



SOUTH EAST ENGLAND COUNCILS ALL-MEMBER MEETING & WORKSHOP

Date: 1 February 2018

Subject: **Housing & infrastructure delivery workshop: briefing**

Report of: Nick Woolfenden, Head of Policy Co-ordination

Recommendation:

- Members welcome today's expert panel of speakers and discuss key issues and actions which could improve delivery of homes and associated infrastructure in the South East.

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- 1.1 We are pleased to have an expert panel of speakers today. One year on from the Housing White Paper there is still much to be decided on how Government implements policy on housing and infrastructure delivery. We hope you will take the opportunity to discuss South East challenges and possible solutions with:
- Tony Pidgley CBE, Chairman, Berkeley Group
 - Sir Edward Lister, Chairman, Homes England (formerly Homes & Communities Agency).
 - Phil Graham, Chief Executive, National Infrastructure Commission
 - Simon Gallagher, Director of Planning, Ministry of Housing, Communities & Local Government
 - Lord Gary Porter, LGA Chairman, and Mark Norris, Principal Policy Adviser, LGA
 - Case study speakers Cllr John Ennis, Reading BC, and Cllr John Furey, Surrey CC.
- 1.2 Housing and infrastructure delivery are key issues for SEEC members, vital to underpinning sustainable communities and economies. The South East provides the largest homes growth in England, a total of 99,700 over the last 3 years. But as SEEC's responses to the Government's [Housing White paper](#) and subsequent '[Right homes in the right places](#)' consultations highlight, policy changes would enable full delivery of economic and growth plans – including market and affordable homes to buy and rent. Changes should include additional powers for councils to tackle a large and growing number of unimplemented permissions, and more funding options for affordable homes and supporting infrastructure.
- 1.3 SEEC supports the *principle* of Government's national aim to build the "right homes in the right places", but members are concerned by aspects of the proposals which - if not addressed - could hinder councils' work to achieve this sustainably in the South East. Whilst some parts of the South East have significant future growth aspirations/plans, others face considerable challenges accommodating additional growth due to extensive statutory environmental and land use protection, including Green Belt, AONBs, National Parks, SPAs and SSSIs.
- 1.4 **Key SEEC views/proposals that members may want to explore with speakers include questions such as:**
- i. What can we all do to tackle unimplemented planning permissions?**
- Councils want new discretionary powers to incentivise build-out of the South East's unused housing permissions – some 66,750 in March 2016, equivalent to 2 years' supply of homes.
 - These powers would allow councils to incentivise building of already-approved homes rather than having to release more and more greenfield land for housing. Without these powers councils won't have the tools to meet Government's proposed new housing delivery test.
 - As proposed in SEEC's '[Unlock the housing blockers](#)' report, tools should include giving councils discretionary powers to charge council tax or other fees on unnecessarily stalled permissions, and powers to better target skills funding to improve construction sector capacity.
 - Given short timeframe, members want clarity from Government on opportunities for councils to contribute to Sir Oliver Letwin's [review](#) of unused planning permissions. Announced in Budget 2017, an interim report is due in March 2018.
- ii. How can we meet the growing South East infrastructure funding gap?**
- As set out in SEEC's recent [response](#) to the NIC's draft National Infrastructure Assessment, lack of investment in transport, broadband and essential services risks undermining councils' local plan housing targets, economic ambitions and the South East's global competitiveness.

- The South East's estimated infrastructure funding gap of £15.4bn by 2030 is only about 10% of the profits that the area's economic success has contributed to Treasury since 2000. SEEC data shows South East profitability starting to fall behind other areas, so it is important that national investment supports South East continued growth (for example, nationally-significant schemes set out in SEEC's '[Missing Links](#)') as well as investment in regeneration elsewhere.
- South East councils could also help fund more local infrastructure if given access to a share of national taxes collected locally, for example stamp-duty from the first sale of new homes.
- Other changes that could help address local infrastructure funding include: changes to viability testing to unlock the 'true' levels of developer contributions available for infrastructure; exploring 'planning gain' to ensure more of the uplift in land value from granting planning permission is put back into infrastructure; allowing councils to determine locally-appropriate developer contributions from all sizes of site; and a long term future for the New Homes Bonus as this offers a clear financial reward for areas that support housing growth.
- To avoid creating a digital deficit, broadband companies should be treated as an essential utility provider and required to engage in the planning process at the earliest stages.
- Members also want to ensure that the South East is not disadvantaged or left behind in the investment stakes because it is outside mainstream devolution approaches.

iii. What steps can be taken to help councils to build more homes themselves?

- Relaxing the cap on borrowing under Housing Revenue Account (HRA) rules for all councils would allow councils to build more affordable homes themselves. Recent Government proposals allowing councils to *bid* for this opportunity are a move in the right direction, but borrowing flexibility should be available to all as a matter of course.
- Reviewing Right to Buy (RtB) to enable local authorities to sustain stocks of affordable homes by ensuring retained funding is adequate to deliver 1 for 1 replacement. While supporting RtB, some feel it kicks in too soon and discounts are too high to adequately fund replacements.
- Active Government encouragement for new models of delivery such as local housing companies and joint ventures could help councils build affordable homes directly. SEEC recently helped councils set up a South East network to help share good practice/expertise.

iv. How can we address concerns about Government's new housing need calculations?

- A review is needed of 'Planning for the right homes in the right places' proposals, to address unexpected results compared to current assessed needs. Councils should also be able to amend housing targets to reflect local circumstances and available land.
- Members have concerns over results that would see increases of up to 56% for parts of the South East that have current high growth levels but limited further capacity. In other areas reductions of up to 47% could undermine local growth plans.
- Factors to review include the Government's proposed affordability criteria; considering how land use/environmental constraints and development capacity might be factored into baseline need figures; making clear that any 'reduced' needs figures do not take precedence over locally-led higher-growth plans; and ensuring the final methodology results in a deliverable balance of affordable and market homes that meets locally assessed needs.

v. Why clarity is so important on National Planning Policy Framework (NPPF) review and transition?

- There is a need for clarity about timing and consultation on the Government's NPPF review, which will take forward White Paper proposals such as the new housing need calculations.
- Clarity is also needed on how Government will work with councils on transition to implement new national policies once they are finalised. This will be essential to avoid delaying local plan development/delivery during a period of change. This could include allowing a phased approach for any areas that need to accommodate higher growth.