

Meeting:	Strategic Planning Advisory Panel
Date:	12 th September 2006
Subject:	Housing and Planning Delivery Grant: Government Consultation
Responsible Officer:	Graham Jones
Contact Officer:	Graham Jones
Portfolio Holder:	Property, Housing Planning (Development) and Planning (Strategic)
Key Decision:	No
Status:	Part 1

Section 1: Summary

Decision Required

To recommend to the Executive that the Comments as set out in the report are forwarded to the Department for Communities and Local Government

Reason for report

To respond to Government on their consultation

Benefits

Making Government aware of the Council's views

Cost of Proposals

None

Risks

If no response is made the Council's views will not be heard
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Implications if recommendations rejected

No response will be made

Section 2: Report

2.1 Brief History

Planning Delivery Grant (PDG) was introduced in 2003 as part of a package of time limited measures to improve Local Planning Authorities performance, in particular in respect of development control targets for time taken to determine planning applications. The emphasis has been changing in how grant will be awarded to reflect issues such as e-planning and performance in preparation of Local Development Frameworks. A total of £605m has been made available over a 5 year period. The final year for PDG will be 2007/8 for which allocations will be announced later this year.

The Government through the Department for Communities and Local Government has published a consultation paper on replacing PDG with a Housing and Planning Delivery Grant from 2008/9 onwards. This is seen as a response to the Barker Review of Housing Supply which advocated an incentive framework for local authorities to meet their local housing demand and to encourage them to be active in the delivery of housing. According to DCLG 'Barker noted that positive incentives to meet housing targets could help change behaviour in local planning decision making and such an approach would also help meet the transitional costs associated with new housing for a local authority'.

2.2 Government Proposals

The Government had already stated that it proposes to reform PDG to ensure it better supports areas which are delivering high numbers of new homes. The consultation paper states that the purpose of a new Housing and Planning Delivery Grant (HPDG) should be 'to provide an incentive to local authorities and other bodies to respond more effectively to local housing pressures, become more actively involved in the delivery of additional housing to meet local demands and to incentivise improvements in the planning system'. The principles of the new grant are that it should:

- Strengthen the incentive for local authorities to respond to local housing pressures

- Support increased housing delivery to meet local needs
- Encourage local authorities to become pro-actively involved in the delivery of new housing and unlock blockages in the delivery chain.
- Return the benefits of growth to the community through new funding streams
- Incentivise efficient and effective planning procedures

The Government recognises that Local Authorities cannot facilitate housing in isolation from its partners, but that best practice and new creative approaches to partnership can improve performance in housing delivery. They see a grant based on delivery of housing rather than incentivising further processing planning applications will encourage Local Authorities to explore how this can be achieved.

The Government also recognises that better planning needs to be recognised and in particular site specific plans and redevelopment/regeneration action plans which should follow on from the adoption of core policies. As before they propose that the new grant would not be hypothecated, and would be available for Councils to use to 'support their growing communities'. Grant award would be available to Local Planning Authorities, Urban Development Corporations, Regional Planning Bodies and Planning Advisory and Support Services.

2.3 Housing Incentives :how it would work

- It would be based on the proportionate increase in housing in the locality
- Targeted at areas that are responding to high levels of housing demand
- There would be a 'floor level' below which grant would not be payable
- There would be an element payable for improved performance rather than just achieving total numbers per year
- Authorities which set and meet 'challenging' targets would attract additional reward – possibly based on the percentage increase against existing total stock.
- It would encourage development where affordability is a problem – ie in those areas where the housing stock is already affordable and available to those at the bottom end of the income range the housing incentive would not be payable – it would be directed towards areas where the affordability gap was highest. The suggestion is that it would apply in those authorities in the lowest quartile on an affordability formula.

Measuring Delivery

The basis for measurement would be from the Regional Spatial Strategy targets (in London the London Plan). The regional targets will be cascaded down into Local Development Frameworks in the form of both total and annualised targets for each authority. Within London, Boroughs already have targets in this form as a result of the London Plan although this is subject to review. Grant would be payable against a floor level which would be set below each authority's target figure.

