

A View from the North

Understanding Local Authority Housing and Planning Capacity in an Era of Austerity: Summary Report

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Introduction

Since 2010, successive governments have sought to reduce funding to local government in England as part of a package of austerity measures that have yielded real-term reductions in central allocations of local authority funding of 49% and spending power of 29% between 2010-11 and 2017-18¹. This report has two aims. The first is to develop an understanding of how net expenditure on Housing and Planning and Development Services has changed in the north of England (North West, North East and Yorkshire and the Humber) compared to the rest of England between 2010-11 and 2018-19. The second is to prompt further discussion of what the implications of these changes might be for housing and planning capacity in the north of England going forward². In doing so, use is made of Ministry of Housing, Communities and Local Government (MHCLG) Local Authority Revenue Expenditure and Financing statistics³ for the financial years 2010-11 (baseline) to 2018-19 (General Revenue Fund only) and semi-structured interviews with local authority actors and partner organisations.

Housing and Planning Capacity: the National and Northern Contexts

Between 2010-11 and 2018-19, there was a difference in average net spend of -40% for housing services and -57% for planning and development services across local authorities in England. These figures point to a context in which housing and planning and development services have experienced some of the deepest and most sustained contractions in capacity of any local authority service area in relative terms when set against the national context.

In the north of England, local authorities spent, in net terms, slightly less than £742 million on housing services (GFRA only) and just over £697 million on planning and development services in 2010-11. This equates to just over 30% of the total net spend on housing services and just less than 42% of the total net spend on planning and development services for all local authorities nationally. In 2018-19, the net expenditure of northern local authorities on housing services was £341 million and £245 million on planning and development services. In 2018-19, this equates to just over 23% of the total net expenditure on housing services and just less than 33% of total net expenditure on planning and development services for all local authorities in England.

In relative terms, the change in average net expenditure per local authority in the north between 2010-11 and 2018-19 stood at -54% for housing and -65% for planning and development services. Comparatively across the rest of England, this difference stood at -34% for housing services and -50% for planning and development services.

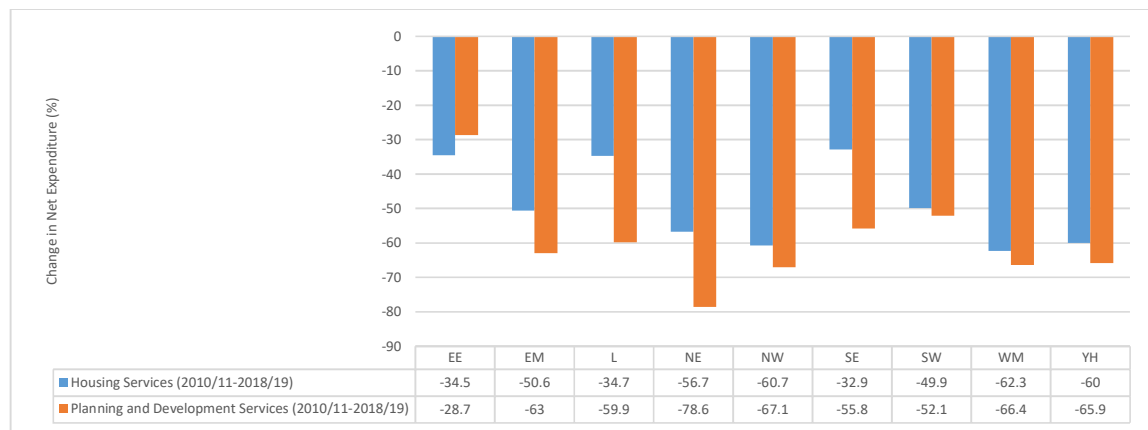
When broken down by constituent regions, the East of England, London and South East England recorded the lowest *relative* reductions in net expenditure on both housing and planning and development services. The North East, North West and Yorkshire and the Humber along with the East and West Midlands recorded the highest relative reductions in both service areas over the same period (Figure 1).

¹ National Audit Office (NAO) (2018) *Financial Sustainability of Local Authorities, 2018*. NAO, London.

² A breakdown of housing and planning and development services is provided in Appendix A and the methodology is provided in Appendix B of the main report.

³ To aid comparison 2010-11 prices were adjusted 2018-19 prices using the government's GDP deflator.

