

# Environment, Economy, Housing and Transport Board

Agenda

Wednesday, 23 May 2018  
11.00 am

Westminster Room, 8th Floor, 18 Smith  
Square, London, SW1P 3HZ

**To:** Members of the Environment, Economy, Housing and Transport Board  
**cc:** Named officers for briefing purposes

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Environment, Economy, Housing & Transport Board  
23 May 2018

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There will be a meeting of the Environment, Economy, Housing & Transport Board at **11.00 am on Wednesday, 23 May 2018** Westminster Room, 8th Floor, 18 Smith Square, London, SW1P 3HZ.

A sandwich lunch will be available after the meeting.

**Attendance Sheet:**

Please ensure that you sign the attendance register, which will be available in the meeting room. It is the only record of your presence at the meeting.

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<b>Conservative:</b>	Group Office: 020 7664 3223	email: <a href="mailto:lgaconservatives@local.gov.uk">lgaconservatives@local.gov.uk</a>
<b>Labour:</b>	Group Office: 020 7664 3334	email: <a href="mailto:Labour.GroupLGA@local.gov.uk">Labour.GroupLGA@local.gov.uk</a>
<b>Independent:</b>	Group Office: 020 7664 3224	email: <a href="mailto:independent.grouplga@local.gov.uk">independent.grouplga@local.gov.uk</a>
<b>Liberal Democrat:</b>	Group Office: 020 7664 3235	email: <a href="mailto:libdem@local.gov.uk">libdem@local.gov.uk</a>

**Location:**

A map showing the location of 18 Smith Square is printed on the back cover.

**LGA Contact:**

Thomas French  
020 7664 3041/ [Thomas.french@local.gov.uk](mailto:Thomas.french@local.gov.uk)

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## Environment, Economy, Housing & Transport Board – Membership 2017/2018

Councillor	Authority
<b>Conservative ( 8)</b>	
Cllr Martin Tett (Chairman)	Buckinghamshire County Council
Cllr Alistair Auty	Wokingham Borough Council
Cllr Simon Cooke	Bradford Metropolitan District Council
Cllr Lynne Duffy	Wychavon District Council
Cllr Blake Pain	Harborough District Council
Cllr David Renard	Swindon Borough Council
Cllr Mark Mills-Bishop	Broxbourne Borough Council
Cllr Colin Davie	Lincolnshire County Council
<b>Substitutes</b>	
Cllr Philip Broadhead	Bournemouth Borough Council
Cllr Stephen Parker	Hart District Council
<b>Labour ( 7)</b>	
Cllr Judith Blake CBE (Vice-Chair)	Leeds City Council
Cllr Tony Newman	Croydon Council
Cllr Helen Holland	Bristol City Council
Cllr Ed Turner	Oxford City Council
Cllr Rachel Blake	Tower Hamlets Council
Cllr Gillian Campbell	Blackpool Council
Cllr Michael Mordey	Sunderland City Council
<b>Substitutes</b>	
Cllr Tim Roca	Westminster City Council
Cllr James Robbins	Swindon Borough Council
Cllr Shaun Davies	Telford and Wrekin Council
<b>Liberal Democrat ( 2)</b>	
Cllr Adele Morris (Deputy Chair)	Southwark Council
Cllr Peter Thornton	Cumbria County Council
<b>Substitutes</b>	
Cllr Stewart Golton	Leeds City Council
<b>Independent ( 2)</b>	
Cllr Rachel Eburne (Deputy Chair)	Mid Suffolk District Council
Cllr Linda Gillham	Runnymede Borough Council
<b>Substitutes</b>	
Cllr Andrew Cooper	Kirklees Metropolitan Council
Cllr Philip Evans JP	Conwy County Borough Council

## LGA Environment, Economy, Housing & Transport Board Attendance 2017-2018

<b>Councillors</b>	<b>6/10/17</b>	<b>14/12/17</b>	<b>23/2/18</b>
<b>Conservative Group</b>			
<b>Martin Tett</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>
<b>Alistair Auty</b>	<b>Yes</b>	<b>No</b>	<b>No</b>
<b>Simon Cooke</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>
<b>Lynne Duffy</b>	<b>Yes</b>	<b>Yes</b>	<b>No</b>
<b>Blake Pain</b>	<b>No</b>	<b>Yes</b>	<b>No</b>
<b>David Renard</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>
<b>Mark Mills-Bishop</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>
<b>Colin Davie</b>	<b>Yes</b>	<b>Yes</b>	<b>No</b>
<b>Labour Group</b>			
<b>Judith Blake CBE</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>
<b>Tony Newman</b>	<b>No</b>	<b>Yes</b>	<b>No</b>
<b>Helen Holland</b>	<b>Yes</b>	<b>Yes</b>	<b>No</b>
<b>Ed Turner</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>
<b>Rachel Blake</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>
<b>Gillian Campbell</b>	<b>Yes</b>	<b>No</b>	<b>Yes</b>
<b>Michael Mordey</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>
<b>Lib Dem Group</b>			
<b>Adele Morris</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>
<b>Peter Thornton</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>
<b>Independent</b>			
<b>Rachel Eburne</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>
<b>Linda Gillham</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>
<b>Substitutes/Observers</b>			
<b>Philip Broadhead</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>
<b>Stephen Parker</b>	<b>Yes</b>		<b>Yes</b>
<b>Jon Clempner</b>	<b>Yes</b>	<b>Yes</b>	
<b>Shaun Davis</b>			<b>Yes</b>

## Agenda

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### Environment, Economy, Housing & Transport Board

Wednesday 23 May 2018

11.00 am

Westminster Room, 8th Floor, 18 Smith Square, London, SW1P 3HZ

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A Supplementary report providing an update on Brexit and the Hackitt Report will be circulated to Board Members separately from the main agenda.	
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**Date of Next Meeting:** Thursday, 12 July 2018, 11.00 am, Westminster Room, 8th Floor, 18 Smith Square, London, SW1P 3HZ





23 May 2018

## **Speeding-up the build out of sites with planning permission**

### **Purpose of report**

For discussion.

### **Summary**

Oliver Letwin is leading a review into the build out of large sites with planning permission on behalf of Her Majesty's Government. This has long been an issue around which the LGA has called for greater attention. This report introduces a number of issues in relation to the build-out rates of sites with planning permission, both in order to support a conversation with Oliver Letwin and to set the direction for future LGA work.

### **Recommendation**

That the Board consider and agree recommendations set out in paragraph 11.

### **Action**

Officers to take forward as agreed.

**Contact officer:** Nick Porter  
**Position:** Senior Adviser - Housing  
**Phone no:** 020 7664 3113  
**Email:** [nick.porter@local.gov.uk](mailto:nick.porter@local.gov.uk)

## **Speeding-up the build out of sites with planning permission**

### **Background**

1. In January 2018 the Ministry of Housing, Communities and Local Government (MHCLG) announced a review on the delivery of housing on sites that have planning permission, chaired by Sir Oliver Letwin MP.
2. This has long been an issue around which the LGA has called for greater attention.

### **Issues**

3. The LGA continues to argue that the planning system is not a barrier to development. Councils are approving nine in 10 permissions, and the vast majority of negative decisions are backed by inspectors if appealed by the applicant.
4. In 2016/17 councils granted permission for 321,202 new homes, up from 204,989 the year before, reflecting their work with developers as the industry continued to recover from the great recession. This has similarly led to an increase in the number of unbuilt homes with permission, up to 423,544 in 2016/17 from 365,146 the year before. It now takes, however, 40 months on average from schemes receiving permission to building work being completed. This is eight months longer than in 2013/14.<sup>1</sup>
5. House building is complex and the build out of sites has been the subject of debate for councils, developers and commentators for some time. In addition to work by the LGA, notable investigations have been undertaken by KPMG/Shelter<sup>2</sup>, Lichfields<sup>3</sup>, Barratt<sup>4</sup>, Home Builders Federation<sup>5</sup> and Savills<sup>6</sup>.
6. A review of these studies reveals a complex issue influenced by a wide range of factors, reducing the debate to a binary argument between 'land banking' on one hand and complaints on the planning system on the other, would oversimplify the issue.

