



Purpose: For Decision

# Full Council Report

Date	<b>5 OCTOBER 2022</b>
Title	<b>PUBLISHING THE ISLAND PLANNING STRATEGY FOR PUBLIC REPRESENTATION AND SUBMISSION TO THE PLANNING INSPECTORATE</b>
Report of	<b>CABINET MEMBER FOR PLANNING AND ENFORCEMENT</b>

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## EXECUTIVE SUMMARY

1. A new local plan, the Island Planning Strategy, has been drafted to replace the Island Plan Core Strategy. The draft Island Planning Strategy has been prepared taking into account the significant level of public consultation undertaken to date. For the Island Planning Strategy to be adopted and be used to determine planning applications it must go through formal stages as directed by statute.
2. Following the previous consultation the draft Island Planning Strategy can now move to the formal stages of plan preparation. The next stages are to publish the draft Island Planning Strategy for the Regulation 19 period for representation and then to submit the plan, the supporting evidence base and all the representations received to the Planning Inspectorate.
3. The Cabinet recommends to Full Council that it agrees to move to the formal stages of plan preparation. The Cabinet recognises that not all Councillors will agree with all aspects of the draft plan, but considers that the draft plan gives the Council the best opportunity to get a sound plan in place as quickly as possible.
4. The Cabinet appreciates that the draft Island Planning Strategy may not be viewed as the perfect plan, but it does consider that it is the best and most pragmatic plan available to the Council at this moment in time. It considers that the draft Island Planning Strategy, in appendix 1, is a sound plan and is therefore capable of being published for representation under regulation 19 of the Town and Country Planning (Local Planning)(England) Regulations 2012.
5. Once the draft plan has been through the formal stages and adopted, the Council will have an up-to-date plan and therefore it will reset its five-year land supply and housing delivery test requirements. When the Council can demonstrate it has an up-to-date local plan, can meet its five-year land supply and meet the housing delivery test minimum requirements it will not have to have due regard to the National Planning Policy Framework's tilted balance of the policy presumption in favour of sustainable development.

6. An adopted plan will also give the officers and councillors of the local planning authority more tools to positively shape development, including the delivery of 'island affordable housing' and a greater ability to refuse applications that do not accord with the new policies. It will also provide the basis for supplementary planning documents (SPDs) to be created, which can give further detail on what the Council expects from policy compliant proposals. An adopted plan will also mean there is an up-to-date policy basis for the preparation of other development plan documents (DPDs) such as a new Waste and Minerals Local Plan (given that the Council is also the waste planning authority and the minerals planning authority).
7. If the 2021 Census data is used to establish a housing figure for the plan, it will mean arguing exceptional circumstances and will be subject to a greater level of scrutiny by the Planning Inspector and would have a greater chance of being found unsound. It would also mean a delay of around 12-18 months, whilst the evidence base and draft plan is reworked.
8. Delaying the process of adopting the draft plan will place the island at greater risk of planning applications being submitted for sites that are considered unacceptable at a time when the local planning authority is in a weaker position due to it having to give regard to the tilted balance.
9. The choice for Full Council is a binary one – to agree to publish the draft plan for public representation and then submit it to the Planning Inspectorate, or not.
10. If Full Council agrees to publish the plan for a period for representation, the period is not anticipated to start any earlier than Monday 31 October 2022 to enable officers to prepare what is a very structured period for representation. This also has the benefit of enabling the outcomes of the committee and report stages of the Levelling Up and Regeneration Bill to be taken into account.
11. By taking the approach of accepting the standard method housing number, but then assembling a robust evidence base that demonstrates why such a figure is not deliverable on the Island helps to mitigate against the plan being found unsound. It is the view of officers, which is supported by KC advice, that this approach has a greater likelihood of success over not accepting the standard method and arguing 'exceptional circumstances'.
12. The Council is at liberty to withdraw the draft plan from the formal stages at any point, should it wish, prior to the Full Council decision to adopt it. Even if the Planning Inspector finds the plan sound and recommends its adoption, Full Council will be responsible for the decision of whether to finally adopt the plan or not.

## RECOMMENDATION

13. Approve the recommendation from the Cabinet following its decision at its meeting on 8 September 2022 (Appendix 4) and to agree to publish the draft Island Planning Strategy in appendix 1 for the regulation 19 period for representation no earlier than Monday 31 October and following the end of the period for representation submit the required information to the Planning Inspectorate.

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| <p>14. Delegate any final editorial and presentational changes to the draft Island Planning Strategy prior to publication and submission, to the Director of Regeneration in consultation with the Cabinet Member for Planning and Enforcement, so long as they do not materially alter the intention of the version agreed by Full Council.</p> |
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## BACKGROUND

15. Section 19(1B)-(1E) of the [Planning and Compulsory Purchase Act 2004](#) sets out that each local planning authority must identify their strategic planning priorities and have planning policies to address these.
16. Through the National Planning Policy Framework (NPPF), the Government has set out that the planning system should be genuinely plan-led. Succinct and up-to-date plans should provide a positive vision for the future of each area; a framework for addressing housing needs and other economic, social and environmental priorities; and a platform for local people to shape their surroundings.
17. The Isle of Wight Council's current plan, the Island Plan Core Strategy, was adopted in 2012 (before the introduction of the NPPF). The Council is in the process of preparing a new local plan, the Island Planning Strategy (IPS), to give it the policy 'tools' it needs to deal with the challenges it now faces, such as the delivery of affordable housing and climate change. The Government has set a deadline for all local authorities to have an up-to-date plan in place by the end of 2023. Delaying the publication and submission of the draft plan further will put achieving this deadline under serious jeopardy, particularly given that the Council will not be directly responsible for the process once the draft plan has been submitted to the Planning Inspectorate.
18. Since 2018 the Council, as local planning authority (LPA), has determined planning applications under the statutory test having regard to the tilted balance of the policy presumption in favour of sustainable development as set out in the NPPF. This is because the LPA has not been able to demonstrate a five-Year Land Supply (5YLS) and is below the Housing Delivery Test (HDT) threshold for delivery of new homes.
19. Adopting the IPS with a new, lower, housing number will reset the 5YLS and HDT calculations, and this is modelled to show that the Council will then be able to demonstrate a 5YLS and quite soon afterwards meet the minimum HDT threshold and therefore not have to have regard to the NPPF's tilted balance of the policy presumption in favour of sustainable development.
20. The Local Government Association (LGA) recently undertook a peer review into Planning Services. One of the six recommendations from the review was:

