

# ADDRESSING GROWTH CHALLENGES ACROSS THE WIDER SOUTH EAST

Report of the Wider South East Summit, 26 January 2018

## Summary

### **1. Summit conclusions:**

- 1.1 Over 100 councillors, the Mayor and Deputy Mayor of London, officers and LEP representatives [took part in](#) the 26 January 2018 Wider South East (WSE) Summit, to discuss the London Plan and other priorities for political engagement between London, South East and East of England. The importance of continuing to develop collaboration on growth, infrastructure and related strategic planning framework was reiterated by the Mayor of London Sadiq Khan, Deputy Mayor Jules Pipe, Chair of South East England Councils Cllr Nicolas Heslop, and Chair of the East of England Infrastructure and Growth Group Cllr David Finch, as well as in contributions from the floor.
- 1.2 The preparation of the new draft London Plan provides an important focus for the current phase of that collaboration. This includes the challenge of meeting housing need across London and the WSE, growing the WSE's national economic contribution (including local economies), securing infrastructure investment and the opportunity for discussions with willing partners about strategic growth opportunities in the wider city region.
- 1.3 The Summit welcomed the work of the WSE Political Steering Group (PSG) on tackling barriers to housing delivery and strategic infrastructure priorities. It is important that work continues on both topics and that the challenge of securing tighter prioritisation of infrastructure projects is explored further in terms of both the number of priorities and a phased approach to delivering them.
- 1.4 The issues raised during table discussions on the new draft London Plan included:
  - The potential for London boroughs to be more actively engaged in the work of the PSG, given their role in helping the Mayor deliver against housing targets.
  - Calls for a more active approach to stimulating discussions between the GLA and willing partners on strategic growth opportunities and more clarity about the possibilities.
  - The importance of London and the WSE acting as a counter-weight to arguments from the Northern Powerhouse and Midlands Engine, particularly in relation to WSE infrastructure investment which is essential to enable national economic growth.
  - Concerns that there should be an assessment of the London Green Belt to ensure that the majority of Green Belt land is protected while enabling additional residential development where appropriate inside London's boundaries.
  - The absolute importance of infrastructure investment to support growth aspirations and address public concerns across London and the WSE.
  - An appetite for more collaboration on digital issues, in particular to help minimising the need to travel.
- 1.5 Key issues raised during table discussions on priorities for PSG work in 2018 reinforced the need to continue work on ways to address the WSE's large numbers of unimplemented planning permissions. The PSG should also continue work to press for infrastructure investment and consider whether there is capacity in for WSE engagement to address the challenges around natural resources.

## Main report of the Summit

### **2. New London Plan**

- 2.1 Opening the Summit, Mayor Sadiq Khan outlined his ambition to create fairer, more inclusive, more prosperous places for people to live, work and play. He set out how his new draft London Plan would deliver sustainable and inclusive 'good growth' addressing challenges including accommodating London's population boom while ensuring space for businesses and delivering the infrastructure needed to maintain quality of life. The Mayor aims to accommodate the vast majority of London's housing need within its boundaries and said that by combining economic and political power, key infrastructure projects such as Crossrail 2 can be delivered. But planning for longer-term uncertainties is necessary. Therefore, he is also calling to explore with 'willing partners' how to accommodate growth in sustainable locations outside the capital for mutual benefit, in particular in areas with longer-term ambitions for significant growth. All delegates were encouraged to submit written responses to the [London Plan consultation](#) by 2 March 2018.