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<sup>1</sup> LGA Glenigans, Unimplemented Planning Permissions, February 2018 <https://www.local.gov.uk/about/news/more-423000-homes-planning-permission-waiting-be-built>

<sup>2</sup> KPMG SHELTER (2015) *Building the homes we need A Programme for the 2015 Government*. Available at: [http://www.shelter.org.uk/\\_data/assets/pdf\\_file/0019/802270/Building\\_the\\_homes\\_we\\_need\\_-\\_a\\_programme\\_for\\_the\\_2015\\_government.pdf](http://www.shelter.org.uk/_data/assets/pdf_file/0019/802270/Building_the_homes_we_need_-_a_programme_for_the_2015_government.pdf)

<sup>3</sup> Nathaniel Litchfield & Partners: TRIP Targeted Research & Intelligence Program [2016] Start to Finish: How Quickly do Large-Scale Housing sites Deliver? Available at: <http://lichfields.uk/media/1728/start-to-finish.pdf>.

<sup>4</sup> Barratt Developments Plc and Chamberlain Walker [2017] *The Role of Land Pipelines in the UK Housebuilding Process*. Available at: [https://cweconomics.co.uk/wp-content/uploads/2017/10/CWEconomicsReport\\_Land\\_Banking.pdf](https://cweconomics.co.uk/wp-content/uploads/2017/10/CWEconomicsReport_Land_Banking.pdf)

<sup>5</sup> Home Builders Federation [2015] *Solving England's Housing Supply Crisis: The Contribution of the Private Sector*. Available at: [http://www.hbf.co.uk/fileadmin/documents/Policy/ELECTION\\_2015/HBF\\_Report\\_-\\_Solving\\_England\\_s\\_Housing\\_Supply\\_Crisis\\_-\\_March\\_2015.pdf](http://www.hbf.co.uk/fileadmin/documents/Policy/ELECTION_2015/HBF_Report_-_Solving_England_s_Housing_Supply_Crisis_-_March_2015.pdf).

<sup>6</sup> E. Williams [2016] *Stuck in the Planning Pipeline*, Savills. Available at: [http://www.savills.co.uk/research\\_articles/141285/2021400%20and%20the%20findings%20and%20reference%20the%20LGA%20work%20that%20inspired%20it](http://www.savills.co.uk/research_articles/141285/2021400%20and%20the%20findings%20and%20reference%20the%20LGA%20work%20that%20inspired%20it)

7. Broadly speaking there is some level of agreement that build rates are linked to a housing system that increases land prices for sites to a point that impacts on the financial and delivery models by house builders purchasing land with inflated values.
8. The interim findings of the Letwin Review panel (Annexed) - while focusing on large sites and on matters that are beyond the planning system - has similarly suggested that:

“The fundamental driver of build out rates once detailed planning permission is granted for large sites appears to be the ‘absorption rate’ – the rate at which newly constructed homes can be sold into (or are believed by the house-builder to be able to be sold successfully into) the local market without materially disturbing the market price”<sup>7</sup>.
9. The Letwin Review offers an opportunity to change the conversation on unimplemented permissions to focus on delivery and to challenge the notion of planning being the primary barrier, and to instead treat the planning system as an enabler of development that is built out in a timely fashion, that is well-designed and good quality, and that meets the wider needs of individuals, communities and economies.
10. Crucially, the findings of the Letwin Review should influence proposals within the draft National Planning Policy Framework (NPPF) to introduce a new delivery test taking punitive action against councils where housebuilders fail to deliver the number of homes that a national formula says each place must deliver. It is critical that councils have the range of tools and powers to deliver on new accountabilities, including to ensure the development of sites for which they have granted permission.

#### **LGA action – proposed next steps**

11. The Board is asked to comment on the proposed set of policy recommendations and actions:
  - 11.1. Continue to engage with the Letwin Review team following the EEHT Board discussion.
  - 11.2. Broker a series of workshops with councils, housebuilders, and the MHCLG to positively and practically explore options speeding up build out rates.
  - 11.3. Develop detailed policy propositions for new powers to councils to ensure build out rates, such as new Compulsory Selling Orders requiring developers to sell land it has failed to develop within a reasonable period.
  - 11.4. Build a case, in following on from the NPPF, for a realistic delivery test that is focused on what is within the direct influence of councils such as the number of permissions.

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<sup>7</sup> Ministry of Housing, Communities & Local Government [2018] *Independent review to tackle barriers to Building*. The Rt Hon Sajid Javid MP. Available at: [3](#)

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- 11.5. Publish and share good practice from councils that are working with developers in seeking to build out new homes more quickly, for instance making requirements in Section 106 agreements, using planning conditions or planning enforcement powers.

**Financial Implications**

12. None

**Implications for Wales**

13. There are no specific implications for Wales.

**Appendices**

14. Appendix A - Letter from The Rt Hon Sir Oliver Letwin MP

**Next steps**

15. Officers to take forward actions as directed by the Board.

**The Rt Hon Sir Oliver Letwin MP**  
*The Independent Review of Build Out*

*c/o Ministry of Housing, Communities and  
Local Government*

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London SW1P 4DF

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The Rt Hon Sajid Javid MP  
Secretary of State for Housing, Communities and Local Government  
Ministry of Housing, Communities and Local Government  
2 Marsham St  
London  
SW1P 4DF

9<sup>th</sup> March 2018

Dear Philip and Sajid

My terms of reference require me, by the time of the Budget in the Autumn, to “explain the significant gap between housing completions and the amount of land allocated or permitted in areas of high housing demand, and make recommendations for closing it”.

The output of new housing is determined by the number of homes permitted and the rate at which those permissions are built out. Successive governments have done much in recent years to increase the number of permissions granted by reform of the planning system and by introducing other measures to encourage local authorities to grant more planning permissions for new homes. I have decided to focus, in the first stage of my work, exclusively on analysis of the reasons why – against the background of the current planning system – build out rates are as they are, without yet making any recommendations for increasing such build out rates in future.

I have further narrowed my focus by considering exclusively the question why, once major house-builders have obtained outline planning permission to build large numbers of homes on large sites, they take as long as they do to build those homes. The many questions that surround the build out rates achieved by smaller house-builders and on smaller sites may well be worthy of investigation in due course; but the importance of the large sites and large house-builders to the overall house-construction numbers is such as to make it sensible for me to devote all of my attention to them at this stage.

I propose to publish the results of my analytical work by the end of June in the form of a Draft Analysis. This will contain only a description of the problem and of its causes. I will seek comments from interested parties and experts before I finalise this analytical aspect of my work.

On the basis of this careful approach to analysis of the problem, I hope to be able to formulate robust recommendations from the Summer onwards in order to produce a Final Report containing recommendations in time for the Budget.

So far, with my team of officials and with help from my panel, I have:

- visited large housing development sites in ten local authorities, meeting house-builders and planning officials;
- held round table meetings and individual meetings with stakeholders including land agents, house-builders, local authorities and NGOs; and
- reviewed the extensive material that has already been published about this problem.

