

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

Title: Environment, Economy, Housing & Transport Board
Date: Tuesday 11 February 2020
Venue: Westminster Room, 8th Floor, 18 Smith Square, London, SW1P 3HZ

Attendance

An attendance list is attached as [Appendix A](#) to this note

Item	Decisions and actions
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1	Declarations of Interest
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There were no declarations of interest.

2	Understanding pressures on the housing revenue account
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The Chairman stated that this was a confidential item and therefore asked any press or public present to leave the room.

He then asked Priya Thethi to introduce the report and also welcomed Steve Partridge, Director at Affordable Housing Consultancy, Savills to the meeting.

Priya explained that in August 2019, the LGA's Building Safety team commissioned Savills to estimate the future cost to stock owning councils of implementing a) the new building safety framework recommended by Dame Judith Hackitt; b) the Future Homes Standard – net zero carbon dwellings; and c) Decent Homes 2. In addition, she said that Savills were asked to model councils' capacity to meet these costs over a 10 or 30 year period whilst also delivering new housing. She said that the report (paragraphs 10-12) outlined 3 potential policy solutions to the scale of investment identified by Savills and she asked Board members for their comments on these. Priya then asked Steve to present Savills' findings.

Steve explained that Savills had been working closely with both the LGA's network of Housing Finance Advisers and the National Housing Federation (NHF) to try and quantify the implications for the sector of the Government's priorities. He set out in detail the standards and stock investment requirements arising from these priorities and said that a "London" and "Out of London" set of costs had been modelled. He went on to talk about the estimated number of properties that would require work under the 3 priorities and said that their estimates were in line with MHCLG figures. The conclusions from the first part of their research were that the gross investment requirements nationally over 30 years would be £41 billion which could be reduced to a cost over 10 years of £16 billion if the zero carbon work was phased over later years. He also emphasised that this figure was for full compliance with all building safety standards (compliance plus) and that compliance could still be achieved at a

lesser level, which would reduce the 10 year cost by a third.

Steve then went on to talk about the new homes delivery aspect of Savills' research. He said that they had modelled 4 scenarios – 4,000 per annum (current delivery), 14,000 per annum (current potential capacity within the HRA subject to 30% grant/receipts deployment), 25,000 per annum, and 50,000 per annum. The latter two options would contribute to meeting the total national affordable need of 140,000 per annum. He said that, at the top end of the spectrum, the funding required for the 50,000 per annum scenario with compliance plus standards would require a total funding contribution of £62 billion over 10 years. Finally, he showed modelling of the Office for Budget Responsibility new build planned growth targets of 10,000 homes per annum with compliance plus which would require funding of around £1.6 billion per annum for 10 years.

Steve said that the broad conclusion from the research was that in order to deliver on the Government's stated priorities, it would require considerable levels of national investment.

Following the presentation, Board members raised the following points and questions:

- Scepticism was expressed about using waiting list data to measure housing need.
- How did the regional capacity redistribution model work and what did this mean for individual local authorities? Steve said that the region with the lowest capacity (the North West) was used as a baseline with the rest pro-rata'd based on demand.
- What happened to existing priorities and commitments that local authorities might have within their HRAs? Steve said that the model assumed that these still went ahead and the current work was in addition to that.
- Caution was urged about pitching this work to Government in its current form in the wake of the recent lifting of the HRA borrowing cap. There was a risk that the Government might balk at providing funding in addition. It was suggested that lobbying should focus on one aspect, such as building safety, in the first instance as the Government might be more likely to be receptive. It was further suggested that the LGA's lobbying pitch should highlight how much money the Government would save in housing benefit payments if the new homes were built.
- Some local authorities had earlier targets for achieving zero carbon than 2050. How would this be reflected in the model? Steve said that for authorities with earlier deadlines, the spending would be concentrated into earlier years.
- Members were clear that, in reference to paragraphs 10-12 of the report, the LGA should not be advocating lowering standards in order to reduce the potential cost of works.
- It was considered too simplistic just to present an overall funding requirement to Government, as this detracted from the difficulty of delivering new homes

and refurbishments at a local level.

