



Newcastle-under-Lyme Local Plan Examination

Action Point 31 – Windfall Assumptions

Introduction

1. This note is provided in response to the Inspector's request during the Matter 5 (Housing Supply) hearing session for the Council to address concerns with the Windfall assumptions included in the Plan. The Action Point requires the Council to: "Remove outliers from the 15-year assessment period and then consider whether any adjustments are required to take account of the adoption of the Local Plan on windfall sites."
2. This note sets out the methodology the Council has undertaken to review and revise its windfall allowance. It is based on the data presented in the Council's Housing Supply Paper and Trajectory [EX/NBC/04], specifically the historical completions data in Table 3.

Review of Historical Windfall Data and Removal of Outliers

3. The Council's original windfall allowance calculation, as set out in its Matter 5 Hearing Statement [EX HS M5 01, para. 5.8], was based on the average completion rate over the 15-year period from 2008/09 to 2022/23. This produced an average of 62.67 dwellings per annum (dpa).
4. In response to the Inspector's request, the Council has undertaken a critical review of this historical data to identify years with completion figures that are not representative of the underlying trend. The data in Table 3 of the Housing Supply Paper [EX/NBC/04] identifies two significant statistical outliers on the high end of the range:
 - 2016/17: 253 completions
 - 2021/22: 120 completions
5. To quantify how significant these outliers are, the average of the other 13 years was calculated to establish a "representative annual average". This figure is 43.6

dpa. The 2016/17 figure is nearly six times this representative average, while the 2021/22 figure is almost three times higher.

6. The Council's monitoring records confirm that these high figures were the result of specific events:
 - The 2016/17 figure of 253 completions was skewed by the completion of a large 147-unit prior approval scheme, along with a number of other office-to-residential conversions which benefited from the permanent Class O permitted development right introduced by the Town and Country Planning (General Permitted Development) (England) (Amendment) Order 2016 (S.I. 2016/332), which came into force on 6 April 2016 and removed the expiry date for B1(a) office-to-C3 residential changes of use under the prior approval process.
 - The 2021/22 windfall figure of 120 completions was primarily driven by the completion of an above-average number of smaller sites (73 in total), likely reflecting a catch-up in delivery following the lifting of Covid-19 restrictions. The largest single windfall site delivered 29 dwellings (Former Photopia, Hempstalls Lane), accounting for approximately 24% of the total. The remaining completions arose from a wide range of sites, each delivering between 1 and 5 dwellings, as evidenced by the Council's monitoring records for the year.
7. These completions relate to specific, large, unallocated brownfield sites, it is not realistic to assume such events will provide a reliable source of supply on an annual basis. The Council acknowledges that including these exceptionally high years in the calculation of a future average would be inconsistent with the requirement in paragraph 72 of the NPPF for windfall allowances to be "realistic". The inclusion of these outliers artificially inflates the average beyond what could be considered a reliable future source of supply, their removal from the baseline calculations is therefore fully justified.
8. The Council has also identified relatively low completion figures recorded in 2010/11 (21 dwellings), 2011/12 (27 dwellings), and 2014-15 (26 dwellings). The figure of 21 windfall dwellings delivered is significant, as it is more than 50% below the 'representative annual average' of 43.6 dpa. These figures, while low, are reflective of the prolonged impact and subsequent slow recovery from the 2008 financial crisis. As such, they represent a genuine and realistic part of a long-term market cycle. To ensure the Council's forecast is sufficiently cautious and robust against future market volatility, these low-delivery years have been retained in the calculation. Accordingly, only the unrepresentative high figures have been removed from the dataset to establish a more realistic baseline.

9. Having removed the two high outliers, the revised calculation is as follows:

- Original total over 15 years: 940 dwellings
- Less outlier year (2016/17): -253 dwellings
- Less outlier year (2021/22): -120 dwellings
- **Revised total over 13 years: 567 dwellings**
- **Revised annual average:** $567 \div 13 = 43.6$ dpa

This analysis produces a revised, evidence-based baseline windfall rate of **44 dpa (rounded)**.

Adjustment for the Impact of the Local Plan

10. The Council further acknowledges the second part of the query, which requires consideration of how the adoption of the new Local Plan will affect the future supply of windfall sites. Consistent with the principles of the NPPF, the Council seeks to avoid any double counting of housing supply.

11. The submitted Local Plan is proactive in identifying and allocating a range of sites to meet housing need. A review of the allocations in Section 13 of the Plan [CD01] shows that the Plan specifically allocates 15 small-to-medium-sized sites (of under 50 dwellings) on previously developed land. These sites, including those at former car parks, are expected to deliver approximately 205 dwellings.

12. These are the types of sites that have historically contributed to windfall supply. By now allocating these sites, the Plan reduces the future pool of sites from which windfalls can be expected to arise. To understand the scale of this impact, these 205 allocated dwellings have been compared against the representative historic windfall supply (the 567 dwellings delivered over the 13-year period once high outliers are removed). This calculation demonstrates that the new allocations account for 36.2% of the typical historic windfall supply.

13. The Council therefore considers that it is important to apply a downward adjustment to the historic baseline average to account for the fact that a proportion of the future "windfall-type" supply is now explicitly allocated. In recognition of this, and while acknowledging that other sources of windfall will continue to provide a supply, the Council considers a cautious and proportionate adjustment of 20% to be robustly justified.

14. The final calculation for the proposed windfall allowance is as follows:

- Revised baseline average: 44 dpa
- Less 20% adjustment (8.8 dpa): -9 dpa (rounded)
- **Final proposed windfall allowance: 35 dpa**

Conclusion

15. The Council has undertaken a transparent and robust review of its windfall allowance in response to the Inspector's query. By removing significant statistical outliers and applying a justified adjustment to prevent double counting, the Council proposes a revised and robust windfall allowance of **35 dwellings per annum**, phased from Year 4 of the trajectory.
16. This transparent methodology ensures the Council's assessment of housing land supply is soundly based and consistent with the NPPF. The application of this revised figure will be reflected in the Council's updated housing trajectory which is being prepared in response to Action Point 29 which includes a review and reprofiling of the housing trajectory summary spreadsheet.