Work on all of these fronts continues. Over the next twelve weeks, I envisage that we will:

- visit further large sites;
- obtain data showing the pipeline of large sites from application to completion on site;
- visit Germany and the Netherlands to examine ways in which build out rates are affected by the use of public or publicly-led mechanisms for increasing the variety of what is offered on large sites; and
- hold further meetings with stakeholders to test my diagnosis of the issue.

A point which has become abundantly evident from all of our work so far is that there are two distinct stages for building a large number of houses on a large site:

- Stage 1 (the ‘regulatory stage’) consists of securing all the necessary approvals to allow development to commence on at least part of the site.
- Stage 2 (the ‘build out stage’) starts at the moment when the house-builder has an implementable consent and is therefore able to start construction on the site (i.e. has received either the grant of full planning permission or the first final, detailed planning permission under reserved matters, and has satisfied all pre-commencement conditions).

We have heard from many witnesses that the rate of build out of large sites during Stage 2 is typically held back by a web of commercial and industrial constraints including:

- limited availability of skilled labour,
- limited supplies of building materials,
- limited availability of capital,
- constrained logistics on the site,
- the slow speed of installations by utility companies,
- difficulties of land remediation, and
- provision of local transport infrastructure.

Each of these reasons for a slow and gradual build out of large permitted sites deserves further investigation – and I intend, in the Draft Analysis, to provide an assessment of each of them. This will require further discussion with providers of the relevant items (e.g. training, building materials, finance, on-site utility-infrastructure) as well as further examination of the relevant data (e.g. on labour markets and building material markets) by the Treasury micro-economist that has been seconded to my team of officials.

But I am not persuaded that these limitations (which might well become biting constraints in the future) are in fact the primary determinants of the speed of build out on large permitted sites at present. They are components of the velocity of build out; but they are not the fundamental rate-setting feature.

The fundamental driver of build out rates once detailed planning permission is granted for large sites appears to be the ‘absorption rate’ – the rate at which newly constructed homes can be sold into (or are believed by the house-builder to be able to be sold successfully into) the local market without materially disturbing the market price. The absorption rate of homes sold on the site appears, in turn, to be largely determined at present by the type of home being constructed (when ‘type’ includes size, design, context and tenure) and the pricing of the new homes built. The principal reason why house-builders are in a position to exercise control over these key drivers of sales rates appears to be that there are limited opportunities for rivals to enter large sites and compete for customers by offering different types of homes at different price-points and with different tenures.

When a large house-builder occupies the whole (or even a large part) of a large site, the size and style (and physical context) of the homes on offer will typically be fairly homogeneous. We have seen examples of some variation in size, style and context on some large sites; but the variations have not generally been great. It has become apparent to us that, when major house-builders talk about the absorption rates on a large site being affected by “the number of outlets”, they are typically referring not only to the physical location of different points of sale on the site, but also and more importantly to differences in the size and style (and context) of the products being offered for open market sale in different parts of the site. Even these relatively slight variations are clearly sufficient to create additional demand – and hence additional absorption, leading to a higher rate of build out.

It is also clear from our investigation of large sites that differences of tenure are critical. The absorption of the ‘affordable homes’ (including shared ownership homes) and of the ‘social rented housing’ on large sites is regarded universally as additional to the number of homes that can be sold to the open market in a given year on a given large site. We have seen ample evidence from our site visits that the rate of completion of the ‘affordable’ and ‘social rented’ homes is constrained by the requirement for cross-subsidy from the open market housing on the site. Where the rate of sale of open market housing is limited by a given absorption rate for the character and size of home being sold by the house-builder at or near to the price of comparable second-hand homes in the locality, this limits the house-builder receipts available to provide cross-subsidies. This in turn limits the rate at which the house-builder will build out the ‘affordable’ and ‘social rented’ housing required by the Section 106 Agreement – at least in the case of large sites where the non-market housing is either mixed in with the open market housing as an act of conscious policy (as we have frequently found) or where the non-market housing is sold to the Housing Association at a price that reflects only construction cost (as we have also seen occurring). If freed from these supply constraints, the demand for ‘affordable’ homes (including shared ownership) and ‘social rented’ accommodation on large

sites would undoubtedly be consistent with a faster rate of build out. And we have heard, also, that the demand for private rented accommodation at full open market rents (the scale of which is at present uncertain) would be largely additional to, rather than a substitute for, demand for homes purchased outright on the open market.

So further questions arise:

- would the absorption rate, and hence the build out rate be different if large sites were ‘packaged’ in ways that led to the presence on at least part of the site of:
  - other types of house-builder offering different products in terms of size, price-point and tenure? Or
  - the major house builders offering markedly differing types of homes and/or markedly different tenures themselves?
- would the absorption rate be different if the reliance on large sites to deliver local housing were reduced? And
- what are the implications of changing the absorption rate for the current business model of major house-builders if the gross development value of sites starts to deviate from the original assumptions that underpin the land purchase?

As I continue my investigation into these questions over the next few months, I shall also investigate what constraints would be imposed on build out rates by the supply of finance, the supply of skilled labour, the supply of utility-infrastructure, the availability of building materials, and the management of site logistics if the fundamental constraints currently imposed by the absorption rate for the type and price of home currently being offered on large sites were lifted for any of the reasons to which the questions refer. I shall investigate what effect faster build out rates would be likely to have on the 'land banks' held by the major builders. And I shall continue to seek views from industry participants, planners, NGOs and others on the possible answers to the questions in order to deepen the analysis published in June.

Yours ever,



**The Rt Hon Sir Oliver Letwin MP**

cc. Dominic Raab MP, Minister of State for Housing



23 May 2018

## **Viability and developer contributions**

### **Purpose of report**

For direction.

### **Summary**

The Government now accepts the LGA's long held view that the viability process is in need of review and has consulted on reforming developer contributions.

In the meantime many councils continue to develop innovative approaches to maximise community benefit from viability negotiations, and the Board will hear from the approach taken by the London Borough of Tower Hamlets in achieving this.

This report introduces issues related to the viability system and the government's proposals for reforming developer contributions and seeks direction for future LGA work in making the case for reform to Government, and in supporting councils to develop and improve.

### **Recommendation**

That the Board consider, direct and agree recommendations set out in paragraph 16.

### **Action**

To be taken forward by officers as agreed.

**Contact officer:** Nick Porter  
**Position:** Senior Adviser - Housing  
**Phone no:** 020 7664 3113  
**Email:** [nick.porter@local.gov.uk](mailto:nick.porter@local.gov.uk)

## **Viability and developer contributions Viability and developer contributions**

### **Background**

1. On 5 March 2018 the Ministry for Housing Communities and Local Government (MHCLG) published proposals for reforming developer contributions to affordable housing and infrastructure.
2. This has long been an issue around which the LGA has called for greater attention.
3. Alongside this the government also published a number of other documents, including proposals for a revised National Planning Policy Framework (NPPF) and revised draft National Planning Practice Guidance (NPPG).
4. The LGA's responses to the NPPF consultation and the developer contributions consultation can be found [here](#).

