

**Committee and Date**

12 February 2025

Item

Public



Local Plan and NPPF Position Statement

Responsible Officer:	Andy Wilde
email: andy.wilde@shropshire.gov.uk	tel: 01743 256 401
Cabinet Member (Portfolio Holder):	Chris Schofield (Portfolio Holder - Planning and Regulatory Services)

1. Synopsis

1.1 *This report provides an update to Cabinet on the implications of the updated National Planning Policy Framework and recommends an approach regarding the current Local Plan Review for the purposes of the examination and decision making on planning applications.*

2. Executive Summary

2.1 On 12 December 2024, Government published an updated National Planning Policy Framework (NPPF) and associated updated standard methodology for assessing local housing need. On the 6th January 2025, the Inspectors examining the draft Shropshire Local Plan issued correspondence (ID47) outlining their soundness concerns with the Local Plan.

2.2 This report provides the following:

- Information on the new National Planning Policy Framework (NPPF) and its implications for decision making on planning applications and Local Plan preparation;
- An update to the Council's Housing Land Supply position as a result of the updated NPPF and associated updated standard methodology for assessing local housing need, which has resulted in a new local housing need figure for Shropshire;
- An update on the Council's ongoing Local Plan Review, in particular in light of the recent publication of the Inspectors letter (ID47) following hearing sessions in October 2024;
- Consideration of options and recommendation on how to respond to the Local Plan Inspectors following ID47, and the consequences for further plan making in

Shropshire as a result, including a proposed new timetable for plan preparation (Local Development Scheme);

- A recommended approach for how to respond positively to the updated NPPF and timescales for the ongoing Local Plan Review, including applying weight in decision making to the evidence base supporting the Local Plan Review in seeking to apply the presumption in favour of sustainable development.

2.2 On the final point, this report does not introduce new planning policy, and all planning decisions will continue to be made in accordance with national planning legislation and guidance. However, the implications of the updated NPPF and associated updated methodology for assessing local housing need on the Council's housing land supply is a particularly relevant consideration. This report therefore recommends an approach to supplement the Council's housing land supply in the absence of a recently adopted Local Plan.

2.3 The report is set within the context of the Council having a number of current planning applications yet to be determined on sites proposed for allocation in the Local Plan Review, and the prospect of several more being submitted in the coming months. It should also be noted that several proposed allocated sites have already received planning permission for development, either through positive decisions of the Council or through decisions of the Planning Inspectorate at appeal.

2.4 This report therefore seeks to provide a positive and pragmatic approach for the delivery of sustainable development in Shropshire in the period before the Council has a newly adopted Local Plan.

3. Recommendations

3.1. Cabinet:

1. Notes the implications of the updated National Planning Policy Framework (NPPF), in particular regarding the increased local housing need in Shropshire as a result of the associated updated national standard methodology; the implications for managing development in the Green Belt; and the transitional arrangements for plan making.
2. Notes that as a result of the new local housing need figure calculated as required by the updated NPPF, Shropshire cannot currently demonstrate a five year supply of deliverable housing sites.
3. Agrees that following receipt of the Local Plan Inspector's letter (ID47), and having considered the options outlined in Section 7 of this report, that the letter detailed in Appendix 1 is sent to the Inspectors as a response, and that subject to the agreement of the Inspectors the assessment processes referenced in this response are progressed in accordance with the stated Project Plan.
4. Agrees the new Local Development Scheme (LDS) included as Appendix 2.
5. Agrees that the evidence base supporting the draft Local Plan (2016-2038) is a material consideration in decision making on relevant planning applications, to support the implementation of the presumption in favour of sustainable development. This will include planning applications for new development on

sites proposed to be allocated in the submitted version of the Local Plan (2016-2038).

Report

4. Risk Assessment and Opportunities Appraisal

- 4.1. It is a statutory responsibility for Councils to maintain an up-to-date Development Plan. Under the Government's 'plan-led' approach to development, the Local Plan is a key component of the overall Development Plan for the area, and should provide a positive strategy to enable an area to grow in a sustainable manner. Another part of the Development Plan for an area is Neighbourhood Development Plans, usually prepared via Town and Parish Councils'.
- 4.2. In dealing with planning applications, section 70(2) of the Town and Country Planning Act 1990 (as amended) requires a planning authority to have regard to the provisions of the Development Plan so far as it is material to the application. Further, section 38 (6) of the Planning and Compulsory Purchase Act 2004 (as amended) states if regard is to be had to the Development Plan for the purpose of any determination to be made under the Planning Acts the determination must be made in accordance with the plan unless material considerations indicate otherwise.
- 4.3. The updated National Planning Policy Framework (NPPF) and associated updated standard methodology for assessing local housing need published on 12 December 2024, have led to immediate and important changes to decision making on planning applications in the County. As a result of the new local housing need figure of 1,994 dwellings per year and the reintroduction of 'buffers', it is considered Shropshire can demonstrate a 4.73 years' supply of deliverable housing sites. This is important as it impacts upon the balance of considerations on relevant planning applications. Recognising the housing land position, and applying this in decisions on planning applications, will reduce the risk of legal challenge on procedural grounds.
- 4.4. With regard to the ongoing Local Plan Review, this paper presents two options by which to respond to the recent letter from the Planning Inspectors (ID47) outlining their concerns. In setting out these realistic options, and seeking Cabinet approval on a preferred approach, it ensures that the risk of resourcing these scenarios has been considered fully. For instance, the report acknowledges clearly that to respond fully to the Inspector's request within the timeframe set out is not possible, at least in part due to resourcing constraints. The report therefore provides a reasonable and pragmatic response to the Inspectors, having considered the risks involved.

