

North Tyneside Council Report to Council Date: 26th July 2012

ITEM 9
Title: Draft Core Strategy:
Preferred Options: Further
Consultation on Growth
Options (Addendum)

Portfolio(s): Elected Mayor
Community and Regulatory
Services

Cabinet Member(s): Mrs Linda Arkley
Cllr George
Westwater

Report from Directorate: Chief Executive's Office

Report Author: Ken Wilson – Head of Regeneration,
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Wards affected: All

PART 1

1.1 Purpose:

The purpose of this report is to provide supplementary information to the Report made to Council at its meeting of 4th July 2012 by advising on the implications for the Council of the amendment proposed by the Labour Group during consideration of the main Report at that meeting.

1.2 Information:

1.2.1 Council meeting of 4th July 2012

The main Report was included as Agenda Item 9 at the meeting of Council on 4th July 2012. When that item was considered, the following amendment to the Report's recommendations was moved:

"That this Council supports Option 3, as detailed on page 33 of the Report, as the preferred Growth Option".

1.2.2 Implications of Low Growth Option

For Council's information, should Council choose to indicate its support for Growth Option 3 this would have the following policy, procedural, and financial implications:

A. Conflict with public opinion:

Most respondents to the consultation on the Core Strategy Preferred Options in October 2011 did not identify Growth Option 3 as their preference. The Council would therefore be following an approach that conflicts with the majority view of those responding to this consultation.

B. Conflict with evidence of overall housing needs

Government policy requires that local Development Plans should provide for the full objectively assessed needs for housing. This evidence is in particular based on population and housing projections published by the Government. Growth Option 3 falls short of need based on this evidence to the extent that it is difficult to see how the level of housing would be sufficient unless adjacent local authorities agreed to absorb the levels of growth we could not deliver. Sections 19 and 20 of The Planning and Compulsory Purchase Act 2004 also require development plans to have regard to national policy.

C. Regional Spatial Strategy targets not met

Growth Option 3 falls short of the minimum level of housing delivery set out for the period to 2027 in the Regional Spatial Strategy, which remains part of the adopted Development Plan for North Tyneside. Whilst the Regional Spatial Strategy remains in force, its targets remain relevant unless and until they can be challenged through the examination of the Core Strategy, and on the basis of the evidence the Core Strategy is required to pay due regard to the housing targets. Housing Growth Point Funding was also awarded in 2008 on the basis that the Council would plan for 20% more housing growth than that specified in the RSS.

D. Current demand for housing not met:

In 2011/12 house building in North Tyneside increased the overall number of homes by about 400, even after allowing for demolitions. This exceeds the annual average growth proposed in Growth Option 3, and indicates that the demand for housing even during a time of relative slump in the housing market would not be met by Growth Option 3.

E. Insufficient affordable housing:

The latest Strategic Housing Market Assessment states that an additional 470 affordable houses are needed every year in North Tyneside to meet need. None of the Growth Options could deliver 470 affordable homes, but the total number of homes delivered by Option 3 would be 100 homes less than the affordable homes required.

F. Development on green field sites

Growth Option 3 would mean that limited housing would be built on green field sites. However, for this to be the case some employment sites will need to be redeveloped even where these include existing businesses. To avoid the loss of jobs in these businesses by closure or relocation outside the Borough, replacement premises would need to be provided on green field sites in the Borough. Additional allocations of employment land might be required.

G. Brownfield housing slow to deliver

The development of some brownfield sites, especially where this includes relocation of existing occupiers and remediation, can be more expensive than developing green field sites. The viability of brownfield housing sites remains an issue in North Tyneside. The largest brownfield site in the Borough has had planning permissions for housing since 2006 but has yet to be developed. In contrast, many of the largest greenfield sites allocated in the present Unitary Development Plan (UDP) for the Borough are nearly complete. Currently there is little evidence to suggest the housing market, and thus overall viability of brownfield sites in North Tyneside on which Growth Option 3 depends, will improve quickly enough to address the housing need that exists now without substantial public funding.

H. Lack of funding for affordable housing

The viability of housing development on brownfield sites is such that less affordable housing will be delivered from such sites than from the development of greenfield sites. More affordable housing would need to be publically funded.

I. Impact on existing residents and businesses

Where brownfield land comes forward this may include existing businesses, which would need to be relocated at significant cost and economic impact due to the disruption involved. Businesses that are not relocated and become neighbours to new housing development could face significant restrictions to their operation (hours of working, noise, dust generation) to safeguard the amenity of new residents.