### **Issues**

#### Challenges

5. The MHCLG has acknowledged that *'the current system of developer contributions is not working as well as it should. It is too complex and uncertain. This acts a barrier to new entrants and allows developers to negotiate down the affordable housing and infrastructure they agreed to provide'*. The same system also plays a key role in influencing the build out rates of sites with planning permission.
6. This is an argument that has been made by the LGA for some time. For instance in its 'Building our homes, communities and future', the LGA Housing Commission recommended that local and national government work together to *'establish a clear, robust and transparent viability procedure to help manage down the escalation of land values and ensure the delivery of affordable housing and infrastructure communities need to back development'*.
7. There is a need to reform viability because, as one contributor to our Commission put it, *'the ability to lower affordable housing provision through viability arguments is creating uncertainty in the land market. When bidding for land and factoring in the uplift in value that may come from the grant of planning permission, the developer who makes the most bullish assumptions around value growth, minimising affordable housing, and maximising density, will outbid others and acquire the site. This transfers developers' risk onto the planning system and the community.'*
8. Landowners have significant influence in the country's ability to build more new homes. Landowners can choose when to release land at a point and a price that works for them,

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able to negotiate for well above existing use value by the Land Compensation Act which allows them to financially benefit from future uplift. There is growing consensus on the need for a discussion around how the gains of public investment is shared between communities, landowners and house builders, the impact of the planning system on the land market is central to this question.

### Proposed reforms

9. The emphasis placed on this issue by the new MHCLG consultations is therefore welcome. The revised National Planning Policy Framework (NPPF), the accompanying National Planning Policy Guidance (NPPG), and developer contributions consultation between them make a number of positive propositions about the future of developer contributions. This includes:
  - 9.1. Transparency – a requirement for all viability assessments to be made publicly available and to reflect the recommended approach in national planning guidance, including standardised inputs
  - 9.2. Reaffirmation of allocations in local plan - an expectation that where sites are allocated in a plan they should be deliverable without the use of a viability assessment at decision-making stage
  - 9.3. Encouragement for early consideration pre-planning, particularly discussions about infrastructure and affordable housing at the pre-application stage to encourage early engagement on these issues
  - 9.4. Clarification that the price paid for land is not a relevant justification for failing to accord with relevant policies in an up-to-date plan and that existing use value is not the price paid for land and should disregard hope value
  - 9.5. A more streamlined consultation process for setting and reviewing CIL
  - 9.6. Partial removal of the pooling restrictions for section 106 contributions
  - 9.7. Flexibility for local authorities to set differential CIL rates based on the existing use of land
  - 9.8. Flexibility for Combined Authorities and Joint Committees with strategic planning powers to charge a Strategic Infrastructure Tariff
  
10. However, while well-intentioned, the overall propositions for reforming viability need rigorous testing in order to better understand whether or not they address the central issues that would actually enable the delivery of more homes across different housing markets - there are some concerns that the reforms might even lead to fewer affordable rented homes.
  
11. In particular councils have highlighted concerns that:
  - 11.1. It is proposed that councils will set policy requirements for developer contributions expected from different types of development and, where necessary, from different sites. This will likely place extensive and expensive new burdens on councils to

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determine the viability of many different sites. It also risks creating additional uncertainty that developers can use to push down contributions because, while the proposal is that sites delivered within this requirement would not need further viability assessment, developers may still seek opportunities to pursue a second viability assessment if it is within their interests to.

11.2. In determining the policy requirements for developer contributions, it is proposed that councils must adhere to a model that risks 'locking in' the levels of return currently generated, creating little room for increased investment in affordable homes and infrastructure. For instance the proposals set out how landowners should receive a premium return that they would expect by using '*data from comparable sites of the same type that have recently been granted planning consent*'. While the consultation highlights that these examples should be policy compliant, such examples will often not be available. Similarly, it proposes councils assume a 20 per cent Gross Development Value as a suitable return to developers based on current models, while this level may often be necessary to access finance, it might not be helpful to determine it in planning policy.

11.3. Furthermore, for what availability does exist, it is proposed in the draft NPPF that 10 per cent of all new major sites provide low cost home ownership products. This requirement will have to be factored into viability models, however the product will not meet the needs for all communities in many housing markets and risks displacing the supply of other products for which there is a clear demonstrable need. There is therefore a risk that this will make local discussions between councils, developers and landowners difficult, as councils will seek to enable the delivery the homes needed locally in addition to the 10 per cent requirement.

12. It is important that the LGA continue to shape the debate on what happens next, as the emphasis on reforming viability is a welcome acknowledgement that the current system is not working, and provides a real opportunity to build homes that also deliver in terms of quality, design, tenure, infrastructure, and community.

#### Local action

13. Nevertheless there is action that councils can take, and are taking, to help ensure viability discussions are positive and ensure developer contributions deliver for the local community.

14. For instance a number of councils have taken steps to introduce greater transparency on viability assessments, to have viability discussions as early as possible, or to equip teams with the confidence, skills and access to information to succeed in negotiations with often very well resourced developers.

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15. The Board will hear a presentation from London Borough of Tower Hamlets on their approach to viability negotiations, what this has achieved for their communities, and how learning might be used elsewhere.

**LGA action – proposed next steps**

16. The Board is asked to comment on the proposed set of policy recommendations and actions:
- 16.1. Continue to take forward the LGA NPPF and developer contributions response in discussions with councils, partners, officials and Ministers – including a series of workshops with councils together with developers and MHCLG.
  - 16.2. Develop detailed policy propositions for what a reformed viability procedure should look like and how it would deliver national and local ambitions for more homes, widely engage councils, developers and the Government in this process.
  - 16.3. Deliver a project investigating, capturing and presenting good practice learning from councils that have had success in viability negotiations, developing a resource and events to share the learning across the sector.

**Financial Implications**

17. None

**Implications for Wales**

18. There are no specific implications for Wales.

**Next steps**

19. Officers to take forward actions as directed by the Board.



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## Housing affordability

### Purpose of report

For direction.

### Summary

There is a crisis because housing is unavailable, unaffordable, and is not appropriate for everyone that needs it. This report explores the current affordability of housing, its impacts, and the policy solutions, and makes a series of recommendations for the LGA to continue advancing the case for ensuring the provision of affordable housing.

### Recommendation

That the Board consider, direct and agree recommendations set out in paragraph 16.

### Action

To be taken forward by officers as agreed.

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## **Housing affordability**

### **Background**

1. The LGA has long highlighted the widespread impacts of the housing crisis on communities and economies, and has argued for policy and funding reforms that enable councils to significantly increase the supply of council housing, and to help households secure sufficient incomes to access and sustain tenancies.
2. Government has taken positive steps recently, including additional £2 billion for the Affordable Homes Programme including social rent, £1 billion borrowing headroom for council house building, a consultation on new flexibilities to replace homes sold through Right to Buy, a new Targeted Affordability Fund, the reversal of proposals to apply the Local Housing Allowance rate to social housing, and many others.
3. However taken together these measures still fall short of what is needed to resolve housing unaffordability for families, communities and economies. The sector hopes – and has been making the case for - the forthcoming Social Housing Green Paper presents a positive forward vision for social housing as a positive tenure for all.

### **Issues**

4. There is a crisis because housing is unavailable, unaffordable, and is not appropriate for everyone that needs it. While there are a number of explanations for this, the reality is that the housing market is a complex and interconnected system, both within and with other parts of our economy and society. The inability to increase the supply of new homes has had a significant impact on affordability, but there are many factors with influence such as the economy's treatment of housing as a financial investment, the availability, quality and security of local employment, the conditions of infrastructure, access to leisure and culture, quality of schools etc, and, of course, household incomes and pressures from the wider cost of living.
5. Resolving housing affordability is therefore complex and well debated, however there is growing consensus that simply building more homes will not resolve affordability unless a significant proportion of those homes are genuinely affordable, and built within wider local strategy for growth, jobs and services. This has been the primary argument made by the LGA for some time, which has placed less emphasis on other factors such as credit supply, taxation, and investment incentives.