Government recognises that the development cycle does not result in an even pattern of housing delivery and are therefore proposing that measurement should be on the basis of a 3 year rolling average rather than an annual figure. Figures would be taken from each Authorities LDF Annual Monitoring Report.

2.4 Comments on Housing Incentives:

The Government's proposals can be seen as consistent with their deep seated conviction that housing problems are a function of low levels of supply in high demand areas. The proposed grant is intended to bring local authorities 'on board' by incentivising delivery in such areas. It is difficult to comment on how successful this will be without having some indication as to the level of incentive.

There are however some real practical issues as well as matters of public perception. To link planning and housing within a single grant format will inevitably reinforce perceptions that numbers are what matters, irrespective of the quality and mix of the housing produced and as important the quality of the planning decision making. In Harrow and across London (including at the GLA) there is an appreciation that mix and tenure of development to meet housing need is more important than crude numbers of units. Incentivising on the basis of numbers is compounding past mistakes. It can also increase public mistrust that developments are being approved purely to maximise grant awards. At a time when there is a real and acknowledged need to secure greater public engagement in the system and to promote strategic planning issues this would be a retrograde step.

The second main issue is making awards to Local Authorities dependant on housing numbers delivered on the ground, over which they have at best a marginal impact. While Local Planning Authorities will set housing targets through their LDFs and can take positive steps to encourage development through positive policies, specific site allocations, development briefs and use of public sector land for example, development will ultimately be market driven and respond to local and national market factors. The money will therefore tend to follow the market, and it could be argued will go the areas which least need it.

2.5 Planning Incentives

The consultation paper suggest that post 2007/8 and subject to the Spending Review reward for planning will be targeted at continued support for plan-making and for funding for advisory organisations essential for continuous improvement. In respect of plan-making the proposal is to reward progress in delivering LDFs

and for the achievements of outcomes from planning policy. This is suggested on the basis of a self-assessment based the annual monitoring report.

In respect of advisory bodies, awards are proposed for the Planning Advisory Service, the Regional Planning Bodies, Planning Aid and education and capacity building programmes.

2.6 Comments on planning Incentives:

The first point that needs to be made is that for the past 4 years improvements in and maintaining DC performance in particular has been sustained largely by PDG funding. Losing £100m from this funding stream at a national level is going to have a significant impact on planning performance, as Local Planning Authorities are unlikely to be able to replace this level of funding from other sources. Unless and until other income streams such as planning fees can be introduced no decisions should be made to reduce the level of PDG support for mainstream planning functions. As yet Government has not come forward with proposals to reward enforcement, which remains an under-resourced element of the planning service generally

Progress towards the delivery of LDFs remains a legitimate and worthwhile focus for PDG and any successor regime. Assessing the outcomes of planning policies has always been a very difficult exercise and previous attempts to come up with such measures have proved unsuccessful. This is a product both of complexity and the medium/long term nature of the impact of policy. Much more detail of how this would be assessed is necessary before a worthwhile response can be made. The alternative is short term and simplistic numerical measures which reflect the measure rather than the objective. (e.g parking standards/densities)

'Top slicing' PDG to support bodies such as the Planning Advisory Service and Planning Aid will assist in delivering better planning to the public across the country. It is less apparent why Regional Planning Bodies have been included in the same category, as they are statutory bodies with ongoing responsibilities. There may be a case for some sort of incentive grant if this is to be an ongoing general principle across the board, but a non-incentivised 'top slice' seems at odds with the overall logic.

2.7 Financial Implications

This report is in response to government consultation. There will be financial implications due to any changes proposed by the government but this is difficult to estimate at present. For example, any loss in PDG is likely to have a significant impact on planning performance. More detail is required to fully assess the impact on Harrow Council of any proposed changes.

2.8 Legal Implications

none

2.9 Equalities Impact

none

2.10 Section 17 Crime and Disorder Act 1998 Considerations

none

Section 3: Supporting Information/background Documents

Housing and Planning Delivery Grant Consultation Paper July 2006 DCLG