

## SOUTH EAST ENGLAND COUNCILS EXECUTIVE MEETING



Date: 13 October 2017

Subject: **DCLG Consultation: Planning for the right homes in the right places**

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

### Recommendations:

Members are asked to:

- i) Discuss key issues to shape SEEC's response to DCLG's consultation
- ii) Agree SEEC's leadership team sign-off the final response to meet Government's 9 November deadline.

## 1. Introduction

- 1.1 DCLG's 'Planning for the right homes in the right places' [consultation](#), which closes on 9 November, takes forward a range of proposals from spring 2017's housing White Paper. It focuses on 5 key areas of concern to SEEC members:
  - i) Proposed new standard method for calculating housing need, and transition.
  - ii) Preparation of a new 'statement of common ground', intended to improve councils' cross-border planning.
  - iii) Improving use of Section 106 agreements/addressing viability issues.
  - iv) Proposals to implement planning fee increases (+20% for all councils, plus possible additional 20% for high performance).
  - v) Seeking further views on how to ensure homes are built-out more quickly.
 It also includes proposals on planning for the needs of particular groups, and supporting neighbourhood planning.
- 1.2 Following this consultation, the Government plans to implement proposals in early 2018 through a review of the National Planning Policy Framework (NPPF) and regulations.
- 1.3 **To help inform SEEC's consultation response, member views are invited on key issues set out below.** These draw on recent SEEC submissions to Government, including our [White Paper](#) response and ['Unlock the Housing Blockers'](#) report, and initial member and officer views. Member councils are also encouraged to respond to the consultation, reflecting local experience and issues.

## 2. Shaping SEEC's response – key issues and questions for members

- 2.1 **Headline views:** As with the White Paper, some *principles* behind the proposals are welcome (eg. improving delivery), but initial member and officer discussions indicate concerns with the *practical actions* proposed:
  - **Concerns about the potential increased housing figures for many parts of the South East, particularly for areas with existing significant growth and protected land constraints.** Should SEEC ask Government to review its proposed approach to housing need calculations, to ensure such constraints (which the Government has reiterated its support for) are factored into baseline figures?
  - **Other proposals do not go far enough to address the major South East issue of a growing number of unimplemented permissions for homes.** SEEC has previously asked Government to put more emphasis on tools for councils to help unlock existing permissions/agreed housing plans eg. discretionary powers to charge council tax on unnecessarily stalled permissions, and further local infrastructure funding freedoms.
  - **Need for clarity from Government about how the new Statement of Common Ground will work compared to the existing Duty to Co-operate.** There are initial concerns that it may add to bureaucracy and duplicate existing processes.
  - **There is a disappointing lack of detail on funding for infrastructure that will be needed to support new homes, and to build more affordable homes.** More powers/funding for councils would help them support local infrastructure needs and build more homes themselves.
  - **Government should work with councils on transition, to avoid the unintended consequence of delaying existing progress on local plan development/delivery.**

### 3. Key topic-specific issues to shape SEEC's response

#### 3.1 Proposed standard method for calculating housing need, and transition

##### 3.1.1 Government proposals include:

- i. New 'starting point' for local plan housing need discussions is official ONS/DCLG population & household projections adjusted for affordability (currently it is just the official projections). A cap is proposed of '+40%' above current plan levels (or ONS household projection, if no plan in place). Consultation recognises Green Belt and statutory environmental protection are constraints, but does not factor these into 'starting point' need figure.
- ii. Based on initial SEEC analysis, the impact of DCLG's proposal (see table below, based on [DCLG data](#)) is to increase overall total housing need in the South East by around +5%. There are considerable South East variations at the local planning authority (LPA) level (ranging from approximately +56% increase, to a -47% decrease). For comparison, London faces an overall increase of +54%, but with local variations from +848% to -81%.

<b>HEADLINES FROM DCLG FIGURES</b>	<u>New DCLG indicative assessment: homes needed per annum</u>	<u>Initial SEEC estimate for South East/other areas as a whole: New DCLG assessment vs current local assessed needs (eg. SHMAAs)</u>	<u>Initial SEEC estimate: Range of % change for individual local planning authority area's 'need'</u>
<b>South East</b>	<b>47,958</b>	<b>+5%</b>	<b>+56% to -47%</b>
London	72,407	+54%	+848% to -81%
East	34,686	+14%	+80% to -38%
England total	265,936	+5%	N/A

- iii. Transition to the new data for each LPA is subject to current stage of plan making process.
- iv. Councils can 'fix' the data for 2 years from when their plan is submitted, to improve certainty.
- v. Consultation also includes separate proposals on 'prematurity', to ensure plans well in development are not jeopardised.