### **Affordability**

6. *Home ownership* - House prices are now eight times annual incomes. Nevertheless mortgage repayments are well within historic affordable levels with the average spend around 20 per cent of incomes, far lower than renters. However the high house prices demand large deposits, a significant constraint to accessing home ownership. The



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Council of Mortgage Lenders have said on average a first time buyer needs an income of £40,000 and a deposit of £25,000 (62 per cent of gross income), in London they typically need an income of £65,000 and a deposit of £81,000 (131 per cent of gross income). While there are large variations, even the more 'affordable' markets have challenges relative to incomes – house prices are five times incomes in Stoke, Hartlepool and Hull.

7. As a result, home ownership rates have been declining since 2003, although still accounting for over 60 per cent of all homes. However the average age of home owners is increasing and market transactions are stagnating as young people today are half as likely to be home owners than they were 20 years ago. Increasingly young people rely on the 'bank of mum and dad' to access home ownership, which is in part determined by how fortunate their parents were in previous housing booms.
8. *Social housing* - Social housing rents are set at either social rent, around 60 per cent of market rent, or affordable rent at around 80 per cent of market rent. However on average nationally social rents account for around 30 per cent of total household incomes. This jumps to 40 per cent when discounting housing benefit. LGA analysis found that almost 1 in 10 housing association tenants are spending more than 50 per cent of their total household income on rent, around 6 percent of council tenants are in the same situation - even the most affordable housing is becoming unaffordable for a sizable proportion of the population.
9. The availability of social housing has fallen since the 1980s as the sector has not been able to replace homes sold via Right to Buy – it has dropped from 30 per cent of all homes in 1980 to under 20 per cent today (including affordable rent). Within social housing there has been a particularly stark fall in socially rented housing, for which there is large demand in most markets. Altogether over 150,000 social rented homes have been lost in the last five years, including almost 50,000 lost through housing associations converting social rented housing into affordable rented housing.
10. *Private rented sector* –The average private rent is well over 30 per cent of total household income, and almost 15 per cent of private renters spend over 50 per cent of their total household income on rent. The overall average cost of rent is over 50 per cent when discounting housing benefit, illustrating the potential impact of welfare reforms for private renters. Affordability does vary around the country and in some markets private rent can be equal to, or even lower, than affordable or social rent levels. While affordability is most stretched in London and the south east, it is likely that more households in London will have multiple earners living in it, possibly earning well above the median, which is less likely to be the case in other markets.
11. The private rented sector is now larger than the social rented sector at just over 20 per cent of all homes. For many new households it is the only option due to the unavailability of social housing and the unaffordability of home ownership, and so is likely to continue

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growing and evolving (including greater institutional investment through build to rent). The costs of renting privately provide a significant limitation on the capacity of households to save for a deposit. And low-income private tenants are also especially vulnerable to reforms that reduce the level of housing benefit, such as the Local Housing Allowance freeze, Overall Benefit Cap, Shared Accommodation Rate.

### Impact

12. The impacts of housing unaffordability are widespread: causing stress that affects all aspects of life for families; affecting the recruitment and retention of skills for employers to create growth; distorting local economies and impacting on communities; putting greater demand on welfare and support services, and creating wider and long lasting financial insecurity for younger generations that will likely remain with many of them into old age.
13. The unavailability of affordable housing is expensive to the state. Last year the Government spent £24 billion helping top up incomes to meet housing costs through housing benefit. This equates to around 80 per cent of the Government's investment in housing, the other 20 per cent being spent on building more homes. A reversal of the situation in the 1980s, where 80 percent was invested in building new homes, 20 per cent on supporting families to meeting housing costs. Government have bought in reforms to help curb increases in housing benefit, however the demand for it is not falling.
14. All of these issues are important to councils, but councils are also supporting those at the sharpest end of the housing crisis. Loss of an Assured Shorthold Tenancy (prevalent in the private sector, but also used by housing associations) is now the leading trigger of homelessness, and has more than quadrupled since 2009 to 20,000 last year. By comparison all other triggers for homelessness (such as family breakdown) have remained consistent. In an LGA survey 9 in 10 councils reported that reforms reducing housing benefit – in particular the Local Housing Allowance freeze – were increasing homelessness in their area.
15. Currently councils are housing 79,000 homeless households including over 120,000 children in temporary accommodation. Over the last three years councils have been housing an additional 900 homelessness children each month. The net cost for councils has tripled in the last three years and has been identified by the National Audit Office as an increasing and significant financial risk for the sector.

### Policy response

16. *Defining affordable housing* - The definition of affordable housing has changed significantly in recent years, including the introduction of affordable rent, affordable private rent, starter homes, rent to buy products and more. Within these definitions the role of traditional social housing has been reduced significantly, most recently

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demonstrated by the draft National Planning Policy Framework. All definitions continue, however, to link into a housing market that everyone accepts is broken, rather than to what people can actually afford relative to their incomes.

17. *Investing in affordable housing* - As indicated in the introduction there have been a number of measures to increase the supply of affordable rent and social rented property. Despite recent increases, however, investment in social and affordable rent is lower than in previous years. It is much lower than schemes supporting low cost home-ownership, most noticeably Help to Buy and the recent stamp duty exemption, for which there are questions over efficiency.
18. *Welfare reform and housing affordability* – An individual housing crisis can result from any combination of challenges in health, relationships, employment and housing, but increasingly this can include welfare reforms making housing less affordable. A range of policy reforms have sought to adapt the impact of welfare reforms on groups at risk of homelessness – such as the Targeted affordability Fund, and other measures mentioned in the introduction to this paper – however councils and leading charities project homelessness will continue to increase without further reforms that make the private rented sector affordable for low-income households in many areas.

**LGA action – proposed next steps**

19. The Board is asked to comment on the proposed set of policy recommendations and actions:
  - 19.1. Undertake research into the case for defining affordable housing as linked to household incomes, for instance around 30 per cent of household incomes such as in London's Living Rent, and explore how these products might be understood and developed.
  - 19.2. Further build the wider socio-economic case for enabling a renaissance in council house building through Housing Revenue Accounts by revisiting the principles of self-financing, lifting the borrowing cap and allowing councils to retain 100 per cent of receipts.
  - 19.3. Continue to build partnerships with Homes England and others to support capacity building and investment enabling the delivery of affordable homes as part of wider strategies to create inclusive growth, jobs and well-being.
  - 19.4. Investigate, capture and present good practice and policy recommendations from councils that are working positively with private landlords to provide secure affordable housing to low-income families.

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- 19.5. Explore with the Government the further adaptations to welfare reforms necessary for significantly reducing the risks that low-income households become homeless, in particular in lifting the freeze on the Local Housing Allowance.

**Financial Implications**

20. None

**Implications for Wales**

21. There are no specific implications for Wales.

**Next steps**

22. Officers to take forward actions as directed by the Board.

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## **The future of town centres**

### **Purpose of report**

For information.

### **Summary**

Town centres around the country continue to undergo change in response to changing consumer habits, the growth of online shopping and global trends. Each town will also have its own set of unique issues, such as car parking and access, anti-social behaviour or clustering. This report highlights recent LGA work in this area and proposes further work to be led by this Board in support of councils' effort to revitalise their town centres.

### **Recommendations**

Members of the Environment, Economy, Housing and Transport Board are asked to:

1. Note the LGA's work and involvement on town centres support and policy.
2. Agree that the LGA should continue to support councils with good practice support and advice and engages in national policy development.
3. Identify and discuss any specific town centre issues where it feels councils could benefit from LGA advice and support.

### **Action**

Officers to progress as directed by the Board.