5. Financial Implications

- 5.1. Shropshire Council is currently managing an unprecedented financial position as budgeted for within the Medium Term Financial Strategy approved by Council on 29th February 2024 and detailed in our monitoring position presented to Cabinet on a monthly basis. This demonstrates that significant management action is

required over the remainder of the financial year to ensure the Council's financial survival. While all Cabinet Reports provide the financial implications of decisions being taken, this may change as officers review the overall financial situation and make decisions aligned to financial survivability. Where non-essential spend is identified within the Council, this will be reduced.

5.2. This may involve:

1. Scaling down initiatives;
2. Changing the scope;
3. Delaying implementation; or
4. Extending delivery timescales.

5.3. It is generally considered planned growth provides the best possible opportunity for Shropshire Council to harness inward investment by providing a stable platform for investors and developers (from both the public and private sectors). Growth also provides an opportunity to secure contributions to help maintain and improve local facilities, services and infrastructure. It should also be recognised new growth also imposes an additional burden on local services and therefore provides opportunities to secure investment to improve local facilities which are the responsibility of Shropshire Council and other public service providers.

5.4. This report details the options considered in response to the recent Inspectors letter. The report recommends an approach which seeks to proceed with the current Examination, although it is recognised that this only partially responds to the Inspectors requests. This recommendation has taken account of financial and staff resource implications of undertaking this proposed additional work. It has been concluded it is not feasible for the Council to respond to all of the Inspectors comments in the way they would appear to prefer. Most notably, the request to extend the plan period by three years, with associated evidence base updates, is not considered to be either necessary or a good use of Council resources. It could also not be achieved within the 6 month time period postulated by the Inspectors. The proposal is therefore to seek reconsideration by the Inspectors on several points, which will have the effect of reducing the financial burden.

5.5. The transitional arrangements set out in the NPPF also have resourcing implications. Most notably, even if the current Local Plan Examination process were to proceed on the basis of the proposed response (this is subject to a future decision of the Inspectors) the NPPF requires the swift commencement of work on a further Local Plan Review, as early as this Autumn. The Local Development Scheme proposed in this report establishes an indicative timetable for this process. It is recognised this is a further significant burden on Council resources, and whilst there are ways to mitigate costs, for instance by seeking efficiencies in evidence base collection and seeking cost recovery wherever possible, there will remain a financial burden of undertaking this further review of the Local Plan. The new plan-making system is likely to be included in the Planning and Infrastructure Bill, which we understand is likely to be published in March. At this stage (and based on previous Government announcements), it is anticipated this new system will be more streamlined, which will likely reduce the financial burden, although at this stage it is difficult to quantify.

6. Climate Change Appraisal

- 6.1. The updated NPPF contains several policies designed to adapt to and mitigate the impact of climate change. Indeed, it should be noted that even in the absence of a five year supply of deliverable housing sites, national policy still advocates for a 'presumption in favour of sustainable development'. In assessing the sustainability credentials of new proposals, Councils' are therefore being specifically asked to have particular regard to directing development to sustainable locations, making effective use of land, securing well designed places, and providing affordable homes (NPPF, Para 11(d)(ii)).
- 6.2. Furthermore, the NPPF contains national policy promoting sustainable transport and planning for climate change. It remains the ambition of the NPPF to ensure the planning system supports the transition to net zero by 2050, taking full account of all climate impacts including overheating, water scarcity, and storm and flood risks. It specifies that new development should be planned for in ways that avoid increased vulnerability to the range of impacts from climate change and help to reduce greenhouse gas emissions - such as through its location, orientation and design.
- 6.3. This report seeks to set out a positive approach to decision making in the period whilst the Council cannot demonstrate a five year housing land supply. Given the significant evidence base supporting the draft Local Plan, it is considered appropriate to afford this some weight in decision making as a material consideration, supplementing other such material considerations like the NPPF. This evidence includes viability considerations, which are considered to allow new development to maximise fabric efficiency, ensuring all proposals of 10 or more dwellings achieve Part L of the building regulations as a minimum, and ensuring all residential developments provide a minimum of 10% of its predicted energy needs from on-site renewable and low carbon sources.

7. Background

- 7.1 The National Planning Policy Framework (NPPF) is a significant material consideration for decision making on planning applications and for plan-making. The NPPF was first introduced in 2012 and has since been through several iterations. The latest update was published by the Ministry for Housing, Communities and Local Government (MHCLG) on 12 December 2024. This update is supported by an updated standard methodology for assessing local housing need.
- 7.2 Navigating changes to national Planning Policy over the past few years has proven challenging for both Local Planning Authorities and local communities. It is fair to say the most recent update to the NPPF and standard methodology for assessing local housing need have introduced some of the most significant changes to planning policy in the last 20 years, and is highly relevant to Shropshire and many other Local Planning Authorities. These changes have immediate impact for decision making on planning applications. There are also a range of transitional arrangements introduced relating to plan-making, relevant to Shropshire's position.