### **R4 Urgently finalise and adopt the Island Plan.**

*The local plan provides a degree of certainty for communities, businesses and investors, and a framework for guiding decisions on individual planning applications. Without one it is possible for the submission and acceptance of developments that are deemed not in the public interest and outside of the needs and priorities of local people, as outlined in a local plan.*

## The process and next steps for the draft IPS

21. The [Town and Country Planning \(Local Planning\) \(England\) Regulations 2012](#) prescribe the stages a local plan must go through. Because these stages are set out in regulations, each stage will often be referred to by the relevant regulation. The following breaks down the next steps, should the decision of Full Council be to agree to publish the draft IPS.
- **October 5<sup>th</sup>:** Full Council decides whether to publish the Draft IPS for Regulation 19 period of representation, if it does then:
  - **October 6<sup>th</sup> - late October:** Officers make necessary arrangements for the period of representation given the formal nature of the Regulation 19 process as set by planning legislation.
  - **Early November:** Commencement of 6-week Regulation 19 period of representation.
  - **Mid-December:** Regulation 19 period of representation closes.
  - **Mid-December – late January:** Officers collate representations received during Regulation 19 period of representation.
  - **End of January / early February:** Draft IPS, evidence base and Regulation 19 representations submitted to the Planning Inspectorate.
- From this point forward the Council is not in control of the timescale, however recent correspondence with PINS suggests the following.*
- **2-3 weeks after formal submission:** Planning Inspector(s) appointed for the examination.
  - **12- 16 weeks after appointment of Inspector:** Start of examination hearing sessions that are likely to last for 2-4 weeks.
  - **8-12 weeks after closure of hearing sessions:** Receipt of Inspectors Report into the soundness of the plan.
  - **If the Inspectors Report recommends adoption of the plan, Full Council to make the final decision whether to adopt the plan.**
22. At the regulation 19 stage the Council should publish what it believes is a sound plan. For a plan to be sound it must meet the tests of 'soundness' contained in paragraph 35 of the NPPF. The tests of soundness are that the plan is:
- a) **Positively prepared** – providing a strategy which, as a minimum, seeks to meet the area's objectively assessed [housing] needs; and is informed by agreements with other authorities, so that unmet [housing] need from neighbouring areas is accommodated where it is practical to do so and is

consistent with achieving sustainable development;

- b) **Justified** – an appropriate strategy, taking into account the reasonable alternatives, and based on proportionate evidence;
- c) **Effective** – deliverable over the plan period, and based on effective joint working on cross-boundary strategic matters that have been dealt with rather than deferred, as evidenced by the statement of common ground; and
- d) **Consistent with national policy** – enabling the delivery of sustainable development in accordance with the policies in this [National Planning Policy] Framework and other statements of national planning policy, where relevant.

The standard method, 2014 household projections and exceptional circumstances

- 23. To be positively prepared a plan must be “a strategy which, as a minimum, seeks to meet the area’s objectively assessed [housing] needs”. The Government, as set out in national planning policy and guidance expects strategic policy-making authorities to follow the standard method for assessing local need. The standard method uses the Office for National Statistics (ONS) 2014 household projections as part of the calculation of need. It was suggested to Cabinet that more recent 2021 census data on population growth should be used to inform future housing need on the island.
- 24. It was also brought to the Cabinet’s attention that two other local plans had successfully used population data more recent than the ONS 2014 household projections.
- 25. Both examples given were national park local planning authorities. Paragraph 2a-014-20190220 of the Government’s national planning practice guidance states that *“Such authorities [national parks] may continue to identify a housing need figure using a method determined locally, but in doing so will need to consider the best available information on anticipated changes in households as well as local affordability levels”*.
- 26. However, a review of the available information shows that Northumberland did in fact use the 2014 household projections as their demographic starting point. In fact Northumberland chose to also take into account market signals relating to price and quality, alongside the Government’s general desire to increase the supply of housing when considering market signals adjustment, and increase their housing number above the number calculated by the standard method.
- 27. The starting point for national park local planning authorities is clearly different to the Isle of Wight Council’s starting point, which is set out in paragraph 61 of the NPPF:

*“To determine the minimum number of homes needed, strategic policies should be informed by a local housing need assessment, conducted using the standard method in national planning guidance – unless exceptional circumstances justify an alternative approach which also reflects current and future demographic trends and market signals. In addition to the local housing need figure, any needs that cannot be met within neighbouring areas should also be taken into account in establishing the amount of housing to be planned for”*.

