

## SOUTH EAST ENGLAND COUNCILS EXECUTIVE MEETING



Date: 28 September 2018

Subject: **South East implications of the new NPPF**

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

### Recommendation:

Members are invited to note key issues in the final NPPF, and discuss outstanding issues - and how to raise these with Ministers - to help support delivery of local growth plans in the South East.

## 1. Context

1.1 A new [National Planning Policy Framework](#) (NPPF) was published by MHCLG on 24 July, along with supporting documents including updated planning practice guidance. Shortly before publication Kit Malthouse, MP for North West Hampshire, became Housing Minister, replacing Dominic Raab who had held the role for six months. The published NPPF takes forward Government proposals from consultation earlier this year largely unchanged. It confirms Government's aim to increase home building substantially to 300,000 a year nationally (up from 217,000 in 2016-17). NPPF confirms that local plans submitted for examination within six months of 24 July can be assessed under 'old' NPPF rules.

## 2. Key issues for the South East

2.1 Housing delivery, economic success, infrastructure and striking the right balance between environmental protection and development are key issues for South East authorities. South East councils recognise the need for housing and have demonstrated their commitment, enabling over 99,700 homes in the 3 years to March 2017 – the UK's highest delivery rate. However, SEEC member councils face challenges in continuing to increase housing delivery, including:

- A South East infrastructure funding gap estimated at £15.4bn by 2030.
- Over 1 million acres of protected land in the South East alone: including National Parks, AONB, SSSI and Green Belt (which Government has reiterated its support for).
- At least 60,000 unimplemented planning permissions in the South East – almost 2 years' supply of homes. This backlog is caused by factors such as land agents who delay appointing developers or slow building rates by developers who wish to avoid damaging profits by flooding the market with new homes.

2.2 Whilst the South East has an excellent track record in enabling new homes, SEEC's [response to the draft NPPF](#) set out concerns about councils' ability to ensure increased delivery without more tangible powers to incentivise development. In particular, concerns remain about three areas raised by SEEC members:

- **Housing need calculation methodology** – Government is pressing forward with its standard methodology that compares average workplace salaries and house prices, and uses this to adjust official projections. This does not address SEEC calls for amendments to the methodology to address unexpected results. For example the methodology:
  - Allocates housing increases to many parts of the South East with existing high growth levels but limited further capacity.
  - Allocates reductions to other parts of the South East that have higher growth ambitions.
  - Allocates unwelcome reductions elsewhere in England. Research by *Homes for the North* argues the [housing need figures are not fit for purpose](#) because they favour building in the south and risk undermining economic growth ambitions in the north.

Government also highlights that imminent updates to official household projections nationally may show slower growth and could reduce minimum housing need figures generated by the methodology. As a result, MHCLG may consult on adjusting its methodology after the projections are released in September 2018 to consider how the new data relates to Ministers' commitment to build 300,000 homes a year.

- **Tackling unimplemented or slow delivery of planning permissions, and the housing delivery test on councils** – NPPF reiterates that more needs to be done by all partners to address slow housing delivery. It confirms the new housing delivery test by which

Government will judge councils, but falls short of giving additional powers to councils to incentivise delivery by the private sector. SEEC previously made recommendations for a fuller toolkit of discretionary ‘carrots and sticks’ for councils to ensure approved homes are built by developers. This remains vital as councils have very little ability to enforce delivery, which could undermine the new delivery test.

- **Infrastructure funding, including affordable homes and viability** – Government has separately made proposals to progress changes to s106 and viability, with the aim of ensuring development makes more effective contributions to infrastructure. However, as SEEC’s consultation response highlighted, these funding changes alone will not go far enough to address the growing South East infrastructure funding gap. Additional sources of funding will be required to help deliver the transport, utilities/ broadband and affordable homes communities need.

### 3. Shaping next steps

- 3.1 Although the NPPF has been finalised, some of the actions SEEC members feel are needed could be introduced by other mechanisms. These could include, for example, possible secondary legislation to introduce new delivery levers for councils and/ or fiscal measures to support infrastructure investment. The findings of [Sir Oliver Letwin’s review](#) into build-out rates, expected to report to Autumn Budget 2018, may contribute to thinking on this. The range of policy changes needed highlights the importance of Government taking a holistic approach to tackle issues if it is to unlock homes and sustainable communities and economies. It is also of note that Friends of the Earth is seeking a judicial review of the NPPF, arguing the Government should have carried out a strategic environmental assessment of it.
- 3.2 SEEC’s Chairman and Deputy Chairman have invited new Housing Minister Kit Malthouse to meet. As local councils, SEEC members can assist in design and implementation of solutions that will help overcome barriers and balance the often-competing needs for housing, economic growth and protecting green space.
- 3.3 **Members are invited to discuss outstanding actions required from Ministers – and how best to raise these – to help councils comply with NPPF and deliver locally-approved growth plans.** Issues previously raised by SEEC include:
- Improving delivery*
- Allow councils discretionary powers to charge council tax or other fees on unnecessarily stalled planning permissions.
  - Base a revised housing need methodology on average salaries by residence, rather than workplace (as proposed), better reflecting the true ‘spending power’ of local residents.
  - Give councils powers to influence targeting of skills funding to improve construction capacity.
- Infrastructure*
- Ensure developments of all sizes contribute to funding infrastructure, and rethink the Ministerial Statement that excludes sites of 10 units or less from s106 agreements.
  - Allow councils to receive some of the rise in land value when a site gains planning permission, enabling them to invest in additional infrastructure to serve communities and businesses.
  - Give South East councils access to a share of Stamp Duty the first time a home is sold, to help fund the infrastructure needed for new developments.
- Councils building more*
- Relax the cap on Housing Revenue Account (HRA) borrowing for *all* councils, to allow them to build more affordable homes themselves. Recent Government proposals allowing councils to bid for more HRA borrowing are a move in the right direction but do not help those who build through housing companies.
  - Extend Right to Buy (RtB) flexibilities to increase councils’ ability to sustain stocks of affordable homes by ensuring councils retain enough to deliver 1 for 1 replacements. (See also item 5.c.1 for SEEC’s proposed response to current RtB consultation).
  - Active Government encouragement for councils building homes through local housing companies and joint ventures. These vehicles can help deliver much needed affordable homes, key worker housing and extra-care provision for older people.