- 7.3 The published update to the NPPF and associated update to the standard methodology for assessing local housing need are set in the context of Government's commitment to enable the delivery of 1.5 million new homes in the England during the five year parliament. This aspiration represents a steep uplift in housing delivery across the country as a whole and to achieve this means the vast majority of Local Planning Authority areas are now faced with significant increases in their local housing needs. In Shropshire's case, the new local housing need is 1,994 dwellings per annum, representing an 86% increase on the previous defined local housing need. As a direct result of this new local housing need figure, Shropshire cannot currently demonstrate a five year housing land supply. This will have an impact on how the Council takes decisions on planning applications as detailed from paragraph 7.43 onwards (below).
- 7.4 The Council has also recently received further correspondence (ID47) from the Planning Inspectors currently examining the draft Local Plan. By way of context, the Independent Examination has been running since September 2021, and has been subject to several hearing sessions on a range of issues. Most recently, following additional work undertaken by the Council in 2024 (agreed by Cabinet in April 2024) and public hearing sessions in October 2024, the Inspectors indicated they had identified a range of soundness concerns. These are now set out in the Inspectors further correspondence (ID47) dated 10 December 2024, but only received by Shropshire Council on 6 January 2025. The Council are being invited to respond to the Inspectors with a project plan, setting out how these issues will be rectified, within a six month timeframe.
- 7.5 In deciding how the Council now responds to the Inspectors letter it is appropriate to consider the implications of the updated NPPF and associated update standard methodology for assessing local housing need. In particular, the elevated local housing need figure for Shropshire and the proposed transitional arrangements.
- 7.6 This paper sets out the options considered and seeks agreement of the preferred response to the Inspectors, which is included as Appendix 1.

The Updated National Planning Policy Framework (NPPF)

- 7.7 For the sake of brevity, this report only draws Cabinet's attention to three specific areas of the updated NPPF: revised housing need and implications for housing land supply; managing development in the Green Belt; and the transitional arrangements. Each of these are considered to have a consequential impact to both decision-making on planning applications and plan-making. It is recognised the updated NPPF provides policy on a number of other areas, and as such this report also provides a link to the full document.

Shropshire's New Housing Need and Housing Land Supply

- 7.8 The updated NPPF is accompanied by an updated national standard methodology for calculating an area's local housing need. This has had a very significant impact on Shropshire's local housing need. Within the updated standard methodology, the baseline is informed by an area's current housing stock, a specific adjustment is then required in response to the area's overall affordability ratio. By way of context, the affordability ratio is calculated by dividing house

prices by median workplace-based earnings. The higher the ratio, the more challenging it is considered for residents to purchase properties.

- 7.9 In the case of Shropshire, this updated assessment results in a new local housing need of **1,994 dwellings per year**. Shropshire's previous local housing need (utilising the previous standard methodology) was 1,070 dwellings per year. The uplift of 924 dwellings per year (86% increase) is clearly very significant, and numerically is the largest increase in local housing need across the West Midlands.
- 7.10 There is a direct and immediate impact of this new local housing need figure, in the context of housing land supply. The concept of maintaining a minimum of five years of housing land supply is long established and is maintained in the updated NPPF. Paragraph 78 of the NPPF states "*Local planning authorities should identify and update annually a supply of specific deliverable sites sufficient to provide a minimum of five years' worth of housing against their housing requirement set out in adopted strategic policies, or against their local housing need where the strategic policies are more than five years old*".
- 7.11 Shropshire's current adopted Development Plan housing requirement is more than five years old and therefore it is the new annual local housing need figure of 1,994 dwellings which must be used in this assessment. The NPPF also states Councils need to increase this further by 5% as an additional buffer to create choice and competition in the market. The combined five year requirement plus buffer is therefore **10,469 dwellings**.
- 7.12 The Council's up to date Housing Land Supply is included as Appendix 3. This shows the Council is able to demonstrate a **deliverable supply of 9,902 dwellings** in the five year period. This includes a number of proposed site allocations in the draft Local Plan. Whilst this is a very considerable supply, it does mean that it is considered Shropshire can currently demonstrate a **4.73 years' supply** against need, which means a five year supply cannot currently be demonstrated.
- 7.13 Paragraphs 7.43-7.54 of this report outline the proposed approach to decision making on planning applications given the current housing land supply situation resulting from the new standard methodology and in the context of delay to adoption of a new Local Plan.

