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Mr John Rhodes,
Chair, Local Plans Expert Group
c/o Department for Communities & Local Government

Submitted by email to: LocalPlans@communities.gsi.gov.uk

23 October 2015

Dear Mr Rhodes

Response to Local Plans Expert Group - Call for Evidence

We write on behalf of South East England Councils (SEEC) promoting the views and interests of all tiers of local government across the South East, representing over 8.9 million residents. We are pleased to contribute to your review. **In the short deadline you provided, we have focused our comments on the important issue of delivery of locally approved housing plans and vital infrastructure, and recommend this should be given prominence in your review. We also call for stability and simplicity in the locally-led planning system.**

The South East already builds the most homes in England (21,900 in 2014-15, some 3,600 higher than 2nd place London's 18,300). However this is a significant fall from the South East's peak of over 30,000 homes in 2007-08. Housing affordability is a key challenge in the South East, with average house prices around 11 times average earnings, and demand for housing is not expected to diminish given the scale of projected population growth.

A key challenge remains that many locally-approved housing plans are not being effectively delivered, despite permissions being granted by councils. We are also concerned that many areas suffer an existing infrastructure deficit to which new development is likely to add.

Delivering the right types and quantities of housing and infrastructure is vital to sustain the South East's role as the engine room of the national economy, whilst protecting and enhancing quality of life and the environment. Councils are at the forefront of balancing these key issues - a challenging but vital role given the South East's existing and planned high levels of development, extensive Green Belt, statutory environmental constraints (e.g. National Parks, Special Protection Areas, Areas of Outstanding Natural Beauty) and other factors (e.g. flood risk and overstretched infrastructure).

Councils are keen to ensure locally-agreed housing plans and much-needed infrastructure are delivered quickly and efficiently, but barriers exist which hold back local potential. **We highlight below changes in four key areas that will help unlock development and free councils to drive forward locally-agreed housing plans and infrastructure.** Individual member local authorities may also respond with more detailed views based on local experience and expertise.

Panel Call for Evidence topic (b) Local Plan preparation process

1. Councils' vital role in understanding housing and other needs, and the need for stability & simplicity in the locally-led planning system

Councils have the best knowledge of local housing needs and how to meet these, so the planning system needs to support them in using their capacity and skills to take forward development as swiftly as possible. We strongly support the move to localism. Councils are working hard to make the new system work to meet local needs, undertaking extensive work such as Strategic Housing Market Assessments and Strategic Housing Land Availability Assessments to underpin Local Plans, often in partnership across boundaries. This work is particularly important but complex in the South East given the high levels of existing and planned development, housing demand, complex migration patterns (given our proximity to London), Green Belt and significant development constraints. These include coastline, flood risk and statutory designations such as Special Protection Areas, National Parks and Areas of Outstanding Natural Beauty.

We are therefore concerned to ensure the new locally-driven planning system must be allowed to operate without unnecessary interference from Government, freeing areas to take forward plans suitable to their local circumstances, for example as set out in the recent *joint DCN/CCN/POS/RTPI position statement*. Local Plans take time to prepare and this is increased by frequent planning reforms, which can undermine evidence, causing delays and cost to Local Planning Authorities. For example new Planning Policy for Traveller Sites means recently prepared Gypsy & Traveller Accommodation Assessments may effectively now be out of date. This, and the lack of new guidance, leaves councils with a dilemma - either proceed with evidence that may be 'flawed' and risk being found unsound at Examination; or delay the Local Plan until the evidence can be refreshed. Also, while housing is a key requirement it needs to be balanced with economic needs. Changes such as the ability to convert from business to residential use under 'permitted development' is threatening the loss of significant employment sites and may jeopardise local economic growth plans.

We therefore ask the Panel to ensure that Government allows councils to drive forward the localist planning system and avoid unnecessary interference that can undermine local progress. Reducing current bureaucracy will allow councils to reduce costs and delays in developing Local Plans.

Panel Call for Evidence topics (d) Implementation & (e) Observations

2. Ensuring timely implementation of locally-agreed plans

Given the South East's large and growing population, it is important that councils' locally-agreed plans for housing are delivered. At present despite councils' best efforts there are significant numbers of unimplemented planning permissions. LGA *research* identified South East councils gave the most planning permissions nationally over the preceding six years, but had the second highest number of unimplemented permissions, some 56,000 units in March 2013, second only to London. This stalls locally-agreed plans for housing and other development.

The LGA research also highlights the problems of land-banking, where developers purchase and then hold prime development land undeveloped while its value rises. Findings showed that the average period between planning permission being granted and building completion had increased to over two years in 2012/13. This not only delays development but a shortage of viable sites can lead to speculative development, rendering the process of identifying and consulting on prime sites a wasted effort.