- 2.2 The Mayor thanked SEEC and East of England LGA members for their work on the Wider South East (WSE) Political Steering Group (PSG) and stressed the importance of using this partnership to help tackle shared growth challenges and jointly influence Government for solutions.
- 2.3 He said that while London is a leading global city, it is not an island. Much of what London has achieved has been enabled by its connections with the WSE, whose communities, economies and housing markets are intrinsically linked. It is important to sustain and improve these.
- 2.4 Key proposals in the new draft London Plan relevant to WSE members, outlined by the Mayor and Deputy Mayor Jules Pipe, included:
- The Mayor’s aim to meet the vast majority of London’s housing need in the capital’s boundaries without infringing on London’s Green Belt.
  - Ambitious 10-year targets for London boroughs to double the current rate of homebuilding, including a specific target for small sites and with 50% of all new homes to be ‘genuinely affordable’.
  - Delivery focus – the whole draft Plan has undergone a detailed viability study showing that the policies can be delivered.
  - As a longer-term contingency, seeking ‘willing partners’ outside London who would consider accommodating some of London’s housing growth and jobs where there are mutual benefits; building such relationships will take time and one size does not fit all.
  - Support for the [13 initial WSE Strategic Infrastructure Priorities](#), agreed by last year’s Summit.
  - Recognition of the need to sustain the interconnected and nationally-important WSE economy.
  - Support for additional aviation capacity but opposition to expansion of Heathrow Airport unless no additional noise or air quality harm would result.
  - Metropolitan Line Extension – TfL has been unable to reach agreement with Government over responsibility for any further increase in costs. However, the GLA remains open to working with Hertfordshire County Council and other stakeholders on potential alternatives.
- 2.5 SEEC Director Heather Bolton led a question time debate for attendees with the Mayor and his deputy Jules Pipe, SEEC Chairman Cllr Nicolas Heslop, and Chairman of the East of England Infrastructure and Growth Group Cllr David Finch.
- 2.6 Responding to the Mayor of London’s housing and growth proposals, Cllrs Heslop and Finch welcomed the constructive political dialogue built with the Mayor’s office through the PSG and the ambition for London to meet the vast majority of its housing need within its own boundaries.
- 2.7 The Mayor answered questions on WSE concerns including:
- **How would the Mayor ensure he delivers on the Plan’s aims for accommodating London’s housing need in its boundaries?**  
The Mayor explained that he intends to deliver 65,000 of the roughly 66,000 homes needed in London each year by encouraging higher densities and better use of land, including development on small sites. The GLA is proposing ambitious 10-year housing targets, on the basis it is prudent to look at a realistic timeframe. He admitted it may be tough to make sure the 33 London boroughs all play their part in meeting housing need but he is talking to them about this. He also highlighted that delivering 50% affordable homes would require central government to play its part – for example, through further relaxation of the HRA cap.
  - **How the ‘willing partners for growth’ approach could operate, and how it can support ‘good growth’ for the whole WSE including jobs and services alongside homes?**  
The Mayor said his aim is to have conversations between willing councils outside London and GLA about mutually beneficial needs and opportunities including for example, locations for business and industry and related employment. There may also be opportunities to lobby Government together for infrastructure investment that would make greater housing and economic growth attractive to areas outside London.
- 2.8 **After question time, independent Summit facilitator Phil Swann introduced round-table discussions which gave all delegates the opportunity to discuss the draft London Plan in more detail.** Key issues raised included the housing target, the ‘willing partners’ approach, and infrastructure requirements. See **Annex A** for a fuller summary.

### **3. Other priority joint issues – housing delivery and infrastructure**

- 3.1 Tackling housing delivery barriers** – SEEC Chairman Cllr Nicolas Heslop highlighted important WSE work on tackling housing delivery barriers over the past year, and opportunities to influence

Government on speeding up delivery in 2018. Slow use of approved housing permissions by developers is holding up delivery of local growth plans across the WSE, and puts more pressure on councils to release extra development land unnecessarily. He highlighted figures showing over a third of a million unused housing permissions across the WSE, including 274,000+ in London, more than 60,000 in the South East and 40,000 in East of England.