The Chairman thanked Steve for his thorough presentation and asked officers if they wanted to add any further points and summarise how this would now be taken forward.

Eamon Lally reiterated that the LGA was working closely with the NHF on this work, as there was real value in putting forward a joined-up case to Government.

Priya suggested that the LGA could commission further research in 3 particular areas. These were i) local regeneration and what councils were currently planning around their asset management strategies; (ii) modelling of potential knock-on effects to the public purse, both positive and negative, of carrying out this work; and (iii) quantifying the broader social value of carrying out this work, for example, to health and wellbeing – benefits that would accrue to public bodies other than councils.

The Chairman suggested that these 3 issues be explored by officers over the coming months with progress being reported to Lead Members and the Board. This approach was agreed.

Finally, Eamon reminded Board members that the research was still confidential at this stage and a date had not yet been set for when it would be made public.

Decision

Board members noted the report and the results of the research and agreed the areas for future research and subsequent reporting arrangements.

3 Delivering a local, plan-led system

The Chairman asked Jo Allchurch to introduce the report.

Jo said that local planning was once again coming under the Government spotlight with their proposals for a Planning White Paper, and she outlined some of the measures that this was likely to include. With this in mind, Jo asked members for their views on whether the areas listed in paragraph 9 were the correct ones for the LGA to be lobbying on.

Jo then briefed Board members on First Homes, the Government's latest scheme to provide homes to buy for local key workers. She said that under the scheme, councils would be required to allocate a percentage of the affordable homes in s.106 agreements to First Homes, and that the properties would be discounted by 30 per cent and subsequently in perpetuity. Jo said that the LGA supported home ownership schemes but that this should not be at the expense of providing affordable housing for rent, and officers' concern was that First Homes would do that.

Following Jo's introduction, the Chairman asked Board members for any comments or questions:

- Members strongly agreed with point 9.2.4 – i.e. removing the presumption in

favour of sustainable development in cases where councils were unable to demonstrate a 5 year land supply. It was considered that this undermined the local plan-led system.

- Concern was expressed about the First Homes scheme and it was suggested that developers would use it as a pretext for bringing financial viability arguments to the fore in negotiations with councils. It was also stated that a 30 per cent discount would still not make homes affordable to buy for key workers in many parts of the country. It was further suggested that the proposal for the discount in perpetuity would place a sizeable administrative burden on councils. Members agreed that the LGA should lobby for local authorities to be given discretion over aspects of the scheme.
- Members urged the Government to bring some stability to the planning system and suggested that constant reform and change created uncertainty and discouraged investment.
- Members stated that councils were approving many more planning applications than were being built out by developers and that the LGA needed to make this point more forcefully to Government. The example of Southwark was given where approx. 40,000 homes had been given approval but only half had been built. Members agreed with point 9.2.5, that the burden of proof for deliverability of sites should go back onto developers and that practices such as ‘flipping’ should be clamped down on in the planning process.
- Concern was expressed about the effectiveness of the Planning Inspectorate. Jo said that a review of the Inspectorate had recently taken place and its findings were being implemented.
- Members considered that there needed to be a more stringent definition of implementing a planning permission. Currently, developers were able just to dig a hole in the ground and say they had started building.
- The practice of renegotiating s.106 agreements once planning permission had been obtained was questioned.
- The Government’s recognition of the ‘infrastructure first’ principle was considered to be a good ‘win’ for the LGA and it was suggested that a return to county Structure Plans would help with infrastructure delivery.
- Several members said that there needed to be a more sensible conversation around green belt policy with more flexibility for councils in allocating land. It was considered to be too restrictive with a lot of the boundaries being drawn back in 1947.
- Members considered arguments over viability to be one of the biggest problems for councils. It was suggested that developers were overpaying for sites and subsequently trying to avoid making affordable housing contributions. Jo said that changes to viability assessment were brought in a couple of years ago and she would be interested to hear of cases where this wasn’t working.