Managing Development in the Green Belt

- 7.14 Whilst maintaining many of the broad principles of Green Belt policy, such as the need for Councils to demonstrate exceptional circumstances in order to remove land from the Green Belt through Local Plan examinations, of importance the updated NPPF introduces the concept of "grey belt" – a sub category of Green Belt.
- 7.15 For the purposes of plan-making and decision making grey belt is defined as "*land in the Green Belt comprising previously developed land and/or any other land that, in either case, does not strongly contribute to any of purposes (a), (b), or (d) in paragraph 143. 'Grey belt' excludes land where the application of the policies relating to the areas or assets in footnote 7 (other than Green Belt) would provide a strong reason for refusing or restricting development.*"

- 7.16 By way of context the ‘purposes’ of Green Belt referred to in this definition remain unaltered and are:
- a) to check the unrestricted sprawl of large built-up areas;
 - b) to prevent neighbouring towns merging into one another;
 - c) to assist in safeguarding the countryside from encroachment;
 - d) to preserve the setting and special character of historic towns; and
 - e) to assist in urban regeneration, by encouraging the recycling of derelict and other urban land.
- 7.17 In very broad summary, there would appear to be an expectation that Local Planning Authorities prioritise the delivery on grey belt land before higher quality Green Belt land in both plan making and decision making. To inform future considerations on this issue, the Council will be seeking to update its Green Belt review evidence in 2025. Whilst this is principally to inform any future Local Plan review, it will also be used to inform decision making on relevant planning applications. The Council has submitted an expression of interest to MHCLG for financial support to undertake this further evidence, and are currently awaiting feedback.

Transitional Arrangements for Plan Making and new Local Development Scheme (LDS)

- 7.18 Whilst the updated NPPF and updated standard methodology for assessing local housing need (resulting in a new local housing need figure for Shropshire) apply immediately (from 12 December 2024) for the purposes of decision-making on planning applications, the NPPF also includes a range of transitional arrangements for the purposes of plan-making, which will be relevant to future plan-making in Shropshire.
- 7.19 In Shropshire’s case because the draft Local Plan has been submitted for examination (Regulation 22 stage) the policies of the new NPPF (and new local housing need figure) do not apply to this draft Local Plan. Subject to consideration of the Inspectors’ recent letter (see below) this would therefore allow the current examination to continue without the need to incorporate the new local housing need.
- 7.20 However, paragraph 236 of the NPPF stipulates that where the housing requirement of a draft Local Plan at examination meets less than 80% of the new local housing need, the Local Planning Authority “*will be expected to begin work on a new plan, under the revised plan-making system provided for under the Levelling Up and Regeneration Act 2023 (as soon as the relevant provisions are brought into force in 2025) in order to address the shortfall in housing need*”. For clarity, the new ‘plan-making system’ referenced is not yet known but is likely to be set out in the upcoming Planning and Infrastructure Bill, expected in the Spring of 2025 and to come into force in the Autumn of 2025. At this stage the Council anticipates this system will be similar to that previously consulted on in 2023, which would require Local Planning Authorities to complete Local Plan Review’s (including examination) within a 30 month timetable.

- 7.21 Shropshire's proposed housing requirement (1,423 dwellings per annum) in the draft Local Plan does not meet 80% of the new local housing need figure (1,994 dwellings per annum). In practice therefore, this will mean that regardless of the progress of the draft Local Plan currently at examination, the Council is likely to need to begin work on a new Local Plan under the new plan-making system, as early as this Autumn. This new Local Plan would need to incorporate the new local housing need figures.
- 7.22 The NPPF and subsequent correspondence from MHCLG requires Local Planning Authorities to set out what this means in terms of expected timeframes for plan preparation. Appendix 2 therefore provides a proposed new Local Development Scheme (LDS). This sets out a parallel process of the Council continuing with the current Local Plan examination (subject to agreement on the Council's response and if granted permission to do so by the examining Inspectors) and the timeframe for a new Local Plan Review starting in Autumn 2025.
- 7.23 The LDS proposes a timeframe for adoption of the current draft Local Plan in summer 2026, and adoption of the next Local Plan in summer 2028. It is acknowledged this cross over of plan preparation timeframes is highly unusual and not ideal. However, there would currently appear to be little flexibility, although the Planning and Infrastructure Bill may provide additional clarity.
- 7.24 The implications of these transitional arrangements are discussed further below within the context of assessing options for how to respond to the recent Inspectors correspondence (ID47).

Shropshire Local Plan Update

- 7.25 The draft Local Plan was submitted for Examination in September 2021, with independent Planning Inspectors appointed to undertake the Examination. Several public hearing sessions have occurred since then, most recently in October 2024. Following these sessions the Inspectors have issued correspondence (ID47) (which is included as a background paper to this report), which sets out a range of soundness concerns.
- 7.26 ID47 asks the Council to provide a project plan to the Inspectors which sets out how all of the soundness issues will be addressed within a six month timeframe. The letter states that should this not be possible, the Inspectors would need to consider the position with the likely outcome being the recommendation of the withdrawal of the draft Local Plan.
- 7.27 In broad summary, the Inspectors consider the following interrelated issues in combination have a cumulative effect that go to the heart of the draft Local Plan, and because of these shortcomings they find the draft Local Plan currently unsound:
- The pre-determined nature of the strategy, with specific reference to the outcomes of the Council's additional Sustainability Appraisal (SA) work undertaken in 2024;
 - The apparent shift in land requirements that have taken place – this refers to the manner in which the Council is seeking to accommodate forecast unmet needs from the Black Country;
 - The approach is at odds with the stated high growth strategy;

- The implications of the Black Country needs being met at the expense of Shropshire needs;
- Issues regarding the Sustainability Appraisal and approach to reasonable alternatives;
- The strategy does not meet the needs and commitments or strategic priorities of the area;
- The degree to which windfall sites and proposed 'saved' SAMDev site allocations are relied on in the housing and employment supply; and
- The impact of the loss of the proposed strategic employment site allocation (SHR166) at Shrewsbury.