J. Infrastructure

Compared with the other options, the lower population levels of Growth Option 3 would place less pressure on infrastructure such as the road network and community facilities and infrastructure would not need extending into new areas. However there could be less investment in infrastructure from developers of new sites, which in some cases can deliver net benefits to the Borough beyond the needs of the new sites themselves.

K. Overcrowding and outmigration

If housing needs are not met within the Borough this will place upward pressure on prices affecting affordability, and could lead to either overcrowding or outmigration from the Borough. The consequences of the latter are set out below.

L. Faster aging of population

Outmigration from the Borough due to lack of suitable housing is likely be of more mobile and less well off younger households. Eventually as fewer families can find suitable housing in the Borough, the number of school age children could be more likely to fall

leading to a higher risk of school closures. Commuting into the Borough could increase as the working age population here falls, and more of the new job opportunities such as those created at the North Bank and other key employment areas could be taken up by people living elsewhere.

M. Development pressure in adjacent areas

Particularly in the case of Growth Option 3, for the Core Strategy to be held to be sound it would have to be demonstrated that needs not met in the Borough would be provided for elsewhere. Agreement would have to be sought from principally Newcastle and Northumberland Councils to build more to make up for our shortfall, assuming a clear argument can be presented demonstrating why a substantial portion of the growth required to meet needs would not be appropriate for North Tyneside. Given widespread concerns with green field housing development, especially in Newcastle where they are already considering the allocation of sites within the Green Belt, the necessary agreement is unlikely to be forthcoming to meet the shortfall.

N. Impact of development in adjacent areas

Even if housing needs not met within North Tyneside were met by development in neighbouring authorities, these developments nearby would still have a significant impact on the Borough's infrastructure. For example, many new residents of south-east Northumberland would commute to and through the Borough along the A189 and A19. However, the Council would not have had a full opportunity to gain the benefits that can arise from the development and would have less involvement in promoting sustainable modes of transport by residents of these new developments.

O. Potential Rejection of Core Strategy

In line with statutory requirements the Core Strategy will eventually be examined by an independent government appointed Inspector. The Inspector would test the plan against its compliance with evidence, consultation and the National Planning Policy Framework (NPPF). As the draft Core Strategy could not meet identified housing need established through its supporting evidence; would not be compliant with the NPPF's aims of significantly boosting housing supply; and would not reflect the growth aspirations of the majority of the respondents on its consultation into levels of growth, then it is highly unlikely to be approved by the Inspector.

P. Development contrary to local policies

Delay to the Core Strategy, or its rejection as described above, would be more likely to lead to planning permission being granted on appeal in accordance with national policy, in locations including green field sites which would not be preferred by the Council. The Council could therefore be forced into a position of accepting more growth regardless of any preference for Growth Option 3, and will have less choice over where new development should be than if it planned for higher growth levels. Involvement in such appeals will have resource implications in all cases, and may involve award of costs against the Council if it were considered that any refusal were unreasonable in the light of Government policy. Having a compliant plan in place would give all residents, businesses and developers greater certainty over development, which could be better controlled and put the council in a stronger position to defend any planning permission decisions it makes.

Q. Challenge and delay to Core Strategy

The pursuance of Growth Option 3 would fundamentally alter the Council's previously published approach to growth and development. This change would require a new consultation on revised Core Strategy Preferred Options, and the identification of a new range of sites and thus introduce significant delay to the progress of the Core Strategy.

Delay to the Core Strategy might deter developers of proposals which the Council might support under Growth Option 3, for example incoming employment developments, as the absence of an up to date Development Plan decreases the level of certainty the Council could give about the prospects of their development being supported when marketing the Borough to these inward investors.

In addition the adoption of the much lower housing provision envisaged by Growth Option 3, and its reliance for delivery on brownfield land which may be less viable, would be more likely to result in significant challenges to the content of the Core Strategy from the development industry, and further delays and costs of a protracted Examination in Public. This is also likely to lead to considerable challenge and subsequent costs to the Council in defending this course of action.

