

# **BSHF Evidence to the Communities and Local Government Select Committee Inquiry on Abolition of Regional Spatial Strategies**

## **Executive summary**

- The Building and Social Housing Foundation (BSHF) is an independent housing research charity which is committed to ensuring access to decent and affordable housing for all.
- BSHF has undertaken research into the likely impact of the abolition of Regional Spatial Strategies (RSS) on regions in the Midlands and the North of England. The following recommendations are based on the findings of this research (summarised in this submission) and on previous work by BSHF on 'the future of housing'.
- BSHF welcomes the government's acknowledgement of the broad need for additional housing supply but recommends that it should be clarified into a commitment to act to deliver sufficient housing supply to meet need.
- BSHF recommends that the government should urgently act to reduce the current uncertainty by requiring local authorities to publicly register their housebuilding targets or timetable for revision. Proposed changes to the planning system should include a mechanism for local authorities to publish both their housebuilding targets and actual completions.
- BSHF recommends that the RSS housing target be made the explicit default target in every area that has not formally adopted an alternative figure. This would not prevent local authorities from setting their own targets, but would minimise the potential for harmful policy voids as there would be a default target in place until and unless an alternative was set at the local level.
- BSHF recommends that the government ensures that adequate technical and methodological support is provided to local authorities to ensure that their assessment of housing need is robust.
- BSHF recommends that the government clarifies how it will monitor the impact of policy changes at a local and national level to ensure that they are having the desired impact. Sufficient data and analysis should be made freely available to local authorities and the public to ensure accountability and transparency.
- BSHF recommends that the government should clarify how local authorities determine 'local need' for Gypsy and Traveller accommodation with specific reference to when Gypsy and Traveller Accommodation Assessments should be updated.
- BSHF recommends that the government should require each local authority to publish their targets for Gypsy and Traveller accommodation and actual completions on an annual basis. As above, this information should be collated centrally and published by CLG, to improve transparency and aid monitoring. This will help to ensure that the costs of undersupply are minimised.

*The Building and Social Housing Foundation (BSHF) is an independent housing research charity which is committed to ensuring access to decent and affordable housing for all. BSHF holds Special Consultative Status with the United Nations Economic and Social Council. In June 2009 BSHF organised a Consultation at St George's House, Windsor Castle. It was chaired by Lord Richard Best and brought together practitioners and academics from a wide range of housing-related backgrounds to examine 'The Future of Housing'. This submission is based on the findings of that Consultation<sup>1</sup> and on original research conducted by BSHF.<sup>2</sup> More detailed information can be found on the BSHF website ([www.bshf.org](http://www.bshf.org)) or on request from the organisation.*

## **1. Recognition of the continued importance of long term undersupply of housing**

1.1. In their announcement of the abolition of Regional Spatial Strategies the coalition government highlighted that housebuilding had dropped to its lowest levels since 1924 despite government targets to build three million homes by 2020.<sup>3</sup>

1.2. Since the announcement of the RSS revocation organisations such as the Royal Town Planning Institute, National Housing Federation and Planning Officers Society have expressed concerns about the proposed changes. The overwhelming concern pivots around the economic and social effects of a more restricted housing supply. It is clear that many feel that the removal of the regional layer of the planning system would significantly reduce the supply of new build houses and therefore limit the overall increase in housing stock of the England.

1.3. In this context it is important to recognise the urgent need for greater supply of housing. Kate Barker's review of housing supply in 2004 highlighted the main economic problems surrounding an undersupply of housing within a UK context.<sup>4</sup> It explained that an undersupply of housing can:

- Constrain economic growth;
- Create a greater risk of macroeconomic instability;
- Worsen affordability.

The social repercussions caused by an under supply in housing are also significant and include:<sup>5</sup>

- Affordability issues for first time buyers;
- Limited accessibility to both the market and social sectors;
- Greater housing pressure, as future housing requirements increase.

