

The London Green Belt Council

President: Gareth Thomas MP



March 2019

London Green Belt Council - National Audit Office Report

As announced at the LGBC Council meeting in the Palace of Westminster on 6th March, the NAO issued a report on 8th February entitled *Planning for New Homes*. It raises many problems associated with the Government aspiration to build 300,000 homes per annum.

1. **Strategic Planning for New Homes**
2. **Producing Local Plans**
3. **Planning Applications and Appeals**
4. **Providing Infrastructure to Support New Homes**
5. **Constraints on the Planning System**
6. **Conclusions**

1. Strategic Planning for New Homes

Between 2005-06 and 2017-18, an average of 177,000 homes have been built each year, with a maximum in this period of 224,000. As Government has provided no supporting information to justify this 70% increase in average year housing provision, the NAO understandably views this as “challenging”.

LGBC believes this can only result in local planning authorities (LPAs) being pressurised into accepting higher housing targets in their local plans and then, once adopted, landowners and developers cherry-picking the most attractive allocated sites (particularly in the Green Belt) to develop.

2. Producing Local Plans

Less than half of all LPAs have an up-to-date local plan (i.e. adopted in the last five years). Whilst all are required to demonstrate a five-year housing land supply, those with plans deemed to be out-of-date are more vulnerable to the “presumption in favour of sustainable development” (NPPF 11), where the granting of permission is more likely where a five-year supply cannot be shown. Developers have greater scope to build where they wish and LPAs less control over where this should take place.

LGBC supports the adoption of local plans but maintains that the housing need should be subject to rigorous consultation and examination, and not just a Government aspiration.

A standard method of calculating local housing need has been introduced to identify the minimum number of homes to be planned for. The formula employs two factors, namely, household growth projections and affordability (i.e. the ratio of average house price to

average earnings) in local areas. It is unclear to the NAO whether this methodology is consistent with the Government aspiration for 300,000 homes per annum, but in any case, it is going to be revised in the next year or so to ensure that 300,000 can be built.

LGBC sees this as another example of Government reverse-engineering a process to come up with its intended results.

The standard method has resulted in LPAs that are either winners or losers. Of the nine regions, four – in the south and east – have seen their local housing needs increased, and the balance – in the north and midlands – have seen theirs reduced. In the South East, there is an average increase of 5% more homes required. For the London Plan, the assessment of housing need will be as in the draft London Plan (66,000pa), but future calculations will be required to use the standard method, and this is expected to be very challenging.

Government expects LPAs to provide for new homes in their areas, but this is not necessarily within their control. A Housing Delivery Test is being introduced which requires LPAs to achieve their housing targets. Failure to deliver on these goals will result in increasing penalties for non-performance. However, it is the developers who build the homes, not the councils; councils cannot increase the supply of new homes through their own efforts. The NAO estimates that 50% of LPAs will be likely to fail the test in 2020, resulting in penalties and developers having greater freedom to build where they wish.

Enclosed is an analysis of the Metropolitan Green Belt authorities identifying those that are projected in November 2020 to pass the housing delivery test, some that would need an action plan, those that would operate within the 20% land buffer, and the remainder that would be below the presumption in favour of sustainable development threshold – source: *Lichfields, November 2018*.

LGBC sees this housing delivery test as a very serious concern and for those councils in the red and amber will leave them open to speculative development applications. It is unreasonable for LPAs to be given the responsibility for meeting housing delivery targets, but not to give them the authority and control to achieve these.

3. Planning Applications and Appeals

There has been a marked improvement in LPAs determining planning application within target timescales, which is the result of improved efficiencies. However, this may also be as a result of agreement with applicants on extending the timescales. The 13-week period for major applications may not be sufficient for those that are more complex and take more time to consider.

The performance, however, in determining appeals has been unacceptable. Since 2010, the time taken has been between 30 weeks and 38 weeks for hearings and inquiries. Nearly half of appeals (43%) have been upheld and most new homes granted by appeal are from planning inquiries.

Finally, the NAO has established that the Planning Inspectorate is failing to meet many of its statutory requirements. What the elapsed time does not show for example is the delay between the appeal documentation being received and the appeal process commencing.

4. Providing Infrastructure to Support New Homes

Infrastructure such as public and private transport, healthcare, schools and utilities are funded by a range of organisations including local authorities, government departments and private sector developers. However, there is a lack of coordination between the Government and LPAs where the former has only carried out rough estimates of the money needed to provide infrastructure for new homes. Further, developers contribute to the costs of development through S106 agreements and Community Infrastructure Levy (CIL). Introduced in 2010, less than half (47%) of LPAs have introduced CIL. Finally, developers continue to argue for reduced contributions – supported by legal advice – owing to schemes being perceived to be not financially viable as a result of costs being more than anticipated. If developers end up making reduced contributions, the community ends up with less infrastructure so that LPAs or Government must make up the difference.

LGBC is seriously concerned about the practice of renegotiating such development contributions. In entering into such S106 and CIL agreements, developers should be subject to the risks as well as the rewards of doing commercial business.