Figure 1: Change in Net Expenditure in Housing and Planning and Development Services by Administrative Region (%)



Case Study: Changes in Housing, Planning and Development Capacity Since 2010

The consensus that emerged from the case study interviews was that the austerity drive since 2010 had fundamentally reshaped the capacity of local authorities to deliver services in housing, planning and development. Current capacity across the three Northern case study authorities was described variably as being “stretched”, “under strain”, “challenging”, “just about manageable” or “operating on a skeleton model” with authorities often resorting to only “...meeting its statutory obligations” (Interviewee A). Yet there was also widespread recognition that reduced capacity in staffing and resources was the “new normal” for local government.

Across all of the case study local authorities, some form of restructuring had taken place to cope with reduced capacity in personnel. Interviewees bemoaned the challenges of reduced staffing numbers and the difficulties that a loss of seniority and strategic leadership posed for delivering housing and planning priorities. Yet across the three local authorities, there was a sense that, despite a decade of retrenchment, local government was being “underutilised or by-passed” in efforts to address issues like climate change or the housing crisis, where delivery has in the latter been reduced to “...a numbers and targets game” rather “...than addressing the real questions of [housing] quality and need” (interviewee F).

The Reshaping of Local Authority Housing and Planning Capacity: the National and Northern Contexts

With the exception of homelessness, all housing services nationally recorded a depreciation in net expenditure between 2010-11 and 2018-19 with housing strategy, advice, renewals and licensing (£236 million) and housing welfare (£803 million) experiencing particularly notable reductions. In the case of planning and development services, all functional areas recorded depreciations in net expenditure with development control (£134 million), community development (£207 million) and local economic development (£469 million), including economic research and business support in the calculations for 2018-19, especially impacted by reprioritisation in expenditure.

In relative terms, housing rents allowance (discretionary payments) as a component of the net expenditure of all local authorities in the north was found to have increased five-fold between 2010-11 and 2018-19, seemingly because of welfare reforms introduced in 2011 by the Conservative-Liberal Democrat Coalition Government. Relative net expenditure on housing strategy, advice and licensing fell in both the north and the rest of England but the redistribution was more pronounced in northern authorities. This was also the case in relation to expenditure on other council properties such as traveller sites and non-HRA properties and other welfare services and marginally so in relation to housing welfare. Similarly, whilst net expenditure on homelessness increased as a proportion of spending in the north and the rest of England, this was less pronounced in the north than elsewhere in England (Figure 2).

Figure 2: Difference in Net Expenditure by All Functional Areas in Housing Services between 2010-11 and 2018

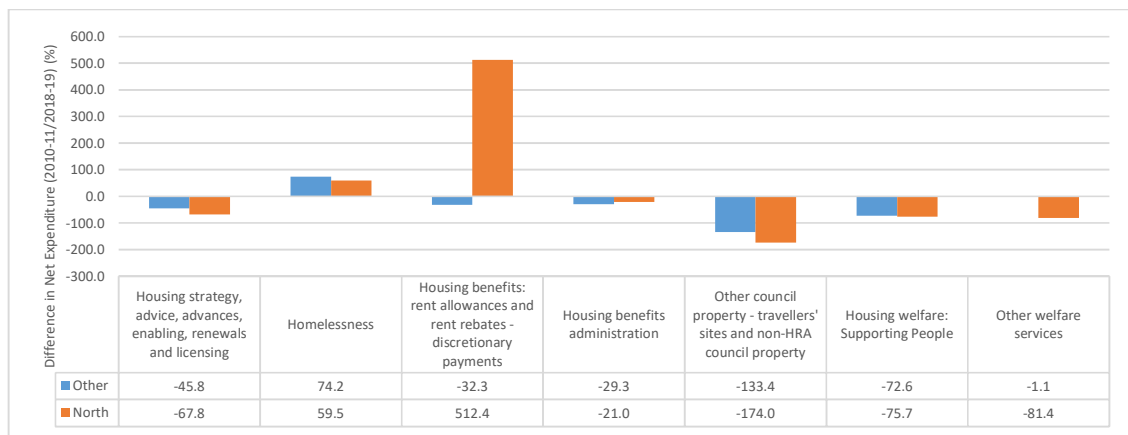
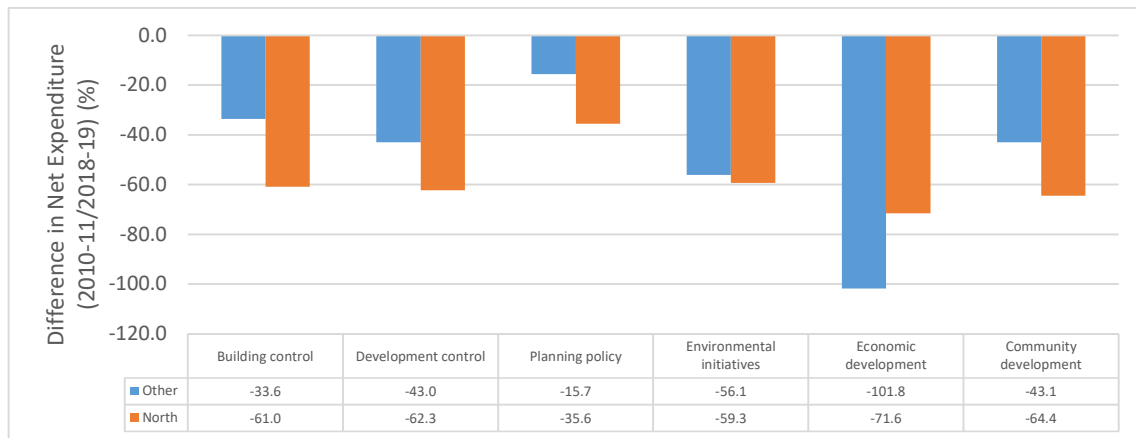