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## The future of town centres

### Background

1. Town centres around the country continue to undergo change in response to changing consumer habits, the growth of online shopping and global trends. Each town will also have its own set of unique issues, such as car parking and access, anti-social behaviour and clustering. The 2017/18 Memorandum of Understanding between the LGA and Ministry of Housing, Local Government and Communities (MHCLG), includes an agreement for the LGA to provide support to local authorities on their town centres. More recently the LGA has been invited to join the Minister's Future High Street Forum.
2. In all and to date, there have been seven elements to the LGA's work:
  - 2.1. A **seminar** in November 2017 with senior officers from member councils the LGA kick started its town centre work. The seminar helped to identify key common issues where councils would welcome good practice advice and what format that advice should take. Following the seminar, an expert consultant was commissioned to undertake further work for the LGA which included a good practice handbook for council leadership and a more detailed and extensive online resource for senior practitioners and councillors who would like more information on revitalising their town centres.
  - 2.2. The **handbook** was published on 14 May and is available [here](#). Based on feedback from councils, the handbook focuses advice on the following issues:
    - 2.2.1. Developing a forward framework
    - 2.2.2. Gathering evidence and deciding on objectives
    - 2.2.3. Parking, access and travel
    - 2.2.4. Property and planning
    - 2.2.5. Streetscape and public realm
    - 2.2.6. Place branding and marketing
    - 2.2.7. Digital technology and data
    - 2.2.8. Governance and influence
    - 2.2.9. Community engagement and coordination
    - 2.2.10. Roles and capacity
    - 2.2.11. Finances and investment
    - 2.2.12. Strategy and plans
  - 2.3. An accompanying **online LGA resource** will use the above framework but include more detail and links to other expert resources. This will be available in May.
  - 2.4. A **LGA national conference** "What next for our town centres?" took place on 14 May 2018. The event, which was chaired by Cllr Tett, was fully attended. Jake Berry,

Minister for High Streets and Town Centres, gave a keynote speech and there was further input from experts from both the private sector and local authorities and in-depth discussion in workshops. The Minister endorsed the LGA's handbook and leadership on this agenda and underlined the importance of local authority leadership, which was a common thread throughout the day. Other key issues emerging from the day included: exploiting and embracing digital technology, the importance of a strong evidence base and working with all stakeholders; promoting a mixed purpose for your town centre, including employment; public/ private partnerships and smarter car parking strategies. The Association of Town and City Management also offered free membership for all LGA member authorities to join their online Basecamp knowledge forum for 6 months.

- 2.5. The Minister for Northern Powerhouse and local growth, Jake Berry MP, has reconvened **the Future High Street Forum** and has invited LGA officers to help shape its future direction. The Forum comprises of retail leaders and industry experts, and its aim is to work together to support and champion local high streets, share best practice and develop new solutions to the challenges faced at the local level across the country. Forum meetings have covered the following themes:

2.5.1. Leadership

2.5.2. Place & planning (High street experience)

2.5.3. Digital

- 2.6. Officers will use our membership of the Forum to ensure that Ministers and the Government recognise the leadership role of local government in supporting their town centres and local growth and that Government interventions should avoid the mistake of focusing on single issues and having a too narrow focus on the role of retail.
- 2.7. The **joint work with the British Property Federation (BPF)** on public/ private collaboration for growth continued in 2017/18 with a further joint study visit at the invitation of Derby City Council to provide independent reflection of their town centre regeneration plans.
- 2.8. The LGA also responded to the Government's draft revisions to the **National Planning Policy Framework (NPPF)** for consultation, published on 5 March 2018. The draft revisions included a chapter on 'ensuring the vitality of town centres'. The LGA submitted a response on 10 May.

### **Financial Implications**

3. None

### **Implications for Wales**

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4. There are no specific implications for Wales.

#### **Future LGA work and next steps**

5. It is clear, both from the attendance in the LGA conference and issues arising, that there is a great deal of interest and concern from councils on ensuring the future vitality of their high streets and town centres. Recent data and trends in retailing are evidence of continuing change in shopping habits. It is also a priority for the Minister, Jake Berry MP. In the Industrial Strategy White Paper, the Government said that they are working with a range of local partners to explore new approaches, including a pilot Town Deal with Grimsby.
6. There are also other influential organisations that are expected to set out new policy proposals for protecting and enhancing town centres later this year and we are also aware of emerging research from place management specialists and academic institutions.
7. It is therefore proposed that the LGA continues to offer support to member councils on their town centre revitalisation work over the coming year. The new online resource provides an excellent foundation for capturing new insights, advice and case studies of council leadership.
8. We will also consider new forms of support, such as masterclasses on issues such as leadership of place management and making the use of digital technology.
9. The LGA will continue to be involved in Future High Streets Forum – especially to ensure that future Government support complements councils efforts and does not create additional burdens or have unintended consequences.



## **Waste and Recycling Update – impact of China’s ban on imports of waste material**

### **Purpose of report**

For information.

### **Summary**

#### **Recommendation**

For members to note the update provided. Next steps for councils will depend on whether prices for paper and plastic continue to remain flat, and what contract arrangements they have in place. Members may wish to review the impact in another 3-4 months.

#### **Actions**

The LGA’s lobbying position on recycling plastic is set out in paragraphs 15 to 20. Officers will continue to pursue the Board’s agreed lobbying strategy.

A planned research exercise on the impact of a deposit return scheme on council collections will be widened to gather data on the impact of the China import ban.

The waste industry trade body ESA are seeking opportunities to work with the LGA on ways of working to manage cost pressures and enable quicker service changes. Action could include a roundtable event with industry and local authority representatives.

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## **Waste and Recycling Update – impact of China’s ban on imports of waste material**

### **Background**

1. The Board discussed Waste and Recycling at the meeting on 24 February and touched briefly on the impact of the waste import ban by China.
2. From January 2018 only post-production scrap plastics have been accepted by China, while no mixed paper and board is allowed. From March 2018 a contamination limit of 0.5 per cent has been set for imports of paper, plastic and other materials.
3. Paper and card makes up 38 per cent of the dry recycling collected by local authorities (which also includes glass and cans). Plastic makes up 7.9 per cent of dry recycling. The volume of paper and card in household recycling has gradually decreased over time<sup>1</sup>.
4. Market prices have been dropping since the China impact ban came into effect. The average price of mixed paper has fallen from £93 per tonne in March 2017 to £10 per tonne in March 2018<sup>2</sup>. The value of plastics has also dropped although not as significantly as mixed paper.
5. In January 2018 the UK exported 54 kilotonnes (kt) of plastic, an 18 per cent fall from January 2017<sup>3</sup>. UK plastic is being exported to alternative markets in Malaysia, Vietnam and Turkey.
6. The UK exported 407kt of recovered paper in January 2018, unchanged compared to the previous year. About half the paper was exported to China with the other half going to new markets in India, Vietnam and Indonesia together taking as much exported paper as China.

### **Issues**

#### **Impact of the waste import ban by China on councils**

7. Information from councils reflects a mixed picture of the financial impact depending on contract arrangements and their reliance on export markets. Wrap reported that three councils (out of 50 replying to a survey) had seen stockpiling in their contractors supply systems<sup>4</sup>.

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<sup>1</sup> Waste managed by local authorities in England 2016-17, Defra statistics

<sup>2</sup> Wrap recovered materials market snapshot March 2018

<sup>3</sup> As above, HMRC trade data

<sup>4</sup> Wrap, as above

8. The table below summarises feedback provided by councils to the LGA including the Waste and Recycling Sounding Board group of officers. Figures in Table 1 below are estimates and they are not attributed to specific councils due to commercial sensitivity.
  