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<sup>1</sup> Diacon, D., Pattison, B. and Vine, J. (2009) *The Future of Housing: Rethinking housing for the twenty-first century*, <http://www.bshf.org/scripting/getpublication.cfm?thePubID=4FF3F1F7-15C5-F4C0-99959BAD3ED44A50>

<sup>2</sup> The full findings of the research will be published in due course and can be made available to the Select Committee on request.

<sup>3</sup> Communities and Local Government (2010) Eric Pickles puts stop to flawed Regional Strategies today, <http://www.communities.gov.uk/news/newsroom/1632278>

<sup>4</sup> Barker, K. (2004) *Delivering Stability: Securing our future housing needs*, <http://www.barkerreview.org.uk/>

<sup>5</sup> NHPAU. (2009). *Housing requirements and the impact of recent economic and demographic change*. <http://www.communities.gov.uk/documents/507390/pdf/1221553.pdf>

1.4. The coalition government has acknowledged that there is a need for additional housing. On the day that the RSSs were abolished, the Secretary of State, Eric Pickles, said in a speech to the Local Government Association that “the country has a housing shortage. But it's time to concentrate on building homes, rather than dreaming up numbers.”<sup>6</sup> He expressed similar sentiments in parliament, stating:

“Imposed central targets will be replaced with powerful incentives so that people see the benefits of building. The coalition agreement makes a clear commitment to providing local authorities with real incentives to build new homes ... Because we are committed to housing growth, introducing these incentives will be a priority...”<sup>7</sup>

1.5. BSHF welcomes the government’s acknowledgement of the broad need for additional housing supply but recommends that it should be clarified into a commitment to act to deliver sufficient housing supply to meet need.

## **2. Investigation into the impact of RSS abolition on housebuilding targets**

2.1. BSHF has been undertaking an urgent review to assess the likely impact of RSS abolition on housebuilding targets in the regions of the midlands and the north of England. (Research had previously been announced, commissioned by the National Housing Federation and conducted by Tetlow King covering the southern regions. Consequently BSHF has not sought to duplicate that work.)

2.2. A questionnaire was sent to all planning departments across these regions. The questionnaire was used to gain information on the effects of new government policy on the assessment of housing need and subsequent housing targets in each local authority. Each local authority was asked to provide the following information:

- Will the Local Planning Authority be changing its housing targets since the RSS revocation, or will it be staying with its RSS targets?
- If the targets will be changing, which figures will the Local Planning Authority be adopting instead? For example, the Chief Planner has stated the possibility of using Option 1 figures (the figures originally submitted to the original Regional Spatial Strategy examination).
- Therefore, what are the Local Planning Authority's future housing targets?
- Are you also reviewing the RSS figures for provision of Gypsy and Traveller pitches (and if so, how and when will you be reviewing it)?

2.3. The first wave of research was conducted in the East Midlands, with the questionnaire subsequently sent to the local planning authorities in the West Midlands, Yorkshire and the

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<sup>6</sup> Pickles, E. (2010). Speech to Local Government Association Conference 2010.  
<http://www.communities.gov.uk/speeches/newsroom/lgaconference2010>

<sup>7</sup> Pickles, E. (2010) Written Ministerial Statements, 6 July 2010.  
<http://www.publications.parliament.uk/pa/cm201011/cmhansrd/cm100706/wmstext/100706m0001.htm#1007062300003>

Humber, North East and North West. Consequently we have the fullest results so far from the East Midlands.

2.4. The questionnaire was sent to all 40 local planning authorities in the East Midlands. In the East Midlands the response rate to the survey was 85 per cent of local authorities (34 authorities). Of those that responded, the indications were:

- 38 per cent of local authorities are keeping the RSS targets for housebuilding;
- 32 per cent of local authorities are undecided;
- 21 per cent of local authorities are intending to adopt a new target;
- 9 per cent of local authorities are using the RSS while they decide a new figure;
- No local authorities have yet decided to adopt the Option 1 figures.