R. Loss of income to the Council

A reduced level of growth would have significant implications over the long term for the Council's budget. This is because less New Homes Bonus and Council Tax, would be received. , Over the plan period, it is estimated that the income to the Council from New Homes Bonus and Council Tax would be approximately £2.9 million pounds per year less if Growth Option 3 were pursued rather than Growth Option 2. In addition less money would be received from Business Rates (this could not accurately be quantified), particularly in relation to the Business Rate Retention Scheme being implemented from 2013, and for infrastructure through Planning Obligations (S106 payments) or, when in place, the Community Infrastructure Levy.

S. Adverse impact on local economy

Housing development brings a number of economic benefits, some arising directly as a result of the development and others indirectly through associated spending. There would be a range of repercussions of reduced growth upon the Borough's economy. For example, retail projections are based upon population projections and the latest plans for development and growth. Switching to a lower growth option could also undermine the regeneration of the borough's town centres as the expected increase in population that would support footfall and spending in shops, does not materialise. This in itself would be contrary to priorities identified in the latest Council Plan.

1.3 Appendices:

There are no Appendices to this Addendum Report.

1.4 Contact officers:

Peter Brown, Planning Manager, tel: (0191) 643 6326
Geoff Bloxsom, Principal Planning Officer, tel: (0191) 6436339
Graham Sword, Principal Planning Officer, tel: (0191) 6436340
Alison Campbell, Financial Business Manager, tel: (0191) 643 7038

1.5 Background information:

As per main report

PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING

2.1 Finance and other resources

The decision on what level of growth is appropriate for the Council within its Core Strategy has a significant impact on the finances on the Council. For ease the financial implications have been detailed below alongside a reference to the sub-section of the report to which they relate:-:

- H. Lack of Funding through the development process for Affordable Housing would mean a greater reliance on public funding as reduced growth will mean that New Homes Bonus be reduced and an emphasis on using brown field sites is likely to reduce the proportion of affordable homes provided in developers' schemes.
- I. There could be an impact on the borough's existing residents and businesses if all development had to be done on brown field sites.
- J. Reduced development growth would ease the pressure on infrastructure and community facilities but there would also be less monies available to invest in Infrastructure as a result of a reduction in developer contributions such as S106.
- O. If the Core Strategy were rejected at the examination in Public, the Council would have to find the costs both to bring another plan forward that could be approved and the costs associated in relation to advancing the rejected plan.
- P. It is possible that there might be an increase in successful planning appeals which can be very expensive for the council. In 2012/13 we are forecasting that one appeal alone may cost the council close to £0.5m if it is upheld.
- R. There would be a less growth of income to the Council through Council tax and business rates
- S. There could be an adverse impact on the local economy through a reduction in projected expenditure.

2.2 Legal

The procedural consequences that may follow from the selection of a low growth strategy are set out in the Background Information above, namely sub paragraphs O. Rejection of Core Strategy and Q. Challenge and delay to Core Strategy to section 1.2.2 above . Under section 19 of the Planning and Compulsory Purchase Act 2004 local planning authorities, when preparing development plans, must have regard (amongst other matters) to national policies, such as the National Planning Policy Framework, and to the Regional Spatial Strategy. Under section 20 of the Act all development plans must be submitted to the Secretary of State for independent examination. The purpose of such examination is to determine in respect of the development plan document that it satisfies the statutory requirements (under the Act and associated regulations), including (under section 24) general conformity with the Regional Spatial Strategy, and whether the document is sound, based on robust and credible evidence. Given the implications of approval of Option 3 as set out in this report, with particular regard to non-compliance with national policy and the RSS, there is a likelihood that an inspector appointed by the Secretary of State to undertake such independent examination would not consider the Core Strategy as sound, and thus would be unlikely to recommend adoption of the strategy.

2.3 Consultation/community engagement

Set out in the main report.

2.4 Human rights

There are no human rights implications directly arising from this report.

2.5 Equalities and diversity

Set out in the main report.

2.6 Risk management

The risks associated with the next steps in the production of the Draft Core Strategy based on Growth Option 3 have been considered in section 1.2.2. These and any risks identified as the Draft Core Strategy is taken forward will be managed using the Council's risk management process as appropriate.

2.7 Crime and disorder

There are no crime and disorder implications directly arising from this report.

2.8 Environment and sustainability

There are no environmental implications directly arising from this report which relates to the outcomes of the additional consultation undertaken.

PART 3 - SIGN OFF

- Chief Executive x
- Mayor/Cabinet Member(s) X
- Chief Finance Officer X
- Monitoring Officer X
- Strategic Manager
(Policy and Partnerships) X