

SOUTH EAST FIRST



The Newsletter of South East England Councils

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News Roundup

London Plan evidence continues

SEEC continues to give evidence at the London Plan Examination in Public (EiP), where we are [contributing on 12 topics](#). This month representations were made on land for industry and the Green Belt. Concerns were raised about the possible implications for the South East if London cannot meet its housing and employment

needs within its own boundaries. Clarification was called for on key issues such as the Mayor's 'willing partners for growth' policy.

Wider South East Political Steering Group

Work with our Wider South East (WSE) partners this month included SEEC members meeting London Deputy Mayor Jules Pipe and leaders from the East of England on 8 March to discuss the next steps on political engagement. A key request from SEEC is to maintain dialogue on the London Plan until the final version is published. This will be important to assess the potential impact of any inspector recommendations.

Wider South East Summit

Over 100 senior councillors, LEPs and officers from across the Wider South East (WSE) attended the Summit with the Mayor of London at City Hall London in January. Key themes included the London Plan and the outcomes of the EiP (see above). It was evident that there is an appetite to build on the WSE work to date and develop more substantive collaboration between the councils and other organisations involved. A summary of the issues discussed at the Summit can be found [here](#).

Affordable Housing Commission

SEEC is responding to the national Affordable Housing Commission. More details of the SEEC response will be circulated after the 4 April deadline for input.

SEEC Dates

27 June SEEC AGM
20 September SEEC Executive
13 December SEEC Executive

Contacts

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SEEC recommends toolkit to increase infrastructure delivery

SEEC has proposed a toolkit of mechanisms to release further infrastructure funding from land value uplift capture (LVUC) following Government's response to select committee recommendations.

A [letter to the Rt. Hon. James Brokenshire](#), Secretary of State MHCLG, welcomed the Government's renewed interest in capturing increases in land value to reinvest in local infrastructure and affordable housing, which were made in response to a Commons Select Committee Inquiry on land value capture. The letter emphasised the existing infrastructure deficit in the South East and made four recommendations:

- extend Strategic Infrastructure Tariffs powers to all councils. This low level levy can be applied to an area to fund a large, highly visible piece of infrastructure but is currently restricted to combined authorities and joint planning committees;
- make further improvements to Compulsory Purchase Orders (CPO). Reform of the 1961 Land Compensation Act would give local authorities the power to compulsorily purchase land at a fairer price and allow hope-value compensation to be adjusted downwards, to reflect the public costs of providing affordable housing and infrastructure;
- localise tax receipts to set up community infrastructure funds. In a repeat of previous calls for greater powers to increase infrastructure funding through innovative initiatives, the Minister was asked to apply this approach to LVUC, for example by giving councils a proportion of Capital Gains Tax receipts from sale of land and first-purchase Stamp Duty;
- engage councils further with Sir Oliver Letwin's outline proposals on land value uplift capture. This should focus on releasing funding for infrastructure and how council insistence on levels of diversity

that cap residual land values for large sites at around 10 times their existing use would release funding for infrastructure.

A meeting with the Secretary of State was requested to discuss how the toolkit could help close the large infrastructure funding gap in the South East that SEEC research estimates at £15.4bn by 2030.

Spending Review: timing will depend on Brexit

Though somewhat overshadowed by the Brexit debates in Parliament on 13 March, the Chancellor Philip Hammond's Spring Statement provided some useful detail for SEEC members.

A same-day [briefing for SEEC members](#) provides an overview of the relevant measures. The Chancellor indicated that the 2019 Spending Review should be launched before the summer recess for reporting in the Autumn Budget, but he cautioned that this could vary depending on Brexit progress. The review will set departmental and three-year resource spending budgets. The focus would be to support a high-growth economy with effective public services and will include a Zero-Based Review of capital spending to help deliver maximum returns.

Mr Hammond also announced reforms to Permitted Development Rights (PDR) in planning and new mandatory biodiversity net gains from development. South East authorities have raised concerns about the impacts of both of these, calling for greater local discretion. Some reforms reflect these concerns, eg. the automatic permission to turn storage facilities into residential properties will end in June and some other PDR reforms will be kept under review.

Other headlines for the South East include: the launch of a consultation on supporting private investment in infrastructure, running until 5 June; £81m investment in a national Extreme Photonics Application Centre (for laser technology) in Oxfordshire and £100m has been allocated nationally to the police to help tackle knife crime. Further funding for South East authorities includes: a share of £445m Housing Infrastructure Funding to unlock housing (including Didcot) as part of the Oxford-Cambridge Arc; 'Transforming Cities' funding for Southampton (£5.7m) and Portsmouth (£4m); Local Full Fibre Network funding for the Isle of Wight (£800,000).

Linked to the Spring Statement, MHCLG announced there will be new guidance on diversifying housing stock (SEEC asked for changes to the guidance last month) and the case for changes to land value uplift capture will be explored, see story above for SEEC's recommendations on this.