To help councils effectively deliver their locally-agreed housing plans, we ask the Panel to recommend Government provides local authorities with the ability to incentivise building of locally-approved housing. This could be achieved through discretionary powers to tackle land held back unnecessarily, for example introducing 'use it, lose it or pay for it' conditions allowing councils to revoke

planning permissions (or a shorter default period of validity e.g. 18 months); and/or permitting local charges (including council tax) on stalled developments.

3. Councils are best placed to determine developer financial contributions for affordable housing and other vital infrastructure needs

Our members are keen to ensure that adequate infrastructure, including affordable housing and transport, is provided alongside development. In a localist system we believe the Government should allow local authorities to determine - working with developers - the appropriate and viable level of section 106 (s106) and other developer contributions/Community Infrastructure Levy (CIL) from all forms of development (including 'starter homes') reflecting local circumstances, as all need supporting infrastructure.

For example, the South East has a large number of small scale housing sites, sometimes referred to as 'windfalls', which play a key role in housing delivery in parts of the South East that have limited large scale development site opportunities. As such, local discretion to gather s106 contributions from these small developments plays an important part in many councils' ability to fund affordable housing and provide supporting infrastructure.

Furthermore, much of the South East suffers from an existing infrastructure deficit to which new development is likely to add. There is frequently insufficient gain from developer contributions to meet new infrastructure needs, perpetuating or even worsening existing under-provision. Centrally-imposed restrictions that exempt certain developments from contributing exacerbate the infrastructure deficit associated with new development. We are also keenly examining the potential implications of the Housing and Planning Bill on these matters. It is therefore vital that local areas are free to ensure s106 and CIL are used effectively, contributing as appropriate to local and more major/strategic infrastructure needs. However there also remains a need to fill the funding gap for infrastructure beyond the scope of developer contributions and individual council or Local Enterprise Partnership (LEP) budgets.

We therefore ask the Panel to call on Government to rethink its centrally-imposed thresholds for, and exclusions (including 'starter homes') from, s106 affordable housing contributions or other developer contributions for infrastructure. Instead these should be issues for local determination. Not only are centrally-imposed rules at odds with the localist approach promoted by the Government, they also impact on our ability to fund much-needed affordable housing and wider infrastructure to underpin successful communities and businesses in the South East. Local democratic determination and scrutiny by councils of scheme viability assessments is also vital, to ensure provision of infrastructure is not jeopardised by unnecessary claims from developers to reduce or set aside developer contributions. The Panel should ensure that local areas are free to ensure s106 and CIL both play their part contributing, as appropriate, to local and more major/strategic infrastructure needs.

We also ask the Panel to call on Government to support other council-led approaches to securing funding to fill the funding gap for other large scale strategic infrastructure schemes that are beyond the scope of s106/CIL and individual council or LEP budgets, such as those set out in SEEC's *Mind the Gap* report (currently being revised).

4. Industry capacity and skills funding

Housing completions in areas such as the South East and London could be restricted if total construction industry capacity is not increased to meet demand for building.

Housing supply would also be improved if developers were required to complete and release homes as quickly as possible. These are factors outside individual councils' control and need wider action, along with ensuring adequate investment in public and privately-funded housing and freeing up mortgage availability.

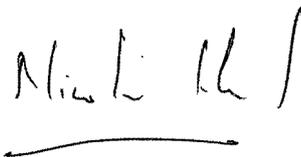
We ask the Panel to recommend Government should work with councils, the housing/development industry and other key partners such as LEPs to find ways to help developers increase delivery of locally-agreed development, as well as ensuring development is completed and released as quickly as possible.

There is also a need for stronger engagement between the construction industry and education and training providers, to ensure that people of all ages are equipped with the skills needed by developers and the wider industry. *Research* by think-tank Localis identified the South East faces deficiencies in the skills base for many key industries, including construction, compounded by a wide-ranging mismatch between the supply of skills and training provision and the needs of businesses. It concluded this emerging skills gap is a potential threat to growth, a concern reiterated by London Chamber of Commerce and Industry *research* across London & South East identifying 20% more construction workers are needed over the next three years but training providers are not supplying qualifications needed. It concludes unless the supply of construction workers is increased, house building targets will not be met and the delivery of large infrastructure projects will be jeopardised.

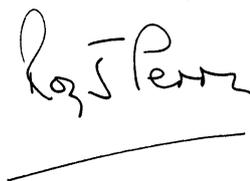
Councils have the local knowledge and understanding of future development plans and potential skills deficiencies, so we ask the Panel to recommend that Government should devolve the commissioning of skills provision to local government.

We would be pleased to discuss any of these issues further with you.

Yours sincerely



Cllr Nicolas Heslop
Chairman, South East England Councils
Leader, Tonbridge & Malling BC



Cllr Roy Perry
Deputy Chairman, South East England Councils
Leader, Hampshire CC