##### 3.1.2 Initial views/questions to shape SEEC response:

- i. Concerns have been raised by some members and officers about the impact of the new needs methodology, in particular increasing housing figures in parts of the South East where there are significant constraints. SEEC could ask Government to review its proposed approach, to ensure constraints facing areas with high levels of statutory environmental constraints/Green Belt are factored in. However, this may create different winners/losers at the local level in a revised distribution of baseline housing needs figures.
- ii. Initial analysis seems to indicate some strange impacts for individual South East councils in DCLG's table (eg. several urban areas seem to get housing need cuts, which was unexpected). Is the technical justification for the affordability adjustment (ie. house price vs earnings ratios) sound? Are there other factors on the methodology that should be questioned?
- iii. Government should clarify how its new approach will have the efficiency impacts it claims eg. reducing EiP conflict. Initial officer views are that it may just move this to another stage of the process.
- iv. Effective transition is vital for South East councils, to ensure changes do not have the unintended consequence of delaying local plan development/delivery. Government should work with councils to ensure proposals are helpful/workable.

#### 3.2 Preparation of a new 'statement of common ground' (SCG), intended to improve councils' cross-border work on planning

##### 3.2.1 Government proposals include:

- i. To enhance Duty to Co-operate (DTC), a new Statement of Common Ground (SCG) will be required for all councils with a planning function. It will need to set out cross-boundary issues (including housing need), distribution and proposals to meet any shortfall, and governance – and indicate where agreement is reached/not reached.
- ii. Government indicates all councils/Mayors involved in planning will have to do a SCG, including London – which is not currently subject to DTC. All will have to produce draft within 6 months of the new NPPF (ie. in 2018) and finalise it within 12 months. It will then form part of 'soundness' test for local plans.

### 3.2.2 Initial views/questions to shape SEEC response:

- i. Given the short timeframe proposed, further clarity is needed from Government about how the SCG will work in practice and the relationship with DTC. Officers and members indicate DTC was vague and therefore difficult to introduce, and Government needs to avoid the same problem with SCG.

## 3.3 Improving use of Section 106 (s106) agreements/addressing viability issues

### 3.3.1 Government proposals include:

- i. Wider reforms of CIL/s106 contributions are still being considered by Government. In the meantime, Government proposes improving the viability assessment process to increase certainty and transparency. This is to address concerns that it causes complexity and uncertainty/delivers fewer contributions for infrastructure and affordable homes than required by local plans.
- ii. Consultation appears to propose LPAs will be able to set thresholds for affordable housing contributions required; infrastructure to deliver the plan; expectations on how this will be funded and contributions expected from developers.
- iii. Where policy requirements have been tested for viability, viability should not need testing again at planning application stage (at present it does).
- iv. Consultation proposes more transparency, including LPA reporting on spending of s106.

### 3.3.2 Initial views/questions to shape SEEC response:

- i. This change alone will not be sufficient to meet South East infrastructure funding needs.
- ii. Government will need to work closely with councils to ensure the proposed approach helps councils and is deliverable without undue bureaucracy for reducing thresholds, one-off testing of 'viability policy' and reporting s106 spend. Government also needs to ensure changes genuinely address developers' viability claims, rather than simply shifting them to an earlier stage of the planning process.

## 3.4 Planning fee increases (+20%, plus possible additional 20% for high performance)

### 3.4.1 Government proposals include:

- i. Subject to future regulations, the consultation confirms a 20% increase in planning fees for all LPAs, for councils to invest in improving productivity of planning departments.
- ii. Consultation proposes a further 20% to LPAs who deliver the homes their communities need. The consultation asks for criteria on this, or other justifications for increase.

### 3.4.2 Initial views/questions to shape SEEC response:

- i. Whilst the proposed increases are a move in the right direction, they do not go far enough - SEEC previously argued for full-cost recovery, which would avoid criteria-based reviews.

## 3.5 Seeking further views on how to ensure homes are built-out more quickly

### 3.5.1 Government proposals include:

- i. Government wants to see homes built faster, and expects house builders to deliver more homes more quickly to higher standards. In addition to some limited proposals from the White Paper (eg. Housing Infrastructure Fund, diversifying building market, housing delivery test on LAs), the consultation asks for suggestions on other actions.

### 3.5.2 Initial views/questions to shape SEEC response:

- i. SEEC members have indicated concerns that there are no changes since the White Paper, which did not go far enough to ensure timely build-out (especially in light of the Government's proposed 'housing delivery test' on councils, and the large scale of unimplemented permissions eg. 66,700+ in the South East alone).
- ii. SEEC members previously said they would oppose the housing test unless they have powers to meet it. SEEC has called for discretionary local powers to levy council tax/other charges on unimplemented permissions and better local and national funding to support infrastructure for homes/economy/communities. Requests also included enhanced retention of business rates and first-sale stamp duty; and help to build more affordable homes via more HRA borrowing and support for council-led housing delivery vehicles.

## 3.6 Other issues

- 3.6.1 The consultation also includes proposals on planning for needs of particular groups (eg. older people) and supporting neighbourhood planning – including Government providing apportioned figures for housing need to each neighbourhood planning area. We do not propose commenting on these issues which are more appropriate for local responses.