

SOUTH EAST ENGLAND COUNCILS EXECUTIVE MEETING



Date: 29 March 2019

Subject: **Latest SEEC activity report and updates**

Report of: SEEC Secretariat – Heather Bolton, Nick Woolfenden and Emily Duddy

Recommendation:

Give comments on draft Affordable Housing Commission input and note updates on other recent work. Contact heatherbolton@secouncils.gov.uk with queries or suggestions for future activity.

SEEC activity to raise the profile of member interests in recent weeks has included work on a range of housing and planning issues, local government finance and Brexit.

a) Housing and planning

- a.1 A group of SEEC members met Housing Minister Kit Malthouse MP in February. They highlighted concerns about Permitted Development Rights (PDR) and proposed a new interim protection for local plans that meet local housing needs. The latter would prevent developer challenges while plans await inspection. PDR concerns raised with the Minister included poor quality housing in converted buildings and the lack of funding from PDR sites for the South East's infrastructure and affordable housing needs. SEEC members left the Minister a [1-page summary outlining current South East concerns and proposals](#).
- a.2 To help manage PDR and developer challenges, the Minister encouraged councils to explore 'article 4' exemptions and aim for a 10-15-year land supply. He recognised SEEC member concerns about unexpected results from MHCLG's housing need assessment methodology and that some areas would find it difficult to deliver due to environmental constraints. He explained he would be reviewing the results from the methodology.
- a.3 SEEC's leadership also wrote to Kit Malthouse to set out 4 member [recommendations for enhancing Sir Oliver Letwin's proposals to improve housing delivery](#) by:
- Allowing local authorities to apply Sir Oliver's principles for diversifying size and type of housing on sites of 500+ homes. Limiting it to sites with 1,500+ homes would exclude much of the South East.
 - Providing discretionary council powers to incentivise faster building – eg the ability to charge council tax or other fees where build rates are slow.
 - Helping boost the supply of construction skills by allowing councils more powers to target funding towards relevant training and support vocational career paths.
 - Allowing the South East to retain a greater share of locally generated business rates and a share of stamp duty to fund infrastructure investment.
- a.4. Following earlier SEEC Executive debate, [proposals for capturing land value to fund infrastructure](#) have been sent to MHCLG Secretary James Brokenshire MP, suggesting:
- South East authorities should be able to set a Strategic Infrastructure Tariff. Currently this is restricted to mayors and combined authorities.
 - Compulsory Purchase Orders (CPO) are improved. The 1961 Land Compensation Act should be reformed to allow local authorities to purchase land at a fairer price when it is in the public interest. This could adjust down compensation paid to reflect the public cost of providing affordable housing and infrastructure.
 - Councils should receive funding from stamp duty the first time a home is sold and a proportion of Capital Gains Tax receipts to help fund community infrastructure.
 - More detail is needed on how infrastructure funding would be released by Sir Oliver Letwin's idea to cap residual land values for large sites at 10 times their existing use.
- a.5 In February SEEC [responded to Defra consultation on Biodiversity Net Gains](#). SEEC supported the principle of biodiversity gains as long as there was local discretion on their application and they can be funded without diverting money from other essentials, such as transport and affordable housing. SEEC said PDR sites should not be exempt from making financial contributions to biodiversity and wider infrastructure. Also, Defra needs to work with MHCLG and councils to ensure biodiversity is joined up with the rest of the planning system.

- a.6 In a Written Ministerial Statement on 13 March MHCLG Secretary James Brokenshire reflected some of SEEC's concerns. He confirmed that some PDR will continue (eg upward extensions), but others would be kept under review and some (eg converting storage to housing) would not be extended. He also promised consultation on CPO, new planning guidance on housing diversity and said MHCLG will gather evidence on the case for reforming land value capture.
- a.7 **Affordable Housing Commission**
SEEC has been invited to submit evidence to the [Affordable Housing Commission](#). Today is a chance to shape input ahead of the 4 April deadline. Comments are invited on draft points:
- *The role of housing providers in increasing supply of affordable homes* – Government to do more to support councils to build homes and review Right to Buy receipts so local authorities retain enough to sustain stocks of affordable housing.
 - *How planning reforms and funding could help* – Tackle slow delivery by giving councils powers to incentivise faster building; amend the housing needs calculator to address unexpected cuts in some areas; reform the 1961 Land Compensation Act so local authorities can compulsorily purchase land at a fairer price to help fund affordable housing; allow councils to raise funding to pay for affordable homes – eg via access to a share of stamp duty and ensuring all developments pay towards infrastructure needs.
 - *What needs to change to ensure there are the right skills to deliver* – Allow councils and other partners powers to better target funding to training needs in the construction industry.
 - *What reforms could make social and private housing more affordable* – Boost Local Housing Allowance rates for the South East.
- b) **Fairer local government funding**
- b.1 SEEC Chairman Cllr Roy Perry has called for fairer, more transparent local government funding in a [letter published in Municipal Journal](#). Both his letter and a joint [SEEC-SESL letter to Local Government Minister Rishi Sunak MP](#) respond to skewed media coverage that suggests South East authorities have escaped cuts.
- b.2 Both letters have been sent to South East MPs to raise awareness of funding challenges faced by South East councils, explaining that the highest funding cuts do not equal the lowest spending. While some metropolitan councils have seen large percentage cuts in funding, many are still spending over 20% more per household than South East authorities. SEEC members have also faced significant cuts, but percentage reductions may have been lower because spending was lower to start with. The letters stress the importance of designing a new funding system that is fair for all areas.
- c) **Brexit**
- c.1 SEEC held a workshop for members on 31 January to consider Brexit practicalities and hear from expert speakers. A full report is [on the SEEC website](#). Four key issues emerged, highlighted in a [press release](#), where SEEC is calling for Ministers' help to keep the economy healthy and keep local government services running smoothly after Brexit through:
- More regular updates from Ministers to help reduce uncertainty surrounding local authorities' planning for Brexit. For example, more detail on Government's port and freight strategies would help South East councils align their plans with Government.
 - Help to address skills gaps where South East businesses and public services rely heavily on EU workers who may choose not to stay after Brexit. For example, greater powers to direct funds for training into sectors such as care, transport and hospitality.
 - Help with managing traffic congestion and enforcing no-go areas for freight if Brexit leads to large queues of lorries waiting to leave Dover or the Channel Tunnel.
 - Clarity as soon as possible on Ministers' plans for replacing EU grants with a UK Shared Prosperity Fund so that South East councils can continue to deliver much-needed infrastructure and other local projects.
- d) **SEEC communications update**
- d.1 SEEC's latest [Data Dashboard is now available to members online](#). It has been sent to South East MPs, alongside a letter highlighting where Government action could mitigate the risks of damage to the South East economy. SEEC also circulated a same-day member [briefing on the Spring Statement](#) (13 March) plus [January](#) and [February](#) newsletters.
- e) **SEEC Director recruitment**
A verbal update will be provided at the meeting.