

Response to the CLG Select Committee Inquiry

Abolition of regional spatial strategies

Submission by the Joseph Rowntree Foundation

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The Joseph Rowntree Foundation (JRF) is delighted to submit the following response to the CLG Committee's Inquiry into the abolition of regional spatial strategies. This response was drafted on behalf of JRF by Gemma Burgess, Sarah Monk and Christine Whitehead, CCHPR, University of Cambridge, and Alison Bailey, Consultant Planner. We would be happy to supply any further information as required.

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The Joseph Rowntree Foundation (JRF) is one of the largest social policy research and development charities in the UK. For over a century we have been engaged with searching out the causes of social problems, investigating solutions and seeking to influence those who can make changes. JRF's purpose is to search, demonstrate and influence, providing evidence, solutions and ideas that will help to overcome the causes of poverty, disadvantage and social evil. The Joseph Rowntree Housing Trust (JRHT) shares the aims of JRF and engages in practical housing and care work.

Introduction

This consultation input draws on insights from recent Joseph Rowntree Foundation work on locally incentivised planning,¹ from the body of research conducted by the Cambridge Centre for Housing and Planning Research over many years² and on the expertise of a former senior planner with the South East regional planning body.

The context to this issue is one of continued housing supply shortages and a top down approach to setting targets for new housebuilding. Difficult decisions have to be made about where new housing should be located in order to meet housing need; decisions which were mediated by regional bodies and set out in the Regional Spatial Strategies (RSS). The RSS abolition does not remove these problems and new ways are required to address them.

Summary

- The removal of unrealistic regional housebuilding targets is probably necessary, but a strategic approach is still required to encourage housing investment and to link housing development with other factors such as infrastructure provision over the long term and across local authority boundaries.
- There are concerns that housing targets determined by individual local authorities will not add up to meet the needs of the country and will not provide the 'right' type of housing in the 'right' place, as the spatial distribution of housing is crucial.
- Many factors, other than targets, impact upon levels of housing development. In particular, the nature of local resistance to new housing must be better understood. Incentives will not work if existing local communities cannot see the benefits of new development.
- A system without national and regional targets requires not just a combination of local targets and incentives, but also a

system of penalties to ensure that local authorities do not opt out of their responsibilities.

- Even with the incentives scheme, it has to be questioned whether additional tax benefits will be adequate to ensure sufficient affordable housing is built where it is most needed.
- The current plans to ensure cooperation between local authorities are vague. Some could lack the capacity, resources and skills to tackle all of these responsibilities. Spontaneous collaborations between local authorities are likely to need resourcing.
- There is a risk that skills and expertise will be lost if new arrangements are not quickly established. New forums for knowledge sharing must be developed.
- A solid evidence base is even more important under localism, particularly since the Communities and Local Government (CLG) letter on RSS revocation indicates that the RSS evidence base remains a material consideration. Existing websites should be retained and updated, at least for the foreseeable future. CLG must seek to ensure a more orderly transition – the guidance published so far is insufficient.
- A central website could be developed collating all relevant data, research and guidance. An innovative use of online technology would enable local authorities to share resources and work together effectively.

Addressing the specific terms of reference for inquiry into the abolition of RSS

a) Implications of the abolition of regional house building targets for levels of housing development.

Regional targets were seen as part of a top down approach to determining and allocating housing requirements. The regional layer provided important elements of the evidence base for housing requirements, linked them to other requirements e.g. transport and infrastructure, allocated housing targets between

different local authorities in a region and monitored what was achieved. Whilst there were problems with this system, many of these tasks still need to be carried out.

A solid evidence base is still required and a strategic approach has to be taken to link housing development with other factors such as infrastructure provision over the long term and across local authority boundaries. It would be wrong to characterise RSS housing targets as purely top down; there was considerable 'bottom-up' input to the process and (at least in the South East) extensive public consultation. They were based on a broad range of evidence covering demography, affordability, climate change, bio-diversity and landscape, flood risk, water resources and water quality, transport, the relationship with other regions etc, as well as the critical relationship between housing and the economy. Many of these issues inherently cross administrative boundaries.

New arrangements must deal with the relationship between housing and other policy drivers/constraints. Decisions about housing provision cannot and should not be made in isolation from decisions about infrastructure, including transport, waste, energy, social infrastructure such as doctors and schools and decisions made by adjacent areas. It is crucial that new arrangements allow for a way of looking at housing in this wider context.

The consequence of abolishing RSS on the development of Local Development Frameworks (LDFs) is also crucial. Despite the advice set out in the letter from CLG³ that local authorities should continue work on their LDFs, it appears that work is slowing or being halted in some areas. This is perhaps inevitable with no transitional arrangements and uncertainty about how incentives will work. CLG must seek to ensure a more orderly transition – the guidance published so far is insufficient.