- 3.2 Cllr Heslop explained that over the past year the PSG met Housing Minister Gavin Barwell and followed up with his successor Alok Sharma and it is now important to engage the new Minister, Dominic Raab. He added that the current review of unimplemented permissions by Sir Oliver Letwin represents a further opportunity to call for action to tackle these issues. He also welcomed the fact that the Treasury Select Committee has backed the WSE call for councils' housing borrowing limits to be lifted. This creates an opportunity to build on growing consensus to try and secure the ability for councils to borrow to build homes directly at scale.
- 3.3 He outlined other ongoing priorities to address delivery barriers, as highlighted in the joint [WSE response](#) to consultation on the Housing White Paper:
- The need for further tools and new ways to tackle unused planning permissions.
  - More funding opportunities and flexibilities for supporting infrastructure and affordable homes.
  - Greater influence for councils to steer skills funding to increase construction sector capacity.
- 3.4 Cllr Heslop also highlighted a new challenge posed by Government's proposed housing need figures, set out in 'Planning for the right homes in the right places'. In the South East these have produced some unexpected results including reduced need figures in growing urban areas and unachievable increases in areas with large amounts of protected land. The Summit endorsed continued focus on tackling housing barriers as a shared priority for 2018's joint WSE work.
- 3.5 **Strategic infrastructure priorities** - Cllr James Jamieson from the East of England Infrastructure and Growth Group outlined the initial [13 WSE strategic transport priorities](#), as agreed by last year's Summit. He emphasised the importance of continuing to jointly make the case for infrastructure investment to support growth plans and address public and business concerns about a funding deficit across the WSE. The Mayor had earlier told the Summit that by working together, the collective power of WSE partners could be harnessed to help progress infrastructure projects that are vital to future growth ambitions, for example Crossrail 2. Better digital infrastructure is also needed to support different patterns of work.
- 3.6 Cllr Jamieson explained the Government's own data shows the WSE is the UK's economic 'engine room'. However, infrastructure improvements are needed to match the pan-regional economic ambition and potential. With the right support, the 13 transport priorities have potential to support over 570,000 new homes and third of a million new jobs across the WSE; and some of the priorities give better access to ports and airports for businesses UK-wide, boosting national productivity/growth. PSG members met Transport Secretary Chris Grayling in October to highlight the importance of the 13 WSE priorities and now need to consider the Minister's request to refine and focus priorities further. Engagement with the emerging Sub-National Transport Bodies to strengthen the case for investment through alignment of priorities would form an essential part of this.
- 3.7 SEEC Chairman Cllr Nicolas Heslop highlighted that the South East alone faces a £15.4bn infrastructure funding gap by 2030, and that additional growth will exacerbate this. He said the WSE needs to emphasise to Ministers that without funding to support our planned growth we risk damaging the economy – and at least some of this funding needs to come from national Government. He said Government should also look at allowing councils access to more funding – for example a share of stamp duty collected locally and greater retention of locally-raised business rates.
- 3.8 The Summit endorsed continued focus on infrastructure investment and agreed that the PSG should work on refining the list of 13 priorities. The intention is to add value to and support local lobbying, not duplicate it. Talks with the emerging Sub-National Transport Bodies (such as Transport for the South East) are also planned to explore alignment of priorities.
- 3.9 **After question time, round-table discussions gave all delegates the opportunity to discuss the potential priorities for 2018 further.** Key issues raised included support for continued work on tackling housing barriers, strategic transport, and to explore if there was capacity for WSE joint working to further consider environmental management issues and digital infrastructure. See **Annex B** for a fuller summary.

## **ANNEX A: NEW DRAFT LONDON PLAN – SUMMARY OF ROUND-TABLE FEEDBACK** **AT WSE SUMMIT JANUARY 2018**

### **Housing Target**

- New target may be unrealistic to deliver in the light of limited capacity of local authorities and building industry.
- If the target is not delivered, there could be further out-migration from London potentially with implications for authorities outside London in terms of infrastructure requirements, house prices, housing-employment balance, quality of life, which should be considered.
- The target only covers the next 10 years leaving uncertainty in terms of housing supply beyond this period.
- London needs to look at the Green Belt, as many authorities outside London do, to contribute to meeting their housing need.

