



SEEC-LGA Building Homes and Funding Associated Infrastructure Workshop

27 January 2017, Church House, Westminster

Workshop Summary

The South East has an excellent track record in achieving the largest increase in new homes in England but, even so, numbers fall short of local plan ambitions and funding infrastructure is an ongoing challenge.

This SEEC-LGA event provided an opportunity to hear about innovations in delivering housing and infrastructure, learn from others' experiences and identify where Government changes could help councils achieve more.

SEEC Chairman, Cllr Nicolas Heslop opened the event and summarised three key South East challenges:

- the need to increase delivery of affordable and market housing in all tenures
- that councils' local growth plans are not being matched by developers delivering on the ground
- that housing cannot be seen in isolation without considering the infrastructure to support it. Existing funding streams are inadequate to deliver the transport, schools, health, utilities and affordable homes needed to support the South East's economic and housing growth.

Event Facilitator Andrew Coleman from Local Partnerships, said that local government has the ambition to overcome these challenges – many councils are gearing up for housing delivery either directly or in partnership but the right support and tools from Government are needed to scale this up.

A [presentation by Cllr Heslop](#) summarised SEEC's new report '[Unlock the housing blockers](#)' including [seven recommendations](#) to Government for tackling unimplemented planning permissions and barriers to housing delivery. These changes would help councils ensure developers build and would free up more funding to invest in infrastructure.

In a keynote address, LGA President, Lord Kerslake said the housing challenge is to double the supply of homes on a sustained basis to meet need, but infrastructure is also essential to make great places. On both counts, the South East pressures are particularly high. He believed there had been a sea-change in Government, with Gavin Barwell supporting rented homes as well as starter homes but he said infrastructure was harder to crack because it straddled multiple Government departments. He said there was a big responsibility on the South East, so councils would need to offer Government more delivery in return for new powers.

Lord Kerslake suggested a number of priorities local authorities should be asking Government for including:

- Flexibility on setting of planning fees to cover costs and provide a better service to developers
- More Government investment in the place-making capacity of local authorities
- Relaxation of the housing borrowing cap and the ability to trade headroom between authorities to allow councils to build more themselves
- Mechanisms for councils to attract up-front infrastructure investment before growth
- Extending the qualifying period for Right to Buy to significantly more than the current 3 years.

Tim Leunig, Economic Adviser to DCLG Secretary of State on Housing Supply, outlined innovative options that Ministers could consider now they had power to give councils planning flexibilities under the Lucas Clause (S154 of the Housing & Planning Act 2016). For example, councils could ask for powers to purchase land for development themselves and capture the uplift in land value once planning permission is granted. This could then be used to fund infrastructure investment, pay for services or reduce council tax.

Flexibility would only be available in return for delivering more homes. He said, “If you can come up with a compelling proposition to deliver more houses then the Secretary of State wants to hear from you.”

Interactive debate

During table discussions, delegates debated what was needed to help councils build homes and to finance housing and infrastructure. Key suggestions to take forward with Government and other partners included:

- The need for a mechanism to capture a percentage of the land value uplift once planning permission is granted, to fund infrastructure
- Local authorities need quicker access to infrastructure funding
- Changes to CIL are required as it is not fulfilling its purpose of funding adequate infrastructure
- Councils and developers need stability and certainty in the planning system and a problem-solving attitude from Government
- Powers for councils to split large sites between developers to encourage quicker delivery
- A comprehensive review of Green Belt is required
- The need for local authorities to retain a stake in developments that will enable them to control the design.

Good practice case studies

1) Funding and financial viability

Jenny Coombs, Project Director, Local Partnerships presented an [overview of how the Housing Finance Institute is helping councils](#) deliver homes and infrastructure. Whilst nationally 250,000 to 300,000 new homes are required each year, there were just 165,000 built in 2016. Jenny said the large housebuilders are already delivering at the upper end of what their business models will allow. New market entrants and innovations in construction techniques are required to close the gap and local authorities need to be ambitious leaders

SEEC-LGA Building Homes and Funding Associated Infrastructure Workshop 27 Jan 2017– Event write-up Page 2 of 3

on this. Councils need more planning resources to do this. New methods of forward-funding infrastructure were also required, she said, as the stop/start nature of S106 doesn't get infrastructure funding in the right place at the right time.

Cllr Paul Carter CBE, Leader of Kent CC [outlined the partnership approach](#) taken in the Kent and Medway Growth and Infrastructure Framework (GIF), to align Kent's 13 district plans into a strategic framework. Kent has forecast housing growth of 25% between 2011 and 2031, with falling CIL contributions and Local Growth Funding delivering only half of the supporting infrastructure required. Solutions identified include capturing the uplift in land values and exploring options such as Tax Increment Financing that would support borrowing to forward-fund infrastructure. The GIF also prioritises development of new towns and villages over urban sprawl into areas with limited or no supporting infrastructure.

Steve Ingram, Strategic Director, South Kesteven Council [summarised the approach](#) taken in negotiating S106 agreements for a large scale development. Steve said that the council had to be pragmatic and accept there was never going to be enough money to fund all the infrastructure they wanted. They identified clear priorities such as a relief road that had been planned since 1983 and held significant benefit for the wider community. In return they agreed with the developer to reduce the requirement for affordable homes to 9% and accepted land for schools.

2) Delivering housing growth through locally-led partnership solutions

Julie Cook, Head of Housing Services, Elmbridge Borough Council described how Elmbridge's strategic review of housing had led to a focus on increasing delivery of affordable homes and the ambition to set up a housing company. Breaking down internal silos was important.

Nick Tustian, Chief Executive, Eastleigh BC [explained](#) how a joint venture housing company with neighbouring Fareham BC and two housing associations had enabled the council to deliver new housing in tenures needed locally. Partners recognised that private developers were not meeting local demand and working through housing associations speeded up procurement.

Mark Jaggard, Planning Policy Manager, Oxford City Council [outlined](#) how a joint venture enabled council control over all aspects of the delivery of new houses on public land. Crucially, their approach ensured 40% affordable homes, quality of design and speed of delivery and the model is now being rolled out across other developments.

Simon Bowers, Business Manager, Daventry Council [detailed](#) how creating a trading company had enabled the delivery of new housing and the creation of both revenue and capital value for the council. He gave tips on avoiding some of the pitfalls in setting up council owned companies.