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Kit Malthouse MP
Minister of State for Housing
Ministry of Housing, Communities and Local Government
2 Marsham Street
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Sent via email

23 January 2019

Dear Minister

**Sir Oliver Letwin's Review:
Implementing strengthened recommendations for tackling housing delivery barriers**

Housing delivery barriers are a key concern for councils across the South East, so we read with interest Sir Oliver Letwin's independent review of build-out and tackling unimplemented planning permissions and housing barriers. Whilst you are considering the recommendations, we would like to take this opportunity to put forward suggestions to ensure your implementation of the review's findings maximises the potential to deliver our housing ambitions.

South East England Councils (SEEC) is a voluntary cross-party membership body, bringing together county, unitary and district councils to promote the views and interests of all tiers of local government across the South East. Tackling barriers to delivering approved housing is an ongoing issue for our members as the South East has the largest population in the UK, at 9.2 million. We also have over one million acres of protected land and a large infrastructure funding gap estimated at £15.4bn by 2030, making it challenging to provide the new homes and services required.

Despite these challenges our members are committed to addressing local housing needs and providing infrastructure and services to support sustainable communities and economies. The South East saw the most homes delivered in England in 2017-18 – some 39,000. However there are currently at least 60,000 unimplemented planning permissions in the South East – around 18 months' supply of homes. Developers' inability or unwillingness to deliver locally approved plans holds back our growth ambitions.

In this context SEEC members welcomed the principles underpinning Sir Oliver's review but have four proposals which we want you to consider to strengthen and widen the applicability of his recommendations. The changes set out below would also give more tools to SEEC members to deliver on the Government's newly implemented housing delivery test for councils, as local authorities currently have limited incentives to drive build-out by the private sector.

1. Applying Letwin proposals to the large number of smaller South East sites

Sir Oliver concluded that the fundamental driver of slow build-out is the lack of diversity in the types and tenures of homes on large sites, which limits the rate at which the market will absorb them. Whilst greater diversity could help in *some* situations, SEEC members feel that the 1,500 home threshold proposed is too high, applying to only a small proportion of the new housing developments in the South East. **The review's recommendation would have little effect on**

build-out in the South East and would not address the problem of thousands of unimplemented planning permissions.

SEEC members believe that the issues Sir Oliver identified in his review can also often apply to sites of fewer than 1,500 homes in the South East. SEEC therefore recommends **Government allows local authorities discretion to also apply Sir Oliver's principles to smaller sites, say of 500 homes upwards.** This will give councils the flexibility to decide which sites would benefit from increased diversity to secure swifter housing delivery.

Members have welcomed Sir Oliver's recommendations on diversity as a way to help provide sustainable housing options for the South East's large and expanding older population and address the need for affordable homes to attract and retain keyworkers in the high cost South East.

2. Local incentives to build-out

While we understand Sir Oliver's conclusion that a lack of diverse housing can play a part in slow build-out rates, there are also other contributing factors that have not been addressed. The Government should consider **providing discretionary local authority powers to incentivise faster building. This could include the ability to charge council tax or other fees on unnecessarily delayed build-out of housing permissions.**

3. Council powers to influence construction skills funding

Sir Oliver considers the shortfall in skills in the construction industry and the impact this would have on build-out. His research noted that there would be a significant "binding constraint" if build-out rates increase on large sites, potentially reducing skills capacity elsewhere. SEEC members have had the same concerns for some time and have previously highlighted a need for 20% more construction workers in London and the South East. Sir Oliver urges the Government to work with major house builders to develop a five year "flash" programme of on the job training. SEEC members support this recommendation but there is a need for sustained longer term action, so we propose that **Government helps boost the supply of much-needed skills in the construction industry by allowing councils and other partners powers to better target funding to training needs, and support vocational training/career paths.**

4. Innovative infrastructure funding

Infrastructure is critical in unlocking sites for housing and economic growth, but existing South East deficits in investment mean there is insufficient funding to upgrade roads, public transport links and social infrastructure. Sir Oliver acknowledges that more "effective coordination" between Government, agencies and private sector operators is needed to speed up the delivery of transport and utility infrastructure before development commences. The South East infrastructure funding gap will not be tackled through more effective coordination alone, but needs new mechanisms to raise sufficient funds for necessary infrastructural projects and affordable housing. SEEC members suggest that **Government should consider giving councils powers and flexibilities to help fill the funding gap for large scale strategic infrastructure projects which go beyond the scope of S106 and CIL or individual councils' and LEPs' budgets.** Key elements of this could be:

- **Allowing South East local authorities to retain a greater share of locally generated business rates, access a share of stamp duty receipts and more control over setting council tax.**
- **Access to one or more infrastructure funds similar to Mayoral CIL and greater certainty over local authority future revenue streams to allow councils to borrow with confidence to fund specific infrastructure projects.**

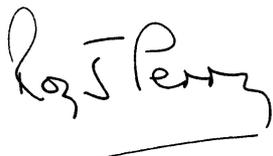
Councils have welcomed the Housing Infrastructure Fund, contributing towards some needs arising from local housing growth in the South East, and urge Government to continue this as part

of a wider infrastructure funding package.

We are also interested in Sir Oliver's outline proposals on land value uplift capture (LVUC). We will be writing separately on this and other ways we think LVUC could help fund infrastructure in the South East. In the meantime we would welcome more detail from Government on how Sir Oliver's recommendation, that councils should insist on levels of diversity that cap residual land values for large sites at around 10 times their existing use, would release increased funding for infrastructure.

SEEC is keen to work with you to find solutions that will overcome current barriers for delivery and would be pleased to discuss the issues raised with you.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Roy Perry', with a horizontal line underneath.

Cllr Roy Perry
Chairman, South East England Councils

A handwritten signature in black ink, appearing to read 'Ralph Bagge', with a horizontal line underneath.

Cllr Ralph Bagge
Deputy Chairman, South East England Councils