, Taylor Wimpey and Barratt) had short and long term land banks for 518,000 units but still only built out 44,000 units per year. Their business model operates a “drip-feed” or “trickle-out” of supply and, counter intuitively, it appears that house builders actually do quite like restrictive planning, as it creates scarcity for their products and maintains house prices.

25. The NPPF applies a one-size fits-all approach to the resolution of the housing problem and is designed with a focus on the more dynamic housing markets of the south east, whilst it leaves other areas, such as the north east, a former industrial area with a less dynamic housing market, at a disadvantage.
26. The report concludes that in the north east, it is not the lack of availability of land for housing that is inhibiting house building, rather the housing market is restrained by underlying structural problems such as the lack of availability of finance for housing development, low median incomes, limited mortgage availability related to individuals' lack of sufficient savings to provide the size of deposit now required to secure a mortgage, the cost of remediating contaminated land, low market values, the stigma attached to housing sites located in certain neighbourhoods and the fact that many development sites are just not viable. Land supply is not the problem in the short to medium term as house building is driven by the economic cycle and rises and falls with the state of the economy.
27. Where review of the evidence underpinning the RELP might assist, is in providing a more accurate and up to date figure for the Borough's housing requirement over the plan period because this is the first stage in calculating the five year supply. An up-to-date plan will enable the Council to demonstrate that it has a five year supply of deliverable housing land and will enable it to defend its position against speculative developers.

Fixing the Foundations

28. An additional factor which must be taken into account is the review of the local plan process which the government has initiated. In its productivity plan, "Fixing the Foundations: Creating a more prosperous nation," (Cm 9098 July 2015), the government announced that all local authorities should have a plan in place by early 2017 or face the government stepping in to produce their plan with the assistance of local residents. Then on 15th September, Brandon Lewis, Minister for Housing and Planning, launched a panel of experts to examine what measures or reforms might be helpful in ensuring the efficient and effective production of local plans. The panel is due to report in January 2016 and, whilst the government has not committed to publishing their report, it is possible that there may be some changes to the plan-making process announced early in the New Year, which may affect the process of plan production or the timetable set out here.