- It was stated that more thought was needed about the implications of climate change on the local plan making process.
- It was suggested that confidential pre-apps and the payment of commuted sums instead of affordable housing on site, should be stopped.
- It was suggested that proof of paying rent for 2 years could be used as proof of suitability for obtaining a mortgage.
- It was stated that for large sites, Homes England funded infrastructure up front and then the money was paid back once the homes were sold. Could the LGA lobby the Government to use this approach for smaller sites?
- It was stated that under the Welsh planning system, if developers fail to build out sites they can be prevented from bringing them forward in subsequent development plans. This acted as a good incentive and could be copied in England.
- It was considered that greater weight should be given to Neighbourhood Plans.

The Chairman thanked members for their comments and said that the views expressed were unanimous, which gave the LGA a strong mandate to make its case to the Government.

Jo said that she would circulate a briefing to the Board when the White Paper was published and it was agreed that the Planning Minister should be invited to a Board meeting following the publication.

Decision

Subject to the comments made during the debate, Board members agreed the proposed future LGA activity as set out in paragraph 9 of the report.

Action

Jo Allchurch to circulate a briefing to Board members upon publication of the Planning White Paper and to invite the Planning Minister to the next Board meeting.

4 Climate Change and Environment Update Report

The Chairman asked Sonika Sidhu to introduce the report.

Sonika said that Councils were seeking a clearer steer from central Government about implementing measures to address locally declared climate emergency motions. She said that LGA officers were therefore, currently working with MHCLG to establish a climate change task force involving a range of Government departments. She added that productive talks had also been taking place with DEFRA.

Sonika went on to outline emerging policy and legislation which would impact on councils' work. These included the Environment Bill, the Agriculture Bill and the

Government consultations on the future of resources and waste management. She added that the LGA was currently exploring how best to engage with the COP 26 conference in Glasgow and had applied for 'observer' status.

Sonika said that the recent Climate Emergency Conference and regional climate change workshops had generated a number of policy asks from councils which were outlined in Appendix A and she asked for Board members' comments on these.

Following Sonika's introduction, the Chairman asked Board members for any comments or questions:

- Was any peer support being offered by the LGA on climate change as there would be a high demand for this? Eamon said that the LGA was currently working on a programme of support and they were trying to determine whether peer review or specific tailored advice would be most effective way of delivering this.
- More clarity was sought on what practical measures councils should be looking at now after declaring climate emergencies.
- More work should be done on quantifying co-benefits of the various proposals – this could be useful in prioritising actions that delivered wider societal benefits.
- It was suggested that English councils could learn from best practice in Wales where, for example, there were some of the best recycling rates in the world.
- Members expressed frustration about the length of time the Government was taking over the resource and waste management work. Could the LGA apply some pressure to speed this up?
- Concern was expressed about working with partners such as Greenpeace and Friends of the Earth who were considered to be activists rather than independent experts. The Chairman replied that there were plenty of scientific experts involved in the Climate Change Conference.
- Greater consistency and clarity was sought over what it meant in practice for a council to become carbon neutral, as different councils had different characteristics in terms of transport and energy infrastructure.
- More guidance was sought from the LGA and others on the impact of housing refurbishment vs. new build redevelopments.
- It was suggested that there needed to be market stimulation, especially around transport, to deliver solutions which local authorities could tap into.
- Concern was expressed that stringent zero carbon standards could suppress the delivery of affordable housing.
- The importance of the LGA having a strong and coherent lobbying strategy over climate change was stressed.
- It was suggested that more urgency was needed, especially with COP 26 rapidly approaching. The actions laid out in paragraph 11 should be reported

back to Lead Members rather than waiting until the next full Board meeting. Sonika said that engagement with Government had stalled somewhat in recent months due to the General Election and Brexit but she was confident that discussions were now moving on much faster. The Chairman added that the LGA's Executive Advisory Board were also keen to move the agenda forward at pace.