28. This expectation that the standard method should be used is then elaborated further in national planning practice guidance, which asks whether the use of the standard method for strategic policy making purposes is mandatory. In response to that question it states:  
  
*“No, if it is felt that circumstances warrant an alternative approach but authorities can expect this to be scrutinised more closely at examination. There is an expectation that the standard method will be used and that any other method will be used only in exceptional circumstances”.*
29. In light of the guidance it is considered that to use the standard method calculation but inputting non-2014 household projection data would be arguing exceptional circumstances (as set out in paragraph 61 of the NPPF).
30. Whilst it is clear from the policy and advice that a local authority such as the Isle of Wight Council should use the standard method, it could chose to go down a different route and argue exceptional circumstances but that this route can be expected to be scrutinised more closely at examination.
31. Whilst some may consider such an approach in fact offers a ‘greater’ reward in the shape of a significantly lower housing number, with greater scrutiny there is a greater risk that the Inspector could find the approach unsound.
32. The issue of whether or not to pursue a position based on exceptional circumstances is something that has been suggested in the responses to the regulation 18 stage consultations.
33. Following the publication of the latest affordability ratios in late March 2022, the standard method calculates the Isle of Wight’s housing figure to be 730 per year. The number of new homes proposed in the plan is an average of 479 per year. This figure represents a minor reduction from the previously consulted upon figure of 486, which itself is a reduction from the 641-figure included in the first Regulation 18 version of the plan.
34. The plan as drafted accepts the Government’s standard method for housing need, but is based upon strong evidence that demonstrates why 730 new dwellings per year is not deliverable (and therefore not realistic), but that planning for a housing requirement of 479 new homes (a figure which is a third lower than the Government’s figure) can be delivered. Such an approach is considered to be compliant with paragraph 66 of the NPPF and guidance, as it would show ‘the extent to which their [the local authority’s] identified housing need can be met over the plan period’.
35. This housing requirement planned for is lower than the identified need as calculated by the standard method due to the restricted ability of the island housing market to build houses (as evidenced by historic delivery rates over the past 20 years and a wide range of barriers that exist).
36. There is no one cause of the deliverability issues mentioned above that can easily be ‘fixed’ and it is a combination of factors, all broadly consequent upon the fact that the Island is, by virtue of being an island, a localised market with particular economic challenges which hamper the delivery of higher levels of housing. These market issues are compounded by the difficulties of securing funding for increased

levels of affordable housing, which in other neighbouring authorities may allow for additional housing to be provided. It is important to note that the multi-layered nature of the causes of under-delivery on the Island are unique.

37. If the Council were to argue exceptional circumstances and calculate its own housing number, it would still, as set out in paragraph 61 of the NPPF, be required to reflect current and future demographic trends and market signals. It is the current and future demographic trends (such as in-migration to the Island) that some advocating arguing exceptional circumstance suggest we should not be taking into account.
38. The planning practice guidance also states (in paragraph 011) that '*Where an alternative approach to the standard method is used, past under delivery should be taken into account*'.
39. Officers have received external KC advice on whether pursuing exceptional circumstances or accepting the standard method, but evidencing why it cannot be delivered, would be considered to be a sound approach. The advice received was that accepting the standard method, but evidencing why it couldn't be delivered would have a greater chance of success than basing a position on arguing exceptional circumstances.
40. Using the population growth census data (published in late June 2022) to underpin a case for exceptional circumstance, as has been suggested in some quarters, is likely to mean a delay of a minimum 12-18 months to get to the Regulation 19 stage we are currently at. This is because the case for exceptional circumstances will need to be constructed, the evidence base re-commissioned and re-written and the draft IPS document revised. In the view of the professional Planning Officers, such an approach (using the population growth census data) is unlikely to be successful, given the guidance available and the extra scrutiny that would be given to such an approach.

The case of Gladman Developments Ltd v Secretary of State for Housing, Communities and Local Government [2021] EWCA, which was considered by the Appeal Court, was also cited as an example of where they were successful in ensuring they were able to use post 2014 data.

41. It is unclear from this and a review of the full decision, the direct relevance of this particular judgement to the issues of whether to apply the standard method and/or the use of the 2014 national household projections.
42. Regardless of the above, the Government's planning practice guidance poses the question why are 2014-based household projections used as the baseline for the standard method? In response, the guidance says:

*"The 2014-based household projections are used within the standard method to provide stability for planning authorities and communities, ensure that historic under-delivery and declining affordability are reflected, and to be consistent with the Government's objective of significantly boosting the supply of homes".*

43. The Council could, of course, disregard Government guidance on this issue but as outlined elsewhere in this report it is considered that there are significant risks and that doing so is unlikely to result in the plan being found sound by a Planning Inspector. The work associated with this approach would delay the preparation and

adoption of further SPDs and DPDs. Without a Waste and Minerals DPD (which is currently programmed to be the next DPD to be prepared) the island will not have up-to-date dedicate policies to deal with proposals for mineral extraction, hydraulic fracturing (fracking) and exploration for, and extraction of, oil.

44. Significant changes to the plan, such as arguing exceptional circumstances, will have a considerable effect on the timetable for adopting a new local plan. It would mean establishing an evidence base that satisfactorily answered questions such as what will delivering a number of homes per year dramatically below the level set out in the draft plan mean for those on the housing register or wanting to move (either to improve or downsize), what impact will it have on the Island's economy and what impact will it have on the Island's demographics and age of population?
45. Such work, and then to go through the informal consultation to get to the point in the process we are at now, is anticipated to take at least 12 months. Even then there is no guarantee that a new evidence base will be sufficient to support such an approach through the examination process or indeed that such an approach would sufficiently comply with national planning policy and therefore be capable of being found sound.
46. The Cabinet appreciates that the draft IPS may not be viewed as the perfect plan, but it does consider that it is the best and most pragmatic plan available to the Council at this moment in time. It is firmly of the view that the Council will be in a significantly stronger position with the IPS in its current form than without it. It considers that the draft IPS, in appendix 1, is a sound plan and is therefore capable of being published for representation under regulation 19.