Adopted and emerging LDF policies were often reliant on RSS policies. This was exactly how the Development Plan system was designed to operate: LDF policies 'nested' within the RSS and were encouraged not to repeat sound and robust strategic policies. Taking the South East Plan as an example, it was underpinned by an evidence base more comprehensive than that ever assembled for previous regional strategies. The policies in the Plan were tested and found to be robust by a government appointed panel of independent inspectors; as part of that process they were subject

to a rigorous Sustainability Appraisal and Habitats Regulation Assessment.

This applies to housing provision but also more widely. For example, LDFs in the South East relied heavily on RSS targets for carbon reduction and renewable energy and national Planning Policy Statements (PPSs) refer to RSSs. As a result, there are now question marks against many LDF policies – not just those dealing with housing targets.

The RSS also provided a framework for decisions about infrastructure provision. In the South East's case, the RSS included a policy requiring the phasing of development to be closely related to the provision of infrastructure, in recognition that the scale and pace of housing delivery is inextricably linked to the timely delivery of infrastructure. Without this framework, infrastructure provision may be less effective and failure to provide infrastructure acts as a barrier to sustainable housing provision.

There are concerns that without some form of top-down framework housing targets determined by individual local authorities will not add up to the provision of sufficient housing to meet demand and in particular will not take account of the needs of migrants into the area (many authorities assume zero net migration). There is uncertainty as to whether the new system will provide sufficient housing of the 'right' type in the 'right' place. Yet, the spatial distribution of housing output is crucial.

Allowing local authorities to determine their own targets may reduce resistance and conflict in the planning process, leading to more cooperation and therefore swifter development. However, local authorities may set lower targets and permit less housing development where there is local political pressure to do so, but this is often in areas with the worst affordability problems.

Many factors, other than targets, impact upon levels of housing development. Research indicates that there are many other factors that shape construction levels that must be addressed, unrelated to housing targets. These include the availability and cost of credit to housebuilders and the buoyancy of the housing market, which in turn depends on incomes and the mortgage market.

Not enough is understood about why local communities are so resistant to new housing development. The well-housed have a strong voice in responding to planned new housing developments because existing communities are coherent, but the community who would live in new housing does not yet exist, is disparate and cannot easily come together to have a voice. New ways must be found to engage people in the planning process so that those who cannot afford their first home, who are living in inadequate or overcrowded housing or remain on housing waiting lists, have a voice in the granting of permission to new development.

b) Likely effectiveness of the Government's plan to incentivise local communities to accept new housing development, and the nature and level of the incentives which will need to be put in place to ensure an adequate long-term supply of housing.

What is critical about an incentives system is both that enough new homes are built overall and that they are the right types of property in the right places. This requires a sound evidence base and incentives of sufficient scale to encourage housing development in the most high-pressured areas.

Details on the proposed incentive scheme are currently scant. There is no hard evidence about the likely response to financial incentives in different local political and economic environments. It is difficult to know whether the proposed level of incentives will be sufficient to encourage local authorities to permit enough new housing to meet need, particularly in political contexts where there is a strong anti-development lobby.

A combination of local targets and incentives must be complemented by a system of penalties to ensure that some local authorities do not opt out of their responsibilities. There is a need for both sticks and carrots, and the 'sticks' will need to be big enough and the 'carrots' visible enough, not just to convince local authorities but also local communities.

Incentives will not work if existing local communities cannot see and feel the benefits of new development. Local authorities will have to show that the extra funding will be used to meet local priorities that could not otherwise be met and that it is of sufficient scale to offset costs to the community. There are also unanswered

questions as to whether the incentives system will add to the overall pot of funding available and whether incentives will be sufficient in particular to provide gypsy and traveller accommodation.

Section 106 (S106) has been a tried and tested way of making a new development acceptable and negating its externalities to the local community. It seems counter-productive to suggest replacing a system that is so closely tied to individual local developments with a tariff system that is not tied to specific developments in the same way. It would be better to develop local authority skills in securing contributions and developing a mixed system of tariffs and S106 where appropriate that can be used successfully by all local authorities. In a context of localism, local authorities should promote their use of S106 to demonstrate to their communities what a new housing development will contribute to the area. S106 has been responsible for community benefits such as open space, education, highways, public transport and other infrastructure (Crook *et al.*, 2010) as well as over 60 per cent of all new affordable housing.

A simple and effective way to facilitate higher housebuilding levels would be a presumption in favour of development alongside an incentives system. Such a presumption needs to be based on clear and tested local policies to ensure that development is sustainable.

In the current circumstances a major government housing initiative as part of restructuring the economy could be a means of supporting change. This is particularly important because the housing market is in uncharted waters, with continuing uncertainty about the economy, the availability of development finance and public investment. The scale and nature of recent changes in the housing market could fundamentally alter the way that the housebuilding sector operates, what it delivers and where. Indeed, in an environment where the viability of many proposals has been severely compromised there is a danger that local authorities may accept new proposals put forward by developers because they are the only ones on offer. The proposed incentives scheme needs to provide a means of safeguarding against this without becoming an argument used by the anti-development lobby.