9. This is a snapshot of experiences and the level of current knowledge is patchy. This gap could be filled by extending proposed LGA research into the impact of a national deposit return scheme on kerbside collections to also cover the financial impact of the China waste import ban. This will be developed as part of the agreed LGA waste and recycling work programme.

Table 1: Impact on councils of the China waste import ban and potential financial implications

<b>Impact</b>	<b>Potential financial implications</b>
<p>Double sorting/additional sorting processes to reduce levels of contamination (particularly of mixed paper)</p> <p>This might be a technical solution or additional staff to hand pick mixed materials. Processing may be slowed down in order to increase quality.</p>	<p>Additional cost of £500,000 per year (council estimate)</p> <p>Increased operating costs at materials recovery facility (MRF)</p>
<p>Loss of income from recycled material</p>	<p>Estimated by one council at £3million a year for 2018-19 if paper price stays at £0 per tonne (compared to £90)</p> <p>One large waste disposal authority predicts that they could lose around 50 per cent of income from dry recyclates if prices remain at current low</p> <p>Two tier example: Returns to district councils have fallen by a half because of the fall in value of paper and a drop in textile values. In this case the County Council sets a “basket price” for recycled material</p>
<p>Higher contamination rates</p> <p>Tighter definition of “non-target” materials</p>	<p>Depends on contract arrangements – could result in reduced payments to council</p>

<p>(for example greeting cards and wrapping paper no longer accepted by contractors processing mixed paper from household collections)</p>	
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**Future markets**

- 10. There is little robust evidence on the capacity of the UK recycling industry to recycle more material collected from households. The UK paper industry have argued that the poor quality of material collected from households is a barrier to use in their mills. They would like more councils to collect paper separately from other materials. Defra are examining the potential to process more material for recycling in the UK. Information from this exercise should be available in August.
- 11. The low grade plastic exported to China does not have a ready market in the UK. The sheer number of plastics used in packaging makes it difficult for councils to sort for recycling. Many types of plastic do not have an end market for recycling. Change needs to come from producers to reduce the number of plastic types in use and to use more recycled plastic.

**Other impacts**

- 12. Councils negotiating new waste collection and disposal contracts are finding a mixed reaction from suppliers on share of risk from the sale of recycled material. Suppliers are unwilling to take 100 per cent of the risk and future contracts are likely to split the risk between contractor and supplier.
- 13. Decisions about waste infrastructure are difficult to evaluate. Investing in new sorting facilities (MRFs) is a major long term investment, but the business case is difficult to evaluate in the current context of volatile prices for recycled materials and increased operating costs.

**LGA’s agreed position on increasing the amount of plastic recycled from household waste**

- 14. LGA supports the ambition to achieve zero avoidable plastic waste by end of 2042. 98 per cent of councils offer some form of plastic recycling. Limitations in recycling are due to the fact that producers use a range of different quality plastics and councils are only able to deal with the plastics that their contractor has the facilities to recycle. Councils also have to consider locally what the financial case is for recycling plastic.
- 15. LGA will work with Treasury on the call for evidence on how the tax system/charges could reduce the amount of single use plastics waste. It is essential that industry rationalises packaging formats and uses plastics which are easy to process at the reprocessing stage and maintain a value on secondary markets. Local government

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would like to work with Government on a communications campaign around improving the quality of recycled material. This will help to ensure that recycling is of greater value than incineration.

16. Reform of the producer responsibility system would be welcomed. Currently, the UK raises the lowest level of contribution from producers amongst all EU member states at less than 20 Euro per tonne of material compared to 200 Euro in Austria and over 150 Euro in France and Spain<sup>5</sup>. Any new scheme must ensure that producers take greater responsibility for the life cycle of the waste they create. This burden is currently predominantly placed on council tax payers. Local government would like involvement in how any additional funding raised from producers is spent.
17. The LGA backs councils in volunteering to commit to removing all single use plastics from their estate offices and associated activity such as installing water fountains to reduce the use of plastic bottles.
18. The LGA supports clearer labelling of all items to provide householders with information about how to recycle products. Greater focus is needed on the products which are difficult to recycle and may require industry to offer take back schemes i.e. mattresses.
19. Consistency of collection systems remains an area of debate. This is a problem which begins at the production stage where producers are not using consistent materials in the products/packaging they produce. If producers were consistent in this initial phase, local government would have a more consistent set of materials to collect and pass on to re-processors. Re-processors need to be able to accept a range of materials. This currently isn't the case as it is dependent on a market being available for these materials. Councils can only vary their current collections when contracts come up for renewal or by paying a penalty clause. Government needs to indicate if it would be willing to pay to deliver greater consistency in a shorter timeframe. The consistency debate needs to be considered in the round and not just by focussing on the middle part of the cycle which local government delivers.

### **Implications for Wales**

20. There are no specific implications for Wales.

### **Financial Implications**

21. None.

### **Next steps**

22. Members to note the update provided.

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<sup>5</sup> European Commission report: Development of Guidance on Extended Producer Responsibility (EPR), Final Report 2014

23. Officers to take forward actions as directed by the Board.

## **Environment, Economy, Housing and Transport Board Forward Plan**

12 JULY

<b>Environment, Economy, Housing and Transport Board</b>	
<b>Item</b>	<b>Summary / Purpose</b>
<b>LGA Business</b>	
Board Priorities for 2018/19	To discuss
Modal shift and encouraging active travel	To discuss
Achievements report	To note
Policy Discussion - TBC	
Other Board Business	To note
Note of the last meeting	To approve the note of the last meeting.

### **The Provisional Board meeting dates for the next political cycle**

Friday 12 October 2018, 13:00  
 Friday 14 December 2018, 13:00  
 Tuesday 12 February 2019, 13:00  
 Tuesday 14 May 2019, 13:00  
 Tuesday 09 July 2019, 13:00

**Please note that these may have to change once the Board membership for 2018/19 is confirmed.**





## **Note of last Environment, Economy, Housing & Transport Board meeting**

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<b>Title:</b>	Environment, Economy, Housing & Transport Board
<b>Date:</b>	Friday 23 February 2018
<b>Venue:</b>	Westminster Room, 8th Floor, 18 Smith Square, London, SW1P 3HZ

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### **Attendance**

An attendance list is attached as **Appendix A** to this note

### **Item Decisions and actions**

#### **1 Welcome, Apologies and Declarations of Interest**

The Chair welcomed members and officers to the meeting.

Apologies were received from Cllr Alistair Auty, Cllr Lynne Duffy, Cllr Blake Pain, Cllr Colin Davie, Cllr Helen Holland and Cllr Tony Newman.

Cllr Philip Broadhead, Cllr Stephen Parker and Cllr Shaun Davies attended as substitutes.

No declarations of interest were made.

#### **2 Flood risk management**

The Chairman welcomed Alison Baptiste from the Environment Agency and Jonathan Moxon from Leeds City Council who attended as guest speakers and delivered their presentations on the current situation and the future of flooding. These presentations followed a request from the Board when they indicated that it would be useful to discuss flooding at a time which would enable the development of a longer term strategic approach.

Sonika Sidhu, Senior Adviser, introduced the report and explained that the Government committed to investing £2.5 billion in capital funding for flood defences for the period 2015-16 to 2020-21 and that the majority of the funding for flood and coastal erosion management is through grants from DEFRA to the Environment Agency. In addition, The Chancellor announced in the Autumn Budget 2017 that an additional £76 million will be spent on flood and coastal defence schemes over the next three years.

Sonika explained the LGA's current lobbying position on flooding: the key issue being capital and revenue funding for flood defence projects to be devolved into a single, place-based pot to allow local areas to support a more diverse set of outcomes. Sonika informed the Board that DEFRA will shortly be undertaking a review to look at how flood defence funding is structured post-2021. We are lobbying for local government to

be a key stakeholder in this review.