7.28 The Inspectors also refer to the July 2024 letter from Minister of State Matthew Pennycook to the Chief Executive of the Planning Inspectorate. This sets out the expectation for Planning Inspectors to change their approach to Local Plan examinations, and to only apply pragmatism where plans are likely to be capable of being found sound with limited additional work to address soundness issues. The defined six month timetable for responding to these concerns has therefore become a consistent approach from Inspectors in situations such as this.

7.29 In responding to the Inspectors' concerns, it should firstly be recognised the issues raised are extensive, and the work required to rectify them is going to be challenging. It is also considered some of the Inspectors' conclusions are somewhat surprising given the evidence available at the examination. On the face of it, there would appear to be a lack of consistency with previous guidance provided by the Inspectors on some key points, and there are issues where the Council has a reasonable expectation they would have been highlighted earlier in the examination process.

7.30 Having reflected upon the Inspectors' letter, it is considered there are only two reasonable options open to the Council in approaching its response:

- 1) Withdraw the draft Local Plan from the Examination immediately as the Council would be either unwilling or unable to undertake the work required within the defined six month timeframe; or
- 2) Positively respond on the soundness concerns raised by the Inspectors which, on balance, the Council can either agree with or are prepared to accept. It is considered these identified soundness issues are capable of being rectified by further work. Under this option it should be recognised there are issues where the Council may not fully agree with the conclusions of the Inspectors, but are nevertheless willing to seek to undertake the work required within the six month timeframe in order to move forward positively and show a degree of pragmatism.

7.31 An option where the Council responds in full to all of the soundness concerns is not considered either possible or beneficial within the six month timeframe. The Council is therefore unable to respond to all of the issues identified.

7.32 The Council's proposed response is included as Appendix 1 to this report. This includes a Project Plan of work proposed to be undertaken. In summary it proposes a compromise position, where there is agreement to undertake further work on some issues, but clearly establishes the issues where we now request the Inspectors to reconsider their conclusions,, informed by material considerations detailed within the response itself. In arriving at this conclusion, there has been

significant consideration given to the NPPF's transitional arrangements for plan-making summarised in paragraphs 7.18 to 7.24 above.

- 7.33 Most obviously, the practical resourcing implications of seeking to continue with the current examination as opposed to choosing to voluntarily withdraw draft Local Plan, is an important consideration. In short, the benefits to the Council to seek to progress the current draft Local Plan to adoption in 2026 are considered to outweigh these obvious challenges. The most obvious benefit to the Council of adopting the draft Local Plan in 2026 would be the re-establishment of a five year housing land supply upon adoption. For clarity, this is because the NPPF allows Councils with a recently adopted Local Plan to assess their five year requirement against the adopted Local Plan target as opposed to the local housing need figure, which in Shropshire's case is higher. Technically, this would allow the Council to give full weight to the recently adopted Local Plan in decision making.
- 7.34 For the avoidance of doubt, should Cabinet agree to the proposed response to the Inspectors' letter, this will rely upon the Inspectors reconsidering some issues. It is felt there are material factors which would allow the Inspectors to do this, detailed within the proposed response, but it should be noted this is a decision outside of the Council's control.
- 7.35 One of the main points it is proposed to seek the Inspectors to reconsider regards the over the issue of plan period, and their expectation that the Council now seeks to extend it by three years and include equivalent additional housing and employment land supply. To put this into context, this alone would mean the Council needing to identify an additional 4,200 dwellings and 41ha of employment land. In short, it is considered this expectation at this stage of the examination is unreasonable, and from a practical perspective not achievable within the defined six month timetable. It is noted the Inspectors' letter was prepared in advance of the NPPF's new transitional arrangements. As detailed above, for Shropshire, this would mean beginning work on a further Local Plan Review as early as this Autumn, with a view to adopting that Local Plan in Summer 2028. With the awareness of this additional information, we see little benefit in extending the period of the current draft Local Plan by three years, and so on this basis it is proposed that the Inspectors are asked reconsider their position on this matter.
- 7.36 In summary, the proposed approach seeks to achieve the following:
- Accept the requirement for a new strategic employment site at Shrewsbury to offset the removal of site SHR166 from the draft Plan, and confirm the Council can undertake the necessary processes associated with addressing this soundness concern in the stipulated six month period.
 - Whilst having significant concerns with a number of other soundness matters raised, indicate the Council is prepared to accept them in a pragmatic effort to move the examination forwards and confirm the Council can undertake the necessary processes associated with addressing this soundness concern in the stipulated six month period. These are:
 - a. **The housing requirement:** increase of 1,000 dwellings to a total of 32,300 dwellings – consisting of two components, 30,800 dwellings for Shropshire and 1,500 dwellings as a contribution to unmet housing need forecast to arise in the Black Country.