Figure 3: Difference in Net Expenditure by All Functional Areas in Planning and Development Services between 2010-11 and 2018



In relation to planning and development services (Figure 3), depreciation in relative net expenditure was most pronounced across all functional areas in the north compared to the rest of England with the exception of local economic development which fell by over 100% in the rest of England compared to 71% in the north. Building control and development control were down 61 and 62% respectively in the north compared to 34 and 43% in the rest of

England. Where planning policy was down 16% in the rest of England in 2018-19 on 2010-11 levels, this depreciation stood at 36% in the north. Net expenditure on environmental initiatives in the north and rest of England were down by similar proportions (56 and 59% respectively) where community development was down by 64% in the north compared to 43% in the rest of England.

Case Study: Experiences of Fees and Capacity Building in the Delivery of Planning, Housing and Development Services Since 2010

In one case study authority, a city-wide selective licensing scheme was introduced to fund the monitoring of the private rented sector. In contrast, in a second case study authority a more spatially targeted form of licensing had been adopted to cover part of the town. Whilst selective licensing was seen to offer certain enforcement benefits to the local authority, it was also recognised across the three case studies that the fees recovered are not enough to generate much in the way of additionality beyond administering the system. As one interviewee commented, the authority does not generate enough revenue “...to think ‘oh brilliant, we could run a private sector team off this’” (Interviewee F).

Equally, the opportunity to increase planning fees was welcomed across all of the case study authorities but there was a perception in two of the authorities that this “...would benefit other places more than us because of the type of authority we are and where we are in the country” (Interviewee G). In particular, there was a feeling that as a fee income stream, the gains that could be made were marginal in a context “...where competition between authorities was fierce...and that a weak market context meant increasing fees above those of surrounding authorities could be a risky move” (Interviewee H). In another case study, it was recognised that increasing planning fees had allowed the planning team to maintain the current level of staffing – which had fallen since 2010 – and that “...planning fee rise will simply help us maintain rather than enhance our current capacity” (Interviewee E).

Summary

This research set out to develop an understanding of how expenditure on housing, planning and development services has changed in the north compared to the rest of England between 2010-11 and 2018-19. The findings of the analysis revealed a difference in net spend of -40% for housing services and -57% for planning and development services between 2010-11 and 2018-19 across England.

For local authorities in the north, average change in net spend per local authority between 2010-11 and 2018-19 stood at -54% for housing services and -65% for planning and development services. Comparatively across the rest of England, this difference stood at -34% for housing services and -50% for planning and development services. Whilst the case study interviewees revealed a general acceptance that reduced capacity in staffing and resources, compared to the pre-austerity era, was the “new normal”, there was concern that local authority restructuring, reductions in staffing numbers and a loss of strategic leadership had taken their toll on the housing and planning services in the north. Against this context, the report is intended to stimulate further discussions over what the implications of changes to housing and planning capacity might mean for the future of the north under increasingly challenging political-economic, social and environmental circumstances.