A detailed summary of the Spring Statement with highlights of the measures relevant to the South East can be found [here](#).

Spring Data Dashboard highlights challenges for the South East

SEEC's twice-yearly [Data Dashboard](#) highlights the contrast between the challenges faced by the South East - such as overstretched infrastructure - and the significant contribution the area makes to national coffers.

The main findings in the dashboard include:

- the South East saw its claimant count (residents receiving Job Seekers' Allowance or Universal Credit with a requirement to look for work) rise by 23% in the year to October 2018, more than the national 20% increase. The South East claimant count of 80,585 residents is higher than the East, East Midlands, North East and South West. Increases may partly reflect the introduction of Universal Credit and the requirement to look for work to receive some parts of the benefit e.g. Child Tax Credit or Housing Benefit, which previously would not have included that condition. The Chancellor's recent Spring Statement included a broader definition of 'unemployment' (from the Labour Force Survey, which reflects claimant count plus others who consider themselves unemployed but not claiming benefits). This highlighted that national unemployment, at 4%, is at its lowest since 1975. It is forecast to remain low for the next five years. On this wider measure of unemployment, although the South East saw a fall in unemployment over the year to January 2019, down to 143,377 residents, this is still the third highest number in England;
- research for SEEC shows the South East faces an estimated £15.4bn infrastructure investment gap by 2030. This will restrict economic growth and harm public services if not addressed;

- from 2000/01 to 2015/16, the South East made the highest total net tax contribution to Treasury, at £154bn. This was £28bn more than London but, since 2013/14, London's returns have started to overtake the South East;
- the South East has 287,800 people with no qualifications – more than the East, East Midlands, North East and the South West.

SEEC has [written to South East MPs](#), with a copy of the Dashboard, asking them to encourage the Government to:

- allow greater flexibility for councils to raise funding for infrastructure that will support economic and housing growth. This should include, for example, a package of proposals to reform Compulsory Purchase Orders, give councils the power to set up Strategic Infrastructure Tariffs and localise an element of Stamp Duty and other tax receipts to fund community infrastructure. More details of these proposals are set out in SEEC's [letter to James Brokenshire MP at MHCLG](#);
- give councils more direct influence and control of skills budgets to better target funding at improving capacity and skills needed by local businesses and public services.

The letter challenges the assumption that the South East needs no assistance. For example, the Stronger Towns Fund, launched by James Brokenshire at the beginning of March, has allocated £281million to the North West and just £37m to the South East.

SEEC's [Data Dashboard](#) is sent to South East MPs, SEEC members and others to provide evidence on the area's key opportunities and challenges, to help influence funding and policy decisions.

Wider South East – 'serious concerns' on Permitted Development Rights

SEEC joined partner organisations in the Wider South East (WSE) to urge Housing Minister Kit Malthouse MP to [reconsider recent](#) proposals to further extend the Permitted Development Rights (PDR). This reinforces SEEC's contribution to the PDR consultation process in January.

The focus of the concerns is that the PDR regime could have unintended consequences for local economies and environments across the WSE area. The group stressed that development has to be acceptable to local communities and secure their support. Expressing support for the high street and increasing the delivery of new homes, WSE partners said the proposals risk:

- encouraging residential development that is below acceptable space and design standards, and that does not meet the aims of the Building Better, Building Beautiful Commission;
- further PDR sites coming forward without contributing to addressing the need for genuinely affordable housing, given PDR exemptions from these contributions;
- undermining councils' ability to ensure that a suitable mix of uses is provided, helping to make town centres vibrant places;
- worsening the Wider South East's existing infrastructure deficit through lack of financial contributions from PDR sites; and
- undermining councils' roles in supporting and developing key sectors of the local economy. We are, WSE partners said, committed to a positive plan-led approach and PDR can bypass this and potentially result in loss of employment spaces and sites.

Mr Malthouse was asked to reconsider the following measures:

1. making permanent the current time-limited PDR for change of use from storage and distribution to residential;
2. allowing the demolition of commercial buildings for redevelopment as residential;
3. allowing upwards extension of homes (additional storeys) on residential buildings, without necessary planning control on space and design standards.

The WSE group believes that these factors could weaken councils' place-shaping ability, undermining the local plan-led approach for employment and economic development and weakening the ability to support and enhance sustainable communities where people want to live and work.

While 'article 4' exemptions can be made, the National Planning Policy Framework emphasises that this facility should only be used in limited situations. To avoid serious risks to the planning system, WSE partners urged Mr Malthouse to allow councils to use the locally-led planning system to bring forward homes, support sustainable economic growth and help deliver infrastructure. A meeting with the Minister is being sought.

Following the WSE letter, the Spring Statement confirms measure 1 will end in June 2019, measure 2 will be kept under review and measure 3 will continue.

The WSE group consists of SEEC, London Councils, the Greater London Authority and the East of England Local Government Association.

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