### **Discussion**

In the discussion which followed, these points were made:

- Members noted that local authorities are clearly encouraged to get third party contributions for flood defences, yet this is a real challenge. They requested instances where funding from the private sector for flood defence has been acquired to be shared with the Board.
- Members agreed that after the 'blue light services' have left it is then the local authority's responsibility to deal with the aftermath on communities for years to come. Members suggested linking this to the Board's economy portfolio with the risk of companies/businesses simply moving from flood-risk areas.
- Members highlighted the effectiveness of local authority allotment and front garden schemes for managing water, especially in urban environments. The Board requested officers to share some best practice evidence of this.

### **Decision**

The members of the Environment, Economy, Housing and Transport Board gave direction for LGA engagement with government on future flooding policy and flooding. The Board also reconfirmed the LGA's flooding position.

## **3 Waste and Recycling update**

Sonika Sidhu, Senior Adviser, introduced the report which confirms the work the Board has been doing to review different methods for measuring waste and recycling in the future.

Sonika provided an update on China banning imports of cheap plastic and mixed paper. She explained that the situation is constantly evolving, around 40 councils are stockpiling waste which brings with it health and safety concerns. A national survey is in the process of being compiled. Sonika agreed to share intelligence with Board members.

### **Discussion**

In the discussion which followed, these points were made:

- Members requested the LGA to be stronger on producer responsibility and on food wastage.
- The Board reaffirmed the LGA's position on the landfill tax, that all proceeds should be returned to local authorities to help with recycling. Members requested a section to be included in the report on the work of the LGA and local authorities on landfill.
- Members expressed concern surrounding China rejecting imported waste as residents have said 'there is no point recycling as China will not accept it.'
- Members stressed that it was important the LGA's calls are not framed as de-

regulation post-Brexit.

### **Decision**

The Environment, Economy, Housing and Transport Board members formally agreed the recommendations in section 8 and 11 of the report.

### **Action**

Cllr Rachel Blake highlighted food waste compost schemes Tower Hamlets run, Sonika requested to have a conversation.

## **4 Housing, planning and infrastructure**

Eamon Lally, Principal Policy Adviser, introduced this report which provides a summary of the key elements of the Budget 2017 proposals and how they fit with the Government's wider agenda.

Eamon stressed that following direction from the Board, the LGA is undertaking a range of activity focusing on ensuring homes with planning permission are built.

Eamon clarified for the Board that the current LGA policy is that all funds achieved through right to buy sales are returned to local authorities to enable them to replenish the housing stock.

### **Discussion**

In the discussion which followed, these points were made:

- Members stressed the need for upfront investment from developers in the infrastructure before we build new homes otherwise current infrastructural capacity will not be able to cope.
- Members also expressed their concern of developers building upwards and the fact that there is no section 106 attached to this.
- Members requested further analysis on 16.4 which mentioned the further £1.5 billion for the Home Building Fund, providing loans specifically targeted at supporting small and medium-sized enterprises who struggle to access finance to build.
- Members raised their concerns relating to landbanking where developers delay building to maximise their profits. They agreed it would be beneficial to establish clarity on what 'start on site' actually means, national guidance of this would be very useful.
- On landbanking members stressed the difference between land scale schemes and smaller ones. They feared that smaller schemes will not be the focus of the Letwin Review yet these are the ones which cause the most difficulty for local authorities.

### **Decision**

The Environment, Economy, Housing and Transport Board members considered and

provided steer on future LGA activity as set out in paragraphs 14, 19 and 24.

The Board agreed to the proposals in paragraph 14.

The Board agreed to the proposals in paragraph 19.

The Board agreed to the proposals in paragraph 24.

### **Action**

Cllr Rachel Blake explained that in her authority of Tower Hamlets they have some very good officers working on Viability. Officers to hold conversations about the possibility of officers from Tower Hamlets presenting at a future Board.

## **5 General Board Update**

Eamon Lally, Principal Policy Adviser, introduced this report which provided the Board with a general update on activity in relation to transport and planning since the last Board meeting.

### **Discussion**

In the discussion that followed, these points were made:

- Members agreed on the importance of the future transport work, they commended the useful discussion held at the previous Board meeting. They requested that this remains a focus of the Board. Eamon responded explaining that a report will be sent to all councils summarising the key issues and the presentations held at the Future Transport seminar.

### **Decision**

The Environment, Economy, Housing and Transport Board noted the updates detailed in the report.

## **6 Minutes of the previous meeting**

The minutes of the previous meeting were agreed.

## **7 Any other business**

No further items of business were raised.

### **Appendix A -Attendance**

Position/Role	Councillor	Authority
Chairman	Cllr Martin Tett	Buckinghamshire County Council
Vice-Chairman	Cllr Judith Blake CBE	Leeds City Council
Deputy-chairman	Cllr Adele Morris	Southwark Council

	Cllr Rachel Eburne	Mid Suffolk District Council
Members	Cllr Simon Cooke Cllr David Renard Cllr Mark Mills-Bishop Cllr Philip Broadhead Cllr Stephen Parker Cllr Ed Turner Cllr Rachel Blake Cllr Gillian Campbell Cllr Michael Mordey Cllr Shaun Davies Cllr Peter Thornton Cllr Linda Gillham	Bradford Metropolitan District Council Swindon Borough Council Broxbourne Borough Council Bournemouth Borough Council Hart District Council Oxford City Council Tower Hamlets Council Blackpool Council Sunderland City Council Telford and Wrekin Council Cumbria County Council Runnymede Borough Council
Apologies	Cllr Alistair Auty Cllr Lynne Duffy Cllr Blake Pain Cllr Colin Davie Cllr Tony Newman Cllr Helen Holland	Wokingham Borough Council Wychavon District Council Harborough District Council Lincolnshire County Council Croydon Council Bristol City Council
LGA Officers	Eamon Lally Sonika Sidhu Harry Parker	Principal Policy Adviser Senior Adviser Member Services Officer

# LGA location map

**Local Government Association**  
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## Public transport

18 Smith Square is well served by public transport. The nearest mainline stations are: Victoria and Waterloo: the local underground stations are **St James's Park** (Circle and District Lines), **Westminster** (Circle, District and Jubilee Lines), and **Pimlico** (Victoria Line) - all about 10 minutes walk away.

Buses 3 and 87 travel along Millbank, and the 507 between Victoria and Waterloo stops in Horseferry Road close to Dean Bradley Street.

## Bus routes – Horseferry Road

- 507** Waterloo - Victoria
- C10** Canada Water - Pimlico - Victoria
- 88** Camden Town - Whitehall - Westminster - Pimlico - Clapham Common

## Bus routes – Millbank

- 87** Wandsworth - Aldwych
- 3** Crystal Palace - Brixton - Oxford Circus

For further information, visit the Transport for London website at [www.tfl.gov.uk](http://www.tfl.gov.uk)

## Cycling facilities

The nearest Barclays cycle hire racks are in Smith Square. Cycle racks are also available at 18 Smith Square. Please telephone the LGA on 020 7664 3131.

## Central London Congestion Charging Zone

18 Smith Square is located within the congestion charging zone.

For further details, please call 0845 900 1234 or visit the website at [www.cclondon.com](http://www.cclondon.com)

## Car parks

Abingdon Street Car Park (off Great College Street)

Horseferry Road Car Park  
 Horseferry Road/Arneway Street. Visit the website at

[www.westminster.gov.uk/parking](http://www.westminster.gov.uk/parking)