- b. **The employment land requirement:** increase of 10ha to 330ha – consisting of two components, 300ha for Shropshire and 30ha as a contribution to unmet employment land need forecast to arise in the Black Country.
 - c. **Accommodating contributions to the Black Country:** Identification of a new allocation(s) to accommodate proposed 1,500 dwelling and 30ha employment land contributions to the Black Country. The site assessment process undertaken to inform identification of this new allocation(s) will give explicit consideration to the benefits of co-location and proximity to the Black Country.
- Request the Inspectors reconsider their comments and soundness concerns, informed by the material issues raised within the proposed response, on the following issues:
- a. **The suitability of Stage 3 of the SA and site assessment methodology** – with specific reference to the work undertaken by the Council which is considered to be transparent and effective.
 - b. **The suitability of the Green Belt evidence base** – within the context of providing evidence to support the site assessment process.
 - c. **The Plan period addressed within the draft Shropshire Local Plan** – with specific reference to the expectation to extend the period by three years.
 - d. **The housing and employment land supply** – with specific reference to the comments on reliance on windfall sites and proposed ‘saved’ SAMDev site allocations.

Housing and Employment Requirements and meeting the Black Country Unmet Need

- 7.37 Given the important implications resulting from the Inspector’s letter, it is worth highlighting in more detail the expectations of the Council in accommodating some of the Black Country’s unmet housing and employment needs.
- 7.38 By way of background, at earlier stages of the examination, it was agreed the Council met the legal Duty to Cooperate (DtC) process. This is a major hurdle in its own right, and in Shropshire’s case was supported by the agreement reached with the four Black Country authorities (Dudley, Sandwell, Walsall and Wolverhampton) to accept 1,500 dwellings and 30 hectares of employment land as contributions to unmet needs forecast to arise in these areas. This agreement between the five Councils has been maintained throughout the examination.
- 7.39 It now seems clear the Inspectors have accepted the 1,500 dwellings and 30 hectare contributions, but have a significant concern about the manner in which this is proposed to be incorporated into the draft Local Plan. On the face of it, the Inspectors now require the Council to make a clear distinction between the Shropshire and Black Country elements of the requirements and to identify specific sites within the east of the County where these Black Country contributions can be accommodated, without compromising the ability of other identified site allocations to meet Shropshire’s needs.
- 7.40 Previously, the Council has proposed to increase the housing and employment requirements by 500 dwellings and 20 ha respectively in seeking to respond to previous guidance from the Inspectors on this issue. However, the outcome of the

Inspectors latest comments would mean a further increase in housing and employment land requirements of 1,000 dwellings and 10 hectares of employment land respectively (in order to achieve the 1,500 dwellings and 30 ha of employment land in total), and the need for the Council to identify a new site or sites in the east of the County specifically to accommodate the contributions of 1,500 dwellings and 30 hectares of employment land. The Inspectors acknowledge many of the available site options are in the Green Belt.

- 7.41 In addressing these issues, it should be recognised the Council has sought at all stages of the examination to present options which appeared logical and responsive to the Inspectors correspondence. It is unfortunate therefore this issue has taken some time to resolve itself, and it would appear that the Inspectors updated position in ID47 is, at least in part, as a result of the objections of a number of 'omission' site promoters. Whilst clearly this is somewhat frustrating, it is an accepted part of plan-making.
- 7.42 On the basis of their letter, it is apparent the Inspectors are now inviting the Council to consider releasing Green Belt land in the east of the County specifically to accommodate Black Country needs. Whilst it is proposed to agree to consider this as part of the proposed Project Plan (if accepted by the Inspectors) and resultant further assessment work, it is important to remember it remains a decision for Shropshire Council to decide to formally propose allocations. This report therefore is only seeking approval from Cabinet to undertake the necessary assessment work, rather than reach any conclusions on site allocations, as quite rightly this does need to be subject to further SA.

Decision Making on Planning Applications in the Interim

- 7.43 Section 38 (6) of the Planning and Compulsory Purchase Act 2004 (as amended) requires that in taking decisions on planning applications, determination will be made in accordance with the adopted Development Plan, unless material considerations indicate otherwise. In light of the changing national policy through the updated NPPF and associated updated standard methodology for assessing local housing need, the impact this has had on the Council's housing land supply, and the impact of either a delay or withdrawal of the draft Local Plan from examination, it is considered appropriate to set out a clear position on decision-making in the County.
- 7.44 NPPF paragraph 11 sets out the implications of not having a five year housing land supply for decision making, within the context of the application of the presumption in favour of sustainable development. Bearing in mind the NPPF indicates that where a Council cannot demonstrate a five year supply of deliverable housing sites, this will mean its planning policies most important to the decision will be considered out of date. In this context the NPPF states:

“where there are no relevant development plan policies, or the policies which are most important for determining the application are out-of-date, granting permission unless:

- i. the application of policies in this Framework that protect areas or assets of particular importance provides a strong reason for refusing the development proposed; or*

ii. any adverse impacts of doing so would significantly and demonstrably outweigh the benefits, when assessed against the policies in this Framework taken as a whole, having particular regard to key policies for directing development to sustainable locations, making effective use of land, securing well-designed places and providing affordable homes, individually or in combination”