In addition these negotiations usually mean that less affordable housing than was agreed at the planning application stage is delivered.

5. Constraints on the Planning System

With the financial constraints imposed since 2010 by Government on local authorities, the planning function has been a major casualty. In this period, there has been a reduction of nearly 40% in net expenditure from the resources of authorities. Factoring in increased income from sales, fees and charges, the total expenditure on planning has reduced in real-terms by 15%. Further, there is a shortage of skilled planning professionals in LPAs, where staff numbers have reduced by 15% overall since 2006. Finally, the Planning Inspectorate has seen a reduction of 13% in staff numbers since 2010.

LGBC is concerned about the shortfall in funding and resourcing as the efforts involved in determining planning applications and local plan adoption becomes ever more complex.

7. Conclusions

With an aspiration for 300,000 new homes a year with associated infrastructure, it is apparent that the system is not working well. This is from the failings in the setting of the need for new homes, to the reductions in local authority capability, the under-performing Planning Inspectorate and failures in the system to ensure adequate contributions for infrastructure.

“Given these problems, we cannot conclude that the planning system currently provides value for money in terms of delivering new homes effectively.” NAO February 2019

<https://www.nao.org.uk/report/planning-for-new-homes/>

County	Authority	HDT Nov 2020 Projected	OK?
Bedfordshire	Central Bedfordshire	90%	Yellow
Bedfordshire	Luton	100%	Green
Berkshire	Bracknell Forest	68%	Red
Berkshire	Windsor & Maidenhead	72%	Red
Berkshire	Slough	96%	Yellow
Berkshire	Wokingham	189%	Green
Buckinghamshire	South Bucks	75%	Orange
Buckinghamshire	Wycombe	76%	Orange
Buckinghamshire	Chilterns	95%	Yellow
Buckinghamshire	Aylesbury Vale	104%	Green
Essex	Basildon	34%	Red
Essex	Southend-on-Sea	48%	Red
Essex	Castle Point	50%	Red
Essex	Brentwood	51%	Red
Essex	Harlow	64%	Red
Essex	Epping Forest	65%	Red
Essex	Thurrock	78%	Orange
Essex	Rochford	89%	Yellow
Essex	Chelmsford	112%	Green
Essex	Uttlesford	143%	Green
Hertfordshire	Stevenage	17%	Red
Hertfordshire	Welwyn Hatfield	29%	Red
Hertfordshire	North Hertfordshire	31%	Red
Hertfordshire	Watford	42%	Red
Hertfordshire	East Herts	43%	Red
Hertfordshire	St Albans	46%	Red
Hertfordshire	Three Rivers	46%	Red
Hertfordshire	Broxbourne	57%	Red
Hertfordshire	Dacorum	61%	Red
Hertfordshire	Hertsmere	81%	Orange
Kent	Medway	42%	Red
Kent	Sevenoaks	59%	Red
Kent	Tunbridge Wells	69%	Red
Kent	Gravesham	75%	Orange
Kent	Maidstone	114%	Green
Kent	Dartford	134%	Green
Kent	Tonbridge and Malling	147%	Green
Presumption in Favour of Sustainable Development			Red
20% Land Buffer			Orange
Action Plan			Yellow
Pass			Green

County	Authority	HDT Nov 2020 Projected	OK?
Surrey	Elmbridge	21%	Red
Surrey	Epsom and Ewell	30%	Red
Surrey	Guildford	42%	Red
Surrey	Spelthorne	45%	Red
Surrey	Tandridge	48%	Red
Surrey	Surrey Heath	71%	Red
Surrey	Woking	86%	Yellow
Surrey	Waverley	91%	Yellow
Surrey	Mole Valley	93%	Yellow
Surrey	Reigate and Banstead	119%	Green
Surrey	Runnymede	147%	Green
London	Enfield	13%	Red
London	Kingston upon Thames	15%	Red
London	Havering	16%	Red
London	Islington	16%	Red
London	Bexley	17%	Red
London	Redbridge	17%	Red
London	Lewisham	18%	Red
London	Barking and Dagenham	20%	Red
London	Bromley	23%	Red
London	Richmond upon Thames	24%	Red
London	Brent	27%	Red
London	Southwark	29%	Red
London	Waltham Forest	32%	Red
London	Hillingdon	33%	Red
London	Harrow	39%	Red
London	Sutton	42%	Red
London	Hackney	43%	Red
London	Haringey	45%	Red
London	Merton	45%	Red
London	Tower Hamlets	46%	Red
London	Kensington and Chelsea	51%	Red
London	Newham	54%	Red
London	Barnet	58%	Red
London	Croydon	64%	Red
London	Ealing	65%	Red
London	Greenwich	71%	Red
London	Lambeth	99%	Yellow
London	Camden	106%	Green
London	Westminster	107%	Green
London	Hounslow	111%	Green
London	Wandsworth	124%	Green
London	City of London	132%	Green
London	Hammersmith and Fulham	172%	Green