#### Use of the 2021 census data

47. In late June 2022 the 2021 Census population statistics were published. These statistics show that the population growth on the island in the last 10 years is 2,100. This is an increase from 138,300 in 2011 to 140,400 in 2021. It has been suggested that this census data should be used to calculate an alternative annual housing need, and that this alternative figure would be calculated by simply dividing the historic population growth of the last decade (2011 to 2021) by an occupancy rate of three persons per dwelling. This results in a need figure of 700 dwellings over a ten-year period, or 70 per year. Over a plan period of 15 years (as required by the NPPF), this would result in a total of 1,050 new dwellings.
48. It has then also been suggested that because the Council permitted 5,927 new homes in the same ten year period (2011-2021) and that 3,779 new homes were built, there are 2,148 permitted but not yet completed new homes and as this exceeds the need of 1,050 there is no need for more new homes.
49. It was suggested that the annual figure of 70 new dwellings could be delivered through the existing permissions. By extension it is then assumed that there would be no need to make any allocations in the draft plan.
50. Notwithstanding the myriad of planning policy and evidence base challenges associated with such an approach, it is unclear where the average occupancy rate of three persons per dwelling originates from. The same 2021 Census date states that there were 64,800 households on the island in 2021, which represents 2.16 persons per dwelling (when the Census population figure 140,400 is divided by



households). The suggested occupancy rate of three persons per dwelling would mean 46,800 households on the island, which would be an underrepresentation of 27 per cent on the actual Census data.

51. As explained earlier in the report, the NPPF and national planning policy guidance expects local authorities to use the standard method to calculate housing need. However, a crucial point is that the standard method uses household numbers, not population numbers as part of the methodology. The number of households and the population figure are two different statistics.
52. The number of new households forming is not solely attributable to population growth. Other factors also influence the growth in number of households over time, such as divorce and children moving out of the family home. This is shown by the Census data; whilst population grew by 2,100 in ten years, households increased by 3,700 in the same period. These figures represent an occupancy of 1.76 per persons per dwelling, once again different to the three that is suggested when arriving at a census-driven housing need figure.

#### Potential changes in legislation

53. It is recognised that there are changes to the planning system proposed at the national level. The Levelling Up and Regeneration Bill is, at time of writing, at the committee stage in the House of Commons. The bill reflects some of the proposals published by the Government in the Planning White Paper in 2020.
54. In its original form the bill did not include any provision that would change the current approach towards the use of the Government's standard method as a starting point for local authorities when calculating housing numbers. Potentially this could change as the bill moves through the stages, although for any changes to be fully understood their wording and any transitional arrangements associated with the implementation of the provisions of the bill should it receive Royal Assent would need to be seen.
55. If, as has been suggested, changes to the bill occur as a result of statements made by Liz Truss, in the lead-in to becoming Prime Minister, either at the committee or reading stages, these are anticipated to be made by the end of October.
56. Should Full Council make the decision to publish the draft IPS, the organising of the logistics of the Regulation 19 period for representation (particularly given that this is the first of the more formal stages of plan preparation and is significantly more prescriptive in the regulations than the previous Regulation 18 consultation) are expected to take around 6 weeks. It is therefore expected that the formal period for representation would start no earlier than Monday 31 October, and that this would allow any proposed changes that may occur in the Levelling Up and Regeneration Bill or the mooted National Planning Policy Framework prospectus to be considered prior to the Regulation 19 period for representation starting.
57. It is noted that a NPPF prospectus, which the Government has promised and many commentators and professionals consider to be the most likely place for changes to the approach towards the standard method, was due to be published in the 'summer' of this year. It is understood that the content of the prospectus will be consulted on, to inform a revised NPPF.

58. Speaking at the National Planning Summit 2022 in May, the Government's Chief Planner, Joanna Averley, confirmed that the government's December 2023 local plan deadline was still in place and urged councils to continue to produce their local plans despite the uncertainty around future policy. "You should keep going with your plans, and you shouldn't be holding off for the maybes" she said.

#### The content of the draft Island Planning Strategy

59. As well as making some difficult decisions such as setting a housing number and planning where new homes will go across the island, the draft IPS includes a variety of other policies that seek to address a wide range of issues.
60. As a result of the previous public and stakeholder consultation in 2019 and 2021, ongoing evidence base updates and the recommendations of the Corporate Scrutiny Committee the IPS has been revised, with some of the headline changes summarised below:
- Three new strategic policies covering:
    - Climate Change – the Council's Climate & Environment Strategy sets clear commitments for the council and island to be net-carbon zero and CC1 sets these out in policy whilst also noting how sustainable development proposals will support the IW Biosphere designation and the role this designation plays in showcasing the environmental benefits of the island;
    - Affordable Housing – setting a clear definition of what 'affordable' housing is on the island (AFF1) with deeper discounts from market value than those in the Government definition and encouraging Town, Parish and Community Councils to undertake local Housing Needs Surveys to help inform affordable housing provision;
    - Infrastructure - to ensure that infrastructure provision is supported across the island and that development makes an appropriate contribution (which could be physical or financial, or both) strategic policy INF1 will ensure that new infrastructure is provided or existing is upgraded.
  - Revisions to policy C11 (sustainable construction of new development) that require new development to meet Net Zero thresholds;
  - Additional supporting text to policy KPS2 to reflect the future public sector land regeneration opportunity within Newport Town Centre;
  - Revisions to policies G2, H4, H7 & H10 to ensure the wording provisions of Core Strategy SP1 are carried forward and greater protection is given to land outside settlement boundaries;
  - Minor reduction in the annual housing number from 486dpa to 479dpa as a result of including the latest completed monitoring year (2020/21) into the housing requirement calculation;
  - Inclusion in policy C15 of a clear reference that community led plans can seek to restrict second / holiday home ownership of new build properties;

- A new stand-alone policy relating to the Solent Freeport (E12); and
- A number of sites that were identified for allocation in the early stages of plan preparation (in 2019) have been granted planning permission since the last consultation in 2021. This has resulted in the proportion of homes planned for in the IPS that already have planning permission increasing from 15 per cent to 30 per cent.