- 7.45 Firstly, and for clarity, the Council’s housing land supply position is important in decision-making. It does not however mean that the Council must approve all housing development proposals. In effect, it requires the decision maker to apply less weight to policies in the adopted Development Plan, and more weight to the presumption in favour of sustainable development as a significant material consideration, when reaching a decision. This is why it is referred to as the ‘tilted’ balance.
- 7.46 It is also important to recognise that this ‘tilted balance’ approach maintains the general principles of good planning, in that development should be genuinely sustainable in order to be approved. Indeed, paragraph 11 of the NPPF specifically highlights several important considerations for the Council before concluding whether a proposal is genuinely sustainable. Notably it directs development to sustainable locations; ensures it makes efficient use of land; secures well designed places; and provides affordable housing. Other policies of the NPPF will also be relevant in determining the sustainability of proposals.
- 7.47 Should Cabinet agree the proposed approach to responding to ID47, and subject to the Inspector’s views on this, there is either going to be a delay to the adoption of the draft Local Plan or the draft Local Plan will likely need to be withdrawn from the Examination. Whilst the proposed approach set out in response to the Inspectors seeks to be positive and pragmatic, and ultimately, it is hoped , would enable continued progress with the examination, there is a real prospect that further delay to this process will have an unhelpful and destabilising impact on Shropshire’s communities and the wider housing market.
- 7.48 Therefore, when taking these issues together - the impact of the NPPF and the further delay to the adoption of the draft Local Plan - it is felt important for the Council to signal a positive stance on development in the County, especially where emerging development proposals are in general conformity with the draft Local Plan. This approach therefore advocates the use of the evidence base supporting the draft Local Plan in decision making as a material consideration, whilst continuing to reflect upon and take account of the extent and scope of any unresolved objections made to the proposed allocation of sites.
- 7.49 The proposed site allocations in the draft Local Plan, both housing and employment land, have all been subject to extensive site assessment and consultation. The Council’s position is that these sites are located in sustainable locations and offer the opportunity to deliver genuinely sustainable development. Indeed, the evidence base supporting these proposed allocations has included discussions and agreement with various statutory agencies and infrastructure providers. Furthermore, it should be noted that the Council’s housing land supply calculation of 4.73 years, is based on the identification of 9,902 dwellings as being deliverable over the next five years, this includes around 2,000 dwellings on draft site allocations in the draft Local Plan. The inclusion of dwellings on these sites in the housing land supply is therefore reliant on this proposed approach to such sites.

- 7.50 Whilst the recent draft Local Plan Inspectors letter (ID47) raised a number of soundness concerns, the outcome of these concerns is prompting the Council to further increase its housing requirement and to identify additional site allocations in order to further bolster housing supply. It does not require the Council to allocate fewer sites. Whilst it is recognised the Inspectors have yet to formally consider the majority of the proposed site allocations, it is considered there has been an opportunity through the Regulation 19 consultation and submission of written representations to the Stage 2 Hearings, for parties who have concerns to raise them. These concerns could also be taken into account in determining planning applications.
- 7.51 It is notable that several of the proposed housing allocations in the draft Local Plan have already been granted planning permission, with some also being under development or indeed completed. Many of these permissions have been granted by the Council specifically applying weight to the draft Local Plan, as well as other material considerations, most notably increases to affordable housing provision on site, relative to policy requirements.
- 7.52 Therefore, whilst this report does not signal a change in policy towards the consideration of these sites, and does not alter the normal process for the consideration of planning applications brought forward in line with section 38 (6) of the Planning and Compulsory Purchase Act 2004 (as amended), it is important that in light of the changing housing land supply position and the application of the presumption in favour of sustainable development, that these draft site allocations are now given positive consideration in principle, subject of course to the considerations of any site specific issues raised.
- 7.53 Given the situation with the five year housing land supply, it is inevitable that the Council will also be required to consider a number of applications on development sites outside those allocated in the draft Local Plan. These will need to be assessed on a case by case basis and may, once assessed, amount to further proposals for sustainable development, and for the period where the Council cannot demonstrate a five year housing land supply, where the 'tilted balance' will apply.

8. Additional Information

- 8.1. Further information on the planning policies within the updated National Planning Policy Framework is available within the document itself, available via: <https://assets.publishing.service.gov.uk/media/675abd214cbda57cacd3476e/NPPF-December-2024.pdf>
- 8.2. Government's updated standard methodology for assessing local housing need is detailed within National Planning Practice Guidance (NPPG) on Housing and Economic Needs Assessment, which is available via: <https://www.gov.uk/guidance/housing-and-economic-development-needs-assessments>
- 8.3. All the latest information on the ongoing draft Local Plan examination is available via the examination and latest news page, available via the Council's website at:

<https://www.shropshire.gov.uk/planning-policy/local-planning/local-plan-review/draft-shropshire-local-plan-2016-2038-examination/examination-calendar/>

- 8.4. The Inspectors most recent letter (ID47), is available on the Council website at: <https://www.shropshire.gov.uk/media/29362/id47-inspectors-findings-following-stage-2-hearing-sessions-dec-24-received-by-sc-060125.pdf>