- Members flagged up two upcoming events on Electric Vehicles at Oxford on 23 June and the LGA on 24 March.

Specific comments on the list in Appendix A were as follows:

- Electrification of buses should be included as well as taxis.
- Some actions on restoring/increasing biodiversity should be included. Sonika said that the LGA had been working closely with DEFRA on this.
- The points made at the previous Board meeting discussion on climate change, recorded in the minutes, were not fully reflected in Appendix A.
- Members were not supportive of the proposal to link energy performance ratings to council tax. They considered that this would unfairly penalise those on lower incomes. It was agreed that this proposal should be removed from the list.
- Flooding was considered to be an important omission from the list.
- Retrofitting should not just apply to housing but also other buildings such as schools.
- Actions on increasing tree planting should be included – this was considered to be something positive that councils could do relatively easily.
- Development of hydrogen vehicles should be included – it was suggested that they were a better longer-term option than electric vehicles. The cost of installing electric vehicle infrastructure, and increasing power supplies to support them, were considered serious obstacles to wider rollout.
- There should be stronger support for the agriculture sector – productive land should be kept for farming, not tree planting, otherwise more food would need to be imported.
- Promotion of nuclear energy should be included, particularly exploring the possibilities of small modular nuclear plants. It was considered that nuclear power would be crucial in enabling the transition to electric vehicles.

Decision

Members of the Environment, Economy, Housing and Transport Board:

1. Noted the table in **Appendix A**, and agreed the amendments that emerged from the discussion
2. Approved the next steps for testing out the messages as outlined in paragraph 11.

5 Housing Update Paper February 2020

Due to time restrictions, the update paper was tabled without introduction.

Decision

Members noted the update.

6 LGA Business Plan for 2019-22

Due to time restrictions, the update paper was tabled without introduction.

Members suggested that the climate change workstream should be at the top of the list of policy priorities. Eamon said that the document had already been published but he would feed this back.

Decision

Board members noted the new Business Plan.

7 Minutes of the previous meeting

Members suggested that in the record of the debate on the Ashden work, the point about co-benefits should be highlighted more strongly.

Decision

With this amendment, the minutes were agreed.

8 Other Board Business

The Chairman asked Eamon Lally to introduce the report.

Eamon highlighted the Government announcement from earlier in the day of £5 billion of additional investment in bus and cycle infrastructure for 5 years from 2021. He said that there was little detail at this stage but he would update members at the next Board meeting.

Decision

Board members noted the update.

Appendix A -Attendance

Position/Role	Councillor	Authority
Chairman	Cllr David Renard	Swindon Borough Council
Vice-Chairman		
Deputy-chairman	Cllr Adele Morris	Southwark Council
Members	Cllr Peter Butlin	Warwickshire County Council
	Cllr Mark Crane	Selby District Council
	Cllr Mark Hawthorne MBE	Gloucestershire County Council
	Cllr Patrick Nicholson	Plymouth City Council
	Cllr Linda Taylor	Cornwall Council
	Cllr Ed Turner	Oxford City Council
	Cllr Rachel Blake	Tower Hamlets Council
	Cllr Michael Mordey	Sunderland City Council
	Cllr Christopher Hammond	Southampton City Council
	Cllr Peter Thornton	Cumbria County Council
	Cllr David Beaman	Waverley Borough Council
Apologies	Cllr Nicholas Rushton	Leicestershire County Council
	Cllr Darren Rodwell	Barking and Dagenham London Borough Council
	Cllr Amanda Serjeant	Chesterfield Borough Council
	Mayor Philip Glanville	Hackney London Borough Council
	Cllr Linda Gillham	Runnymede Borough Council