2.5. For the remaining regions surveyed (West Midlands, Yorkshire and the Humber, North East and North West) the questionnaire was again sent to all local planning authorities, a total of 107. As these questionnaires were sent in a second wave the response rate at the time of writing is lower than for the East Midlands. These results should be viewed as interim findings and BSHF will publish the full findings in due course. The response rate to date has been 56 per cent. Of those that responded, the indications were:

- 48 per cent of local authorities are keeping the RSS targets for housebuilding;
- 30 per cent of local authorities are undecided;
- 13 per cent of local authorities are intending to adopt a new target;
- 5 per cent of local authorities are using the RSS while they decide a new figure;
- 3 per cent of local authorities are using Option 1 figures.<sup>8</sup>

2.6. Of those local authorities undecided or intending to adopt a new target, only nine gave an indication of the likely direction of any change. Of these, seven indicated a reduced target; two other local authorities indicated that need for housing was higher than RSS targets and that any new target would be likely to involve an increase. Of those local authorities indicating that their targets would change, one provided an indication of the scale of that change, a reduction in the range of 11 to 24 per cent

### **3. Confusion and the need for clarity**

3.1. One of the major findings of the research was the level of confusion that exists at a local level. Some local authorities responding to the research were struggling to understand the nature and scope of their new responsibilities. This is despite the vital importance of avoiding undersupply of housing.

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<sup>8</sup> Figures do not sum to 100 per cent due to rounding

3.2. BSHF recommends that the government should urgently act to reduce the current uncertainty by requiring local authorities to publicly register their housebuilding targets or timetable for revision. Proposed changes to the planning system should include a mechanism for local authorities to publish both their housebuilding targets and actual completions.

3.3. Local authority housebuilding targets should be collated by Communities and Local Government (CLG) and published on their website. This could be done on a periodic basis, through a mechanism similar to the Housing Strategy Statistical Appendix (HSSA) spreadsheet published annually, or through a mechanism similar to the Live Table spreadsheets that CLG makes available on other housing issues.

3.4. Proposals from the Conservative Party prior to the election stated that during the interim period between the abolition of regional government and the introduction of a new planning system, local authorities would revert back to their Option 1 figures. They stated that:

“Local planning authorities have already projected the number of houses they (as opposed to the regional authorities) believed would be necessary by 2026 for local needs – the so-called Option 1 numbers”.<sup>9</sup>

3.5. Of the local authorities that have responded to the survey, only three stated that they intended to use their Option 1 figures; in two of those cases the Option 1 figure was the same as that in the RSS, so the authorities could equally have responded that they were keeping their RSS figures.

3.6. There are indications that the definition of “Option 1” figures is either not sufficiently clearly defined, or that the definition is not universally understood in a consistent fashion. One professional involved in the former regional planning process told us:

“My understanding is that Option 1 housing figures are those which LAs [local authorities] approved for inclusion in the draft RSS. ... However, one could argue that option 1 figures generated by LAs are in fact those which came out of technical work done by the LAs themselves which were then modified through discussion with the then [Regional] Assembly. In some cases the figures agreed by LAs and presented to the Assembly were higher than those which eventually appeared in the draft RSS, which in the end represented politics and consensus.”

3.7. Some other local authorities stated that they did not have an Option 1 figure.

3.8. Given the inconsistent understanding of the term “Option 1”, and the fact that some local authorities do not believe that they have such figures, it is concerning that they have been proposed as an implicit default target. An alternative default would be the RSS figure, which is present in every local authority area.

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<sup>9</sup> The Conservative Party, n.d. <http://www.conservatives.com/~media/Files/Green%20Papers/planning-green-paper.ashx>

3.9. BSHF recommends that the RSS housing target be made the explicit default target in every area that has not formally adopted an alternative figure. This would not prevent local authorities from setting their own targets, but would minimise the potential for harmful policy voids as there would be a default target in place until and unless an alternative was set at the local level.

#### **4. Providing support to local authorities**

4.1. Local authorities responding to the research expressed concern about their ability to accurately assess housing need in their area. One local authority stated that as it was a small authority it “did not have the capacity to produce anything of similar robustness [to the RSS]”. Local authorities have previously received support in this process from several sources at both a regional and national level.