### **Willing Partners**

- There should be more transparency and guidance around the London Plan's 'Willing Partners' policy – how does it work, who to talk to at which level, who are GLA talking to already?
- There should be greater clarity about the 'offer' to / 'deal' with potential Willing Partners, in terms of opportunities related to economic development and infrastructure improvements.
- Local ambitions to build sustainable communities - not just commuter towns - outside London should be respected.

### **Infrastructure Requirements**

- There is insufficient Government funding to forward fund required strategic infrastructure.
- Capturing land value uplift to help fund infrastructure should be strengthened.
- The Metropolitan Line Extension not going ahead sends the wrong signal in terms of collaboration on growth and infrastructure.
- London's support for infrastructure provision should extend beyond its immediate neighbours and include for example engagement with Oxford-Cambridge growth corridor.
- In terms of environmental infrastructure such as waste management and water supply, it should be made clear if/when London can meet its own requirements.
- In terms of social infrastructure policies, impacts on authorities outside London should be recognised.
- Collaboration opportunities related to improving digital infrastructure should also be explored.

### **Economic Development**

- There should be more clarity on intelligence and collaboration opportunities related to jobs and the scope for exploring economic complementarity.
- WSE collaboration is vital to help addressing competition from the North of the country.

### **Relationships**

- The London boroughs and their neighbours outside London should engage more closely and the London boroughs should be more explicitly part of the WSE work generally.

**ANNEX B: 2018 WSE PRIORITIES – SUMMARY OF ROUND-TABLE FEEDBACK**  
**AT WSE SUMMIT JANUARY 2018**

**There was consensus for continued focus on:**

✓ **London Plan**

- Continued close engagement post-consultation and during next steps (EIP etc).
- Importance of understanding how ‘willing partners’ approach would work in practice, including what is being asked of/on offer to potential partners outside London.
- Need for continued joint work on strategic issues, including shared infrastructure priorities (see below).

✓ **Strategic transport infrastructure**

- Mixed views on whether PSG should prioritise ‘within’ the 13 transport priorities, *or* maintain focus on all 13 priorities as they are all essential for growth.
- *If* prioritising, it should consider criteria covering economic, environmental and social aspects to help identify the priorities, along with timescales for delivery.
- Important to maintain a focus on orbital WSE routes, not just radial, to release capacity on London routes and serve areas outside London.
- Should consider role of Sub-National Transport Bodies.
- In relation to funding options, partners should explore public and non-public investment sources to fund infrastructure schemes, as well as pressing Government for devolved fiscal powers for local government. Important to be able to fund new schemes and maintain existing network.

✓ **Tackling housing delivery barriers**

- Continued priority to press Government for council powers to incentivise (‘carrots and sticks’) timely build-out of permissions; also to tackle ‘approval banking’ by land agents who sit on the land once permission granted and then expect permission to be reapplied automatically. Also tackle other capacity issues including: encouraging small builders, filling construction skills gaps, and potential of modern construction methods.
- Continue to make the case for affordable homes funding powers/freedoms and opportunities for councils to build more themselves (for example lifting HRA cap).
- Make the case for local retention of (at least some of) land-value uplift from land designated for development and/or planning permission, and any other new fiscal measures, to support infrastructure provision which unlocks/supports development (for example TIF).

*All the above should be set in the context of creating good places and strong economies for communities across the WSE – reflecting the importance of co-location of homes, jobs, infrastructure, and services including education and health.*

**Possible additional issues for PSG to consider engagement on, subject to capacity:**

- **Natural resources/ environmental management** - consider if scope/capacity to look at utilities ie. water/waste/energy issues, re meeting current and future demand.
- **Digital / smart approaches / technologies** - these could help reduce the need to travel; many authorities are actively seeking to explore the potential, but it is a new and rapidly growing sector, where collaboration on good practice / lessons learnt could be beneficial; also significant potential impacts through retrofitting relevant technology into existing housing stock and urban fabric.