61. The draft IPS continues to include policies designed to address a number of issues facing the Island and to give a clear steer on how the Council wishes to move forward. These draft policies include:

- EV2 requiring at least 10 per cent biodiversity net gain from new development;
- EV7 protecting the Local Green Spaces suggested by the community with the same level of protection as Green Belt;
- EV10 protecting 11 different gaps between settlements across the island from development;
- EV12 Support for Dark Skies park status;
- C15 requiring major development to consult with the local community in advance of submission;
- G2 focusing growth within settlement boundaries and no in principle support for development immediately adjacent the 'hard' settlement boundaries;
- G5 requiring developers to build out planning permissions to agreed programmes;
- H9 supporting the principle of development on all brownfield land;
- E3 requiring Employment & Skills Plans from large scale development;
- E7 supporting a range of commercial uses within town centres to increase vitality and footfall;
- T1 requiring Travel Plans from major development and closer links to the emerging Local Transport Plan through 20-minute neighbourhood design principles;
- T5 aligning with building regulations and the requirement for electric car charge points in all new major residential and commercial development; and
- T6 ensuring development adequately mitigates or re-provides any displaced parking

62. The draft IPS also includes proposed allocations of land for a range of uses, including new homes. It is through the allocations the Council can demonstrate how it will deliver the plan and also allows the change in approach to much 'harder' settlement boundaries.

63. The draft IPS has also been subject to an Integrated Sustainability Appraisal (ISA) and a Habitats Regulation Assessment (HRA). Both of these environmental based assessments reviewed all of the policies within the draft IPS and where relevant proposed wording changes to increase scores on the ISA scoring matrix, strengthen policies and remove ambiguity, and these changes have been incorporated in the latest version of the IPS.
64. Appendix 2 sets out a schedule of the changes (excluding typographical and editorial revisions) that have been made to the draft plan since the version that was circulated to all councillors in advance of the cancelled extra ordinary Full Council meeting that was due to be held in April 2022.

## CORPORATE PRIORITIES AND STRATEGIC CONTEXT

### Provision of affordable housing for Island Residents

65. Once adopted the IPS will be a key document in helping the Council plan for and deliver affordable housing for Island residents. It will set the thresholds for the amount of affordable housing a development site will need to provide. It also recognises that a new home that is classified as affordable under the NPPF does not, in practical terms, equal an affordable home in the context of the Island.
66. The IPS therefore proposes policies that allow for deeper discounting of new homes to make them Isle of Wight affordable (which evidence shows ranges from 70 to 60 per cent of market value, depending on the type of property) and supports a new affordable housing product called first homes, which also allow for deeper discounts to first time buyers.
67. The IPS also proposes land allocations for new homes, and all the proposed allocations are of sufficient scale to require onsite delivery of affordable homes. The adoption of the IPS will provide a greater level of certainty to developers and affordable housing providers that sites are available and expected to deliver affordable housing.
68. It is recognised that there is a chronic shortage of affordable properties on the island, especially those for affordable rent. By allocating land for new homes there will be greater certainty for delivery. At this moment in time the most effective and likely delivery mechanism for new affordable homes is through developers providing them on larger sites and paying for them through market houses. Whilst some may consider this is not ideal, permitting larger scale development is the only mechanism that has ensured delivery of affordable housing to the scale that is required on the island.
69. If no allocations are made in the plan, then in all likelihood the delivery of affordable housing will reduce even further with no real certainty about where future supply will come from or how it will be paid for.
70. Furthermore, it has been suggested that no further new homes are required partly because there are 1,200 properties listed on Rightmove for sale on the island. The average house price on the island is £286,619 (Land Registry, June 2022). As of 14 September, of those 1,200 properties for sale less than a quarter (286 or 24 per cent) are non-restricted homes priced at £290,000 or below, albeit even the average house price on the island is unaffordable for many given our worsening

affordability ratio.

71. The median average earnings on the island are £26,832 (ONS 2021), which gives an affordability ratio of 10. This means a full-time employee earning a median wage could typically expect to spend around 10 times their workplace-based annual earnings on purchasing a median priced home. The national affordability ratio is 9.1, which has increased from 7.9 in the last 12 months.
72. The last 12 months has seen house prices growing faster than earnings in the majority of the country. This has led to a reduction in housing affordability (where the ratio has gone up). Across the country the Isle of Wight has experienced the ninth highest increase in the affordability ratio from 2020 to 2021, where it worsened by 24 per cent to jump from 8.09 to 10. Historically the ratios for the island were 7.1 in 2011 and 4.43 in 2001.
73. The increase in affordability ratios (and lack of supply) makes it even more difficult for first time buyers to access the housing market and for existing homeowners to move up the ladder as their circumstances change (such as a growing family).
74. To mitigate this risk, the draft plan proposes allocations for new development, but crucially policy AFF1 which sets out that for properties to be 'Island Affordable' (rather than the national definition of affordable housing set in the NPPF) they would need to be at 70 per cent of market value for one and two bed properties, 65 per cent for three bed and 60 per cent for four bed properties.
75. Assessing the 1,200 properties currently listed for sale on Rightmove and the average median house price (as of June 2022), it is possible to see how many of the 1,200 listed for sale would fall within the definition of 'Island Affordable'. This is set out in the following table. This highlights that without the intervention of a new local plan and the associated certainty and delivery of new affordable homes through the proposed allocations, there is an inadequate amount of homes that are known to be 'Island affordable'.

	Average IOW price (Land Registry June 22)	Island affordable (AFF1)	Island affordable price (IAP)	Currently for sale at IAP
Flat	£157,011	70%	£109,907.70	9
Terraced house	£236,581	70%	£165,606.70	5
Semi-detached house	£297,659	65%	£193,478.35	2
Detached house	£434,620	60%	£260,772.00	0
<b>Total IAP out of 1,200 on market</b>				<b>16</b>

#### Responding to climate change and enhancing the biosphere

76. These targets have been set out in strategic policy CC1 of the draft IPS that also includes explicit reference to the Climate & Environment Strategy as one of the key Corporate documents that will underpin planning decisions on the island. Draft Policy CC1 also notes that making planning decisions in support of the net zero targets will support and help maintain the UNESCO Biosphere designation of the island. The Draft IPS also includes Draft Policy C11 that would require all new homes to be built to net zero carbon thresholds.