It is very unlikely that an incentives system alone will be enough to support all housing development required, in particular, there will need to be continued additional investment in affordable housing. But the affordable housing sector could be more innovative both in how funds are raised and in the low cost home ownership (LCHO) products that are available. As part of the restructuring, simpler and better targeted LCHO products should be developed as the current products are too complex and often unaffordable (Monk and Whitehead, 2010).

c) Arrangements which should be put in place to ensure appropriate cooperation between local planning authorities on matters formerly covered by RSS.

There are many policy areas where co-ordinated policy action between local authorities (inter and/or intra-regionally) and others is required (strategic transport, habitats regulations, waste, water, minerals). The RSS and associated delivery mechanisms were the main means by which this was achieved.

The RSS enabled local authorities to consult across areas and it set out what each district was expected to achieve. It also provided information for the development industry. The RSS shared the 'burden' of new development targets between local authorities. There will still need to be negotiation between different local authorities. Without the RSS, we risk losing strategic decisions across boundaries and strategic monitoring. We also risk losing research at a strategic level, important in determining what is required to ensure competitiveness and a decent home for all.

The loss of regional bodies means a reduction in the number of professionals with skills in analysis and monitoring. In many areas it is already too late: the skills and expertise were lost when the regional teams were abolished. Some local authorities lack the capacity, resources and skills to tackle all of these responsibilities and will need to rely on consultants.

While these activities could be picked up by central government and/or by county councils and unitary authorities, the most appropriate possibility would appear to be spontaneous collaborations between local authorities. Voluntary local authority co-operation on planning issues has a long history – at least in certain parts of the country – that pre-dates statutory regional

plans by many decades. But it is not clear whether there would be sufficient impetus to continue this. A key issue is that local authorities are having to make massive cuts. In this climate it is difficult to see non-statutory work like this getting priority and collaboration would require resources of the kind that regional bodies once provided. Perhaps one solution would be creative thinking around developing new forums for knowledge sharing.

d) Adequacy of proposals already put forward by the Government, including a proposed duty to co-operate and the suggestion that Local Enterprise Partnerships (LEPs) may fulfil a planning function.

The proposed duty to co-operate is as yet undefined and will require a formal structure if it is to be realised. LEPs would be joint council-business bodies to promote economic development but the planning skills that existed at regional level were specialised and it is not clear how they would fit into this council-business structure.

Whilst the form and functions of LEPs are yet to be determined, our understanding is that Government does not currently envisage that LEPs will have a statutory planning function. However, LEPs could have a non-statutory planning role, similar to the now-abolished Leaders Boards that were set up to replace regional assemblies; opinion seemed to be that they were beginning to operate well.

There is a real risk that unless existing skills can be brought in quickly, the new LEPs' role of dealing with planning would be a time consuming and expensive learning curve. If LEPs are going to have a planning function then existing expertise and skills need harnessing as soon as possible so they are not lost.

e) How the data and research collated by the now-abolished Regional Local Authority Leaders' Boards should be made available to local authorities, and what arrangements should be put in place to ensure effective updating of that research and collection of further research on matters crossing local authority boundaries.

It is crucial that the evidence base that has been built up is not lost, particularly since the CLG letter on RSS revocation indicates that the RSS evidence base remains a material consideration.

For any plans and targets to have local legitimacy, they must be based on clear and transparent evidence. But it is not clear how new evidence and research will be conducted or funded, particularly across local authority boundaries.

The RSS evidence bases have (at least in some cases) been transferred to the successor bodies. However, there is a need to ensure that the evidence that has been deposited is actually made available, that existing websites are retained and updated, at least for the foreseeable future.

We would suggest the creation of a central website where all relevant data, research and guidance is collated and hosted. This would prevent individual local authorities from 'reinventing the wheel' when they identify knowledge gaps. An innovative use of online technology could be used to determine shared research agendas and evidence gaps, to enable local authorities to see where they have similar needs and provide opportunities to share resources and work together. It would thus offer a chance to create greater efficiencies.

Conclusions

Given that RSS no longer exist (except in London) the main challenges can be summarised as:

1. Strategic decision-making across local authority boundaries.
2. Mediation between conflicting demands and requirements.
3. Ensuring that national housing needs are addressed.
4. Monitoring and research at strategic level.

These jobs still have to be done but in a dynamic and forward looking manner. One way forward is to provide national support for spontaneous and organised collaboration between local areas and ensure a robust evidence base is maintained.

Notes

1. <http://www.jrf.org.uk/publications/planning-system-more-housing>
2. <http://www.cchpr.landecon.cam.ac.uk/outputs/index.asp>
3. Steve Quartermain to Local Planning Authority Chief Planning Officers, 6 July 2010

References

Crook, A. *et al.* (2010) *The Incidence, Value and Delivery of Planning Obligations in England in 2007–08*. London: CLG

Monk, S. and Whitehead, C. (2010) *Making Housing More Affordable: The Role of Intermediate Tenures*. Oxford: Wiley Blackwell