4.2. Regional bodies such as Government Offices and Regional Assemblies provided support to local authorities in the assessment of local housing need. This took the form of technical guidance and scrutiny for local assessments of housing need. Further support to local authorities was provided by organisations such as the National Housing and Planning Advice Unit (NHPAU). The NHPAU provided free, independent information on housing provision and affordability. The NHPAU has been closed and much of the regional support has now finished. The withdrawal of this support is a major concern to some local authorities who fear that they do not have the financial or technical resources available ‘in-house’ to make a robust assessment of local housing need.

4.3. BSHF recommends that the government ensures that adequate technical and methodological support is provided to local authorities to ensure that their assessment of housing need is robust.

#### **5. National assessment of policy impacts**

5.1. The loss of technical support and knowledge at both regional and national level will also have an impact on wider assessment of housing need.

5.2. Another important practice, carried out by the Regional Leaders Boards, was the collection of local authority data. Through the RSS a comprehensive database of strategic targets was built up, this allowed greater efficiency in analysing and researching different impacts of both regional and national trends. With the removal of the statutory functions from the Regional Leaders Boards, there is a risk that the compilation of data will be lost. There has been no announcement of a replacement for this function. It is important that central government, local authorities and the wider housing sector have access to good quality data on housebuilding targets and affordability.

5.3. The closure of the NHPAU in June 2010 led to the loss of impartial, evidence-based, expert advice and research about the impact of planned housing provision on affordability, and wider housing supply issues in England. This removed valuable research and expertise in a time of major policy change. There is an urgent need to monitor the proposed changes to ensure that they are having the intended impact on housing supply and affordability. The closure of research hubs such as the NHPAU also diminishes the transparency of both local and national government through reducing research on the impact of policy changes.

5.4. BSHF recommends that the government clarifies how it will monitor the impact of policy changes at a local and national level to ensure that they are having the desired impact. Sufficient data and analysis should be made freely available to local authorities and the public to ensure accountability and transparency.

## **6. Provision of accommodation for Gypsies and Travellers**

6.1. There is a major shortage of accommodation for Gypsies and Travellers that has built up over decades. Evidence suggests that this undersupply leads to local authorities incurring significant expenditure for every pitch that is under-supplied in their area<sup>10</sup>, not to mention the social impacts felt both by travelling communities and the wider population.

6.2. Local authorities in the East Midlands have also responded to BSHF about their intentions in relation to the provision of accommodation for Gypsies and Travellers. These results indicate that:

- 71 per cent of local authorities that responded were planning to keep the RSS targets for provision of accommodation for Gypsies and Travellers;
- 29 per cent of local authorities that responded were planning to review the RSS targets for provision of accommodation for Gypsies and Travellers.

6.3. The proportion of local authorities who intend to keep the RSS targets for Gypsy and Traveller accommodation is much higher than those intending to keep the RSS targets for housebuilding (71 per cent to 45 per cent respectively). Comments from local authorities suggest that they chose to keep the Gypsy and Traveller targets because they were derived from the Gypsy and Traveller Accommodation Assessments. They considered these to be a robust estimation of need and, therefore, were happy to retain these targets. Several local authorities who are reviewing their targets cited problems with the Gypsy and Traveller Accommodation Assessments as their reason for doing so. Other local authorities highlighted the need to review their Gypsy and Traveller Accommodation Assessments from 2012 onwards.

6.4. BSHF recommends that the government should clarify how local authorities determine 'local need' for Gypsy and Traveller accommodation with specific reference to when Gypsy and Traveller Accommodation Assessments should be updated.

6.5. BSHF recommends that the government should require each local authority to publish their targets for Gypsy and Traveller accommodation and actual completions on an annual basis. This will help to promote transparency and ensure that the costs of undersupply are minimised. As above, this information should be collated centrally and published by CLG, to improve transparency and aid monitoring.

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<sup>10</sup> Vine, J. and Pattison, B. (2009) Providing Accommodation for Gypsies and Travellers in Leicestershire: A Financial Analysis, <http://www.bshf.org/published-information/publication.cfm?lang=00&thePubID=E84E09F7-15C5-F4C0-99D6F89557BC0263>