77. The draft IPS also proposes allocations on sites that are within or immediately adjacent the current settlement boundaries (as defined in the Core Strategy), which by virtue are the most sustainable locations. By proposing new development in such locations, it will reduce the need to travel and crucially will protect the more rural areas of the island.

#### Economic Recovery and Reducing Poverty

78. If adopted the IPS will have a positive effect in reducing the numbers of residents, and especially children, who are living in poverty (particularly those living in absolute poverty). The proposed policies of the IPS have been written to help secure the Council's aspirations as set out in a range of other plans and strategies. The land use policies of the IPS will directly and indirectly help deliver:

- the council's regeneration ambitions
- sustainable economic growth
- development of opportunities for investment
- skills development

#### Impact on Young People and Future Generations

79. Publishing the IPS for the regulation 19 period of representation is a key step towards adopting the IPS. Once adopted the IPS will have a time horizon of 15 years, and will play a significant role in shaping the Island over that period and beyond. The way in which we plan for and manage development and growth now will have impacts on young people and future generations, and these impacts will be interrelated across the various domains of young people's lives from housing, employment or training, health and the environment.

#### Corporate Aims

80. The Corporate Plan 2021 - 2025 sets out the administration's key areas for action, aspirations and key activities. Once adopted the IPS and its planning policies will play a key role in helping the Council achieve in its three key areas for action:

- A. Provision of affordable housing for Island residents
- B. Responding to climate change and enhancing the biosphere
- C. Economic recovery

81. The specific aspirations and key activities relevant to the IPS are:

- Champion the adoption of a new Island Plan based on housing targets evidenced to meet Island needs and compliant with legislation for adoption by September 2023.
- (33) Accelerate the completion of the Island plan. The process to be followed will include meaningful engagement with residents and town and parish councils.
- Complete all Island consultation on draft Island plan by and seek adoption through the formal process by September 2023.

82. The LGA Peer Review report stated "*The Island Plan plays a key role in delivering the objectives of the council's corporate plan. It cannot do so until it is adopted and therefore the corporate plan is at risk of not being delivered*". It also considered that the draft IPS is aligned to deliver the objectives of the corporate plan.

83. There are also multiple aspirations that directly and indirectly link to the IPS and its policies, and these include:
- (16) Place the health and wellbeing of residents at the centre of all we do
  - (18) Promote the building of affordable supported social retirement housing to ensure residents maintain their independence for as long as possible
  - (22) Support Island wide digital connectivity to support Island businesses and residents
  - (23) Housing that is created must be housing fit for purpose. We will prioritise truly affordable housing for Island residents, meaning housing that is not just affordable to rent or buy but affordable to live in and maintain
  - (24) Wherever possible bring appropriate empty and derelict buildings back into use for affordable housing
  - (35) Complete key regeneration projects to drive employment, skills and inward investment
  - (38) Use available powers to deal with long term empty or derelict buildings that mar our seafront and town centre areas
  - (39) Focus on regeneration our High Street and visitor economy to assist post COVID-19 recovery and growth
  - (40) Promote people-oriented place planning for town centres
  - (41) Support and enhance our biosphere and AONB areas. Support the active management and development of biosphere status and secure dark sky status
  - (43) Commit to develop sustainable transport options with a focus on infrastructure to encourage active travel
  - (44) Promote the increased use of renewable energy in all sectors
  - (45) Embed both the biosphere and the climate change strategy into policy, including the Island plan.

## CONSULTATION

84. The draft IPS has been through extensive public consultation and the next step is for the Cabinet to recommend to Full Council to agree the draft and agree to publish the draft plan for a period for public representation and to then submit the draft plan and representations received to the Planning Inspectorate. Full Council will then consider the Inspector's recommendation, after the period set out in paragraph 19 above, before consideration adoption the plan.

## SCRUTINY COMMITTEE

85. The draft IPS has been through a significant level of corporate scrutiny. In arriving at its recommendation to Full Council the Cabinet has had due regard to the Corporate Scrutiny Committee's meeting on 6 September and the recommendations arising from it. There has also been a Corporate Scrutiny Committee Task and Finish group to consider certain aspects in relation to the draft plan and its processes, which fed back to the Cabinet Member for Planning and Enforcement.

## FINANCIAL / BUDGET IMPLICATIONS

86. There are no direct financial / budget implications in agreeing to publish the IPS for the regulation 19 period of representation. The budget is already in place to cover the costs of both the consultation and the examination process following submission.

## LEGAL IMPLICATIONS

87. The process of preparing a local plan is set out in the [Town and Country Planning \(Local Planning\) \(England\) Regulations 2012](#). Regulation 19 sets out that prior to submitting a local plan to the Planning Inspectorate (on behalf of the Secretary of State) the local authority must undertake certain actions. The publication of the draft plan and accompanying documentation for a period of representation is one of these actions.
88. It is the responsibility of the Cabinet to formulate the draft plan and make a recommendation to Full Council as to the final form of the plan. Full Council's role is to then either accept in full the Cabinet's recommendations in final form, or refer the matter back to the Cabinet for further consideration.
89. If Full Council has objections to the plan as presented, then it must inform the Executive Leader of those objections and give instructions requiring the Cabinet to reconsider it. The Cabinet may then submit a revised plan with reasons for consideration by Full Council or inform Full Council of Cabinet's disagreement to Full Council's objections, again with reasons.
90. Full Council cannot vote through a different version of the plan until the statutory cooling off process has been followed. It is only at a subsequent meeting of Full Council that it can overrule the Cabinet's recommendations and make a decision itself over the content of the plan.

