

# A View from the North

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

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## Contents

<b>Acknowledgements</b>	II
<b>Executive Summary</b>	III
Housing and Planning Capacity: the National and Northern Contexts	III
The Reshaping of Local Authority Housing and Planning Capacity: the National and Northern Contexts	IV
Summary	V
<b>Introduction</b>	1
Study Approach	2
Report Structure	2
<b>Why Local Authority Funding and Capacity in Housing and Planning and Development Services Matters</b>	2
The Diversity of Northern Housing Markets	2
The Value of Planning and Development	3
Uneven Devolution	4
Brexit	5
<b>Housing and Planning Capacity: the National Context</b>	7
<b>Housing and Planning Capacity: the Northern Context</b>	9
<b>Local Authority Housing and Planning Capacity: Comparing the North with the Rest of England</b>	15
A Typology of Local Authority Housing and Planning Capacity	17
Modelling Local Authority Housing and Planning Capacity	18
<b>The Reshaping of Local Authority Housing and Planning Capacity: the National Context</b>	23
<b>The Reshaping of Local Authority Housing and Planning Capacity: the Northern Context</b>	28
<b>Summary</b>	33
<b>Appendix A: Methodology</b>	35
Table A1: Housing Services Descriptors	35
Table A2: Planning and Development Service Descriptors	38
<b>Appendix B: Methodology</b>	41
Stage 1: Analysis of Local Authority Revenue Expenditure and Financing	41
<i>Data Processing</i>	41
<i>Time Series Analysis</i>	41
<i>Developing a Local Authority Typology</i>	42
<i>Regression Modelling</i>	42
Stage 2: Case Study Interviews	43

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## Executive Summary

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 2017-18<sup>1</sup>. 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 forward<sup>2</sup>. In doing so, use is made of Ministry of Housing, Communities and Local Government (MHCLG) Local Authority Revenue Expenditure and Financing statistics for the financial years 2010-11 (baseline) to 2018-19 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 expenditure 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 spend 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.

Having established separate trends in expenditure on housing and planning and development services, binary logistic regression was employed to determine how changes in the balance of housing and planning capacity compare between the north and the rest of England. It does

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

<sup>2</sup> A breakdown of housing and planning and development services is provided in Appendix A.

this by simply modelling the probability of a local authority being located in the north (coded 1) compared to the rest of England (code 0) based on net expenditure in housing and planning and development services.

The results of the regression model suggest that northern authorities had benefited historically from investment in housing and planning services captured in a baseline set at 2011-12. Yet by 2018-19, as a collective, northern local authorities had experienced a depreciation in capacity in both service areas when compared to trends across the rest of England.

### [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 and the rescaling of local economic development towards LEPs.

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 as a result 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 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 net expenditure in the north and rest of England between 2010-11 and 2018-19, this was less pronounced in the north than elsewhere in England.

In relation to planning and development services, 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.

## Summary

This research sets out to develop an understanding of how net expenditure on housing and planning and development services (General Fund only) 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 expenditure of -50% for housing services