9. Conclusions

- 9.1. On 12 December 2024, Government published an updated National Planning Policy Framework (NPPF) and associated updated standard methodology for assessing local housing need.
- 9.2. It is considered that three specific areas of policy change within the NPPF are particularly important to be noted by Cabinet. These are:
- Revisions to the assessment of local housing need, which has very significant implications for Shropshire. Specifically, local housing need has increased from 1,070 dwellings per year to **1,994 dwellings per year**.
 - Alterations to the approach to managing development in the Green Belt, through the introduction of a new category, termed grey belt.
 - Transitional arrangements, which will require the Council to commence a further Local Plan Review as early as this Autumn, irrespective of progress on the draft Local Plan currently at examination.
- 9.3. Government has requested that Local Planning Authorities set out what the transitional arrangements mean, in terms of expected timeframes for plan preparation. It is proposed that this is achieved through an update to the Local Development Scheme (the project plan for plan making) which forms Appendix 2 of this report. It is recommended that Cabinet agree this Local Development Scheme for the purposes of guiding plan making in Shropshire.
- 9.4. Cabinet are also asked to note that as a direct result of the updated NPPF and new local housing need figure resulting from Government's new standard methodology, Shropshire cannot currently demonstrate a five year housing land supply (the latest assessment forms Appendix 3 of this report). This will have an impact on how the Council takes decisions on planning applications.
- 9.5. On the 6th January 2025, the Inspectors examining the draft Shropshire Local Plan issued correspondence (ID47) outlining their soundness concerns.
- 9.6. Having reflected upon the Inspector's letter, it is considered there are only two reasonable options open to the Council in approaching its response to the Inspectors. These are to propose the immediate withdrawal of the draft Local Plan from examination; or to positively respond and propose a compromise position.
- 9.7. This compromise position would entail outlining those soundness concerns which we accept or are prepared to accept in order to move forward positively and show a degree of pragmatism. It would also confirm we are able to undertake the work associated with addressing these concerns within

the six month timeframe postulated by the Inspectors. However, it would then indicate those soundness concerns which we do not accept and could not address within the six month timeframe postulated by the Inspectors, therefore requesting they reconsider each, informed by the material consideration outlined.

- 9.8. An option where the Council responds in full to all of the soundness concerns is not considered either possible or beneficial within the six month timeframe postulated by the Inspectors. The Council is therefore unable to respond in full in the manner in which the Inspectors appear to be requiring.
- 9.9. On balance, it is recommended that having considered the options outlined, Cabinet approves the submission of the proposed response to the Inspectors, which is included as Appendix 1 to this report.
- 9.10. This proposed response seeks to positively respond to the Inspectors and propose a compromise position. It also confirms the Council considers that it can undertake the necessary processes to address specified soundness concerns in the specified six month period postulated by the Inspectors and sets out a project plan for doing so.
- 9.11. In summary, this response would involve accepting the soundness concern raised regarding the requirement for a new strategic employment site at Shrewsbury to offset the loss of site SHR166. It would also involve expressing concern about, but pragmatically accepting, the soundness concerns raised regarding the housing and employment land requirements (resulting in their increase by 1,000 dwellings to 32,300 and 10ha to 330ha respectively); and the approach to accommodating contributions to the Black Country (resulting in the need to identify a new site allocation(s) to accommodate proposed contributions to the Black Country, in the east of the County.
- 9.12. However, it would also involve requesting the Inspectors reconsider their soundness concerns (informed by material issues raised in the proposed response), regarding the suitability of Stage 3 of the SA and site assessment methodology; the suitability of the Green Belt evidence base; **the Plan period**; and the housing and employment land supply.
- 9.13. For the avoidance of doubt, should Cabinet agree to the proposed response to the Inspectors letter (ID47), this will rely upon a future decision by the Inspectors, informed by reconsideration of queried soundness concerns. It is felt there are material factors which would allow the Inspectors to do this, detailed within the proposed response, but it should be noted, this is a decision outside of the Council's control. If the Inspectors do not reconsider these soundness concerns or do not reach conclusions consistent with the Council, it is likely this would result in them recommending withdrawal of the draft Local Plan.
- 9.14. Finally, it is recommended that Cabinet agree that the evidence base supporting the draft Local Plan (2016-2038) is a material consideration in decision making on relevant planning applications, to support the implementation of the presumption in favour of sustainable development. This will include planning applications for new development on sites

proposed to be allocated in the submitted version of the Local Plan (2016-2038).

- 9.15. This approach would not signal a change in policy towards the consideration of these sites, and does not alter the normal process for the consideration of planning applications brought forward in line with section 38 (6) of the Planning and Compulsory Purchase Act 2004 (as amended). However, it is important that in light of the changing housing land supply position and the application of the presumption in favour of sustainable development, that these draft site allocations are now given positive consideration in principle, subject of course to the considerations of any site specific issues raised.

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)

The updated National Planning Policy Framework:

<https://assets.publishing.service.gov.uk/media/675abd214cbda57cacd3476e/NPPF-December-2024.pdf>

Inspectors letter (ID47): <https://www.shropshire.gov.uk/media/29362/id47-inspectors-findings-following-stage-2-hearing-sessions-dec-24-received-by-sc-060125.pdf>

Local Member: *All*

Appendices

Appendix 1: Proposed response to the Local Plan Inspector's letter (ID47)

Appendix 2: Draft Local Development Scheme (February 2025)

Appendix 3: Shropshire Five Year Housing Land Supply Assessment (2024 base date)