## EQUALITY AND DIVERSITY

91. The council as a public body is required to meet its statutory obligations under the Equality Act 2010 to have due regard to eliminate unlawful discrimination, promote equal opportunities between people from different groups and to foster good relations between people who share a protected characteristic and people who do not share it. The protected characteristics are: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.
92. The draft IPS has been subject to an equality impact assessment (Appendix 3) and the results can be summarised that no negative impacts on the protected characteristics are expected from the policies within the document. The Island has an ageing population and a high percentage of people with mobility problems and a greater likelihood for health problems, which in turn is placing increased demands on services. Through its policies the council wants to ensure that future development contributes to creating environments that are accessible to all generations (and associated health issues) and by doing so improve residents' health and wellbeing.
93. Negative impacts are also not expected to arise from the act of consulting on the draft IPS, and the consultation will provide the opportunity for any issues relating to equality to be raised and considered during the examination in public. Should the IPS be found sound and be considered for adoption by Full Council it will be subject to a final equality impact assessment at that stage.



## PROPERTY IMPLICATIONS

94. Once adopted the IPS will contain planning policies that may be relevant to future plans for Isle of Wight Council owned property and land.
95. A number of the proposed allocations are owned by the Council. If they remain as allocations and the Island Planning Strategy is adopted there will be budgetary and place making implications on the Council. The inclusion of Council owned sites is seen to be a commitment by the local authority to its regeneration aspirations and its place making agenda.

## SECTION 17 CRIME AND DISORDER ACT 1998

96. It is considered that decision of whether to publish the draft IPS or not will not have a direct implication in relation Section 17 of the Crime and Disorder Act 1998 (as amended by Police and Justice Act 2006). However, the IPS does include policies relating to design and 'designing out crime' in new development.

## OPTIONS

97. As set out in the Legal Implications section of this report, the decision to be made by Full Council is a binary one. The options available to Full Council are therefore to:
  1. Approve the recommendation from the Cabinet following its decision at its meeting on 8 September and to agree to publish the draft Island Planning Strategy in appendix 1 for the regulation 19 period for representation no earlier than Monday 31 October and following the end of the period for representation submit the required information to the Planning Inspectorate.

or

  2. Not approve at this meeting to publish the draft Island Planning Strategy in appendix 1 for the regulation 19 period for representation at the earliest practical opportunity and following the end of the period for representation submit the required information to the Planning Inspectorate.
98. If option 1 is chosen, then a subsequent option is to:
  3. Delegate any final editorial and presentational changes to the Island Planning Strategy prior to publication and submission, to the Director of Regeneration in consultation with the Cabinet Member for Planning and Enforcement, so long as they do not materially alter the intention of the version agreed by Full Council.
99. If option 2 is chosen, then the subsequent requirement is to:
  4. Inform the Leader of the Cabinet of the objection(s) which Full Council has to the draft Island Planning Strategy recommended by the Cabinet and to instruct the Leader of the Cabinet to reconsider, in the light of those specified objections and any suggested changes and the reasoning for them, the draft Island Planning Strategy submitted to it and, within ten working days beginning on the day after the Leader of the Cabinet receives such

instructions, to

- (a) submit a revision of the draft plan as amended by the Cabinet, with the Cabinet's reasons for any amendments made to the draft plan back to Full Council.

or

- (b) inform Full Council of any disagreement that the Cabinet has with any of the Full Council's objections and suggested changes and the reasons for Cabinet's reasons for any such disagreement.

## RISK MANAGEMENT

100. Publishing the draft IPS for the regulation 19 period for representation is the next step to an independent Planning Inspector finding the plan sound and the Council adopting it. To minimise the risk of the plan being found unsound by the Planning Inspectorate the Council has followed national policy and guidance in preparing an appropriate evidence base and a draft IPS, which is considered by officers to be sound and therefore capable of being submitted to the Planning Inspectorate following the regulation 19 period for representation.
101. The suggestion has also been made that the 2,148 homes permitted but not yet completed can be delivered to a type and price for rent that islanders can afford. It is unclear under what powers the current planning or property legislative systems have available to retrospectively change and/or fix a tenure and price that a home with planning permission can be rented for, or to who it can be rented to. It is also considered that such an approach will be incredibly difficult to defend at examination.
102. In a similar vein it has been suggested that there are a significant number of empty properties, second homes and properties being used for short term holiday lets (such as Airbnb) and these properties could be used to address existing housing needs. Whilst it would clearly be beneficial if an empty home is brought back into use, it would not, in planning terms, count as a new dwelling or be added to the dwelling stock figure as its use is already established as a residential dwelling (unless it is subdivided). It is also unclear what powers there are available to the Council to require the owners of empty properties, second homes and properties being used for short term holiday lets to rent them out at a fixed island affordable rent to island residents on a permanent basis.
103. Based on the information available it is considered that a draft IPS which is based on a housing need of 70 per annum (and is therefore based on 'exceptional circumstances'), does not propose to allocate new land for development, prevents any more housing being approved and relies on existing permissions, empty properties and second/holiday homes to meet all affordable housing needs would be extremely unlikely to provide much 'island affordable' housing at all and would be highly unlikely to be considered sound by a Planning Inspector. Such an approach would also result in a period of delay whilst a case for exceptional circumstances is constructed and evidenced and during that period of delay the risks set out in paragraphs 107 and 108 below would be apparent.
104. The draft IPS has quite rightly been considered by the Corporate Scrutiny

Committee, and the views of the committee have been considered by the Cabinet in arriving at its recommendation to Full Council. The recommendation has also been arrived at by Cabinet in full awareness of the issues and risks associated with the options available to it.

105. It is considered that removing sites at this stage also presents further risks. Such a course of action may trigger planning applications being submitted for the sites in question (where there is not already a planning application submitted) and the local planning authority may have to determine the application having due regard to the 'tilted balance' and under current local plan policy. It is also a risk that the landowners of those removed sites make representations in support of their inclusion which will then be considered by the Planning Inspector, who may recommend re-instating them.
106. There is clearly also a risk of Full Council and/or Cabinet not being able to agree a version of the plan to publish for representation and then submit. This would extend the period where the Council must have regard to the tilted balance of the policy presumption in favour of sustainable development under paragraph 11(d) of the NPPF. It would also mean that the certainty a local plan can give to developers, affordable housing providers and communities would also be delayed.
107. Adopting the IPS will reset the Council's housing numbers and it is forecast that the Council will then be able to demonstrate a 5-year land supply and meet the minimum threshold of the Housing Delivery Test. Under these circumstances the Council will no longer have to have regard to the tilted balance of the presumption in favour of sustainable development under the NPPF due to not being able to demonstrate such a supply.
108. By taking the approach of accepting the standard method housing number, but then assembling a robust evidence base that demonstrates why such a figure is not deliverable on the Island helps to mitigate against the plan being found unsound. It is the view of officers, which is supported by KC advice, that this approach has a greater likelihood of success over not accepting the standard method and arguing 'exceptional circumstances'.
109. Should the IPS (regardless of its content) not be progressed in a timely manner it will mean that the Council have to continue to determine planning applications having due regard to the tilted balance of the presumption in favour of sustainable development for longer. It will also mean that the Council may not achieve the Government's expectation of local authorities having an up-to-date plan by 2023, although the risk is unknown as the Government have not indicated what, if any, sanctions would be put in place on the local authority if this is not achieved.
110. Without an adopted IPS the Planning Committee and Planning Officers of the local planning authority will have to continue to use the policies of the current Core Strategy (where they are not considered out-of-date), which was adopted in 2012, to determine planning applications. This means not being able to use the new policies of the IPS, which have been specifically designed to address key issues now being faced on the island such as affordability of new homes, tackling climate change and ensuring community engagement in the development process at the earliest opportunity.
111. Option 2 is not agreeing to proceed with the IPS to the next stages of the process. Should that decision be made and depending on Full Council's reasons for

choosing option 2, an outcome may be the need to fundamentally review the approach in the draft plan. This would have the potential to combine all the risks identified above and to introduce further new risks such as significant and currently unbudgeted costs associated with compiling a new evidence base. It could also impact on the Council delivering other (either programmed or required by law) documents such as the Waste and Minerals Plan Development Plan Document and the Local Nature Recovery Strategy.

112. Option 2 would also prevent some of the limited resources of the Planning Service being able to focus on other matters raised within the LGA Peer Review, whilst also restricting the resource available to help support town, parish and community councils in the preparation of any community-led plans.
113. Ultimately the Council is at liberty to withdraw the draft plan from the formal stages at any point, should it wish, prior to the Full Council decision to adopt it. Even if the Planning Inspector finds the plan sound and recommends its adoption, Full Council will be responsible for the decision of whether to finally adopt the plan or not.

## EVALUATION

114. The choice for Full Council is a binary one – option 1 or option 2.
115. Agreeing option 1 would not tie the Council to the draft plan, but would instigate the formal stages of its preparation. It would result in, unless there were significant enough changes to the Levelling Up and Regeneration Bill, publishing the draft plan for anyone to make representations on the draft plan which will then be considered by the Planning Inspectorate. The Council can, at any point prior to the adoption of the draft plan withdraw it from the formal stages.
116. Whilst each Councillor will have a view over the content of the draft plan, submitting the current draft will provide certainty to all stakeholders in terms of the process and likely timescales. It will enable those who support the draft plan and those who object to it to make their representations and provide their own evidence to support why they consider changes (no matter how big or small) should be made to the draft plan in order to make it sound.
117. Should the draft plan go through all the formal stages and be adopted, it will crucially mean the Council has an up-to-date plan and that it will lower its five-year land supply figure and consequently its housing delivery test figure. An up-to-date plan along with being able to demonstrate a five-year land supply and meeting the requirements of the housing delivery test will mean that the Council will no longer have to have regard to the tilted balance and the presumption in favour of sustainable development in its planning decisions.
118. The adoption of the plan would also allow the local planning authority to use the new planning policies in its decision-making, to give greater influence over those issues of Island-wide significance such as housing delivery, the affordability of new homes, greater protections to our environment and agricultural land and to greater standards of design.
119. Option 1 would also allow some of the limited resource of the Planning Service to focus on other planning policy work for a period of time following submission, which could include reviewing and updating relevant Supplementary Planning Documents,

assisting town, parish and community councils in community-led plan preparation, commencing work on a Waste and Minerals DPD and looking to take forward the recommendations of the LGA Peer Review.

120. If Option 2 is chosen on the basis of arguing exceptional circumstances for a significantly lower housing number based on the 2021 Census population growth data then that data could not simply be 'fed into' the current draft plan nor into the standard method calculation (as using 2021 ONS population growth data would not be using the standard method calculation which is instead calculated using 2014 Household projections). Using this new data would mean making a case for exceptional circumstances having to be constructed using the population growth data, including an assessment of what the annual housing need would actually be (as demonstrated earlier in this report the occupancy figure suggested can be challenged with alternatives) together with the implications of whatever that housing number is (e.g. on the provision of affordable housing).
121. The benefits of option 1 are considered to outweigh the risks and delays that could be associated with option 2.

#### APPENDICES ATTACHED

122. Appendix 1 – The draft Island Planning Strategy (printed on request)  
Appendix 2 – Schedule of changes to the draft Island Planning Strategy  
Appendix 3 – Equality impact assessment  
Appendix 4 – Recommendations from Cabinet (8 September 2022)

#### BACKGROUND PAPERS

123. The Corporate Scrutiny Committee report on the [Island Planning Strategy](#) (and the [CSC DIPS Recommendations - Appendix 1](#)) to its meeting on Tuesday 6 September 2022.
124. The Cabinet report on the [Island Planning Strategy](#) and [Appendix 1](#) (the draft Island Planning Strategy as presented to Cabinet and not including any changes recommended by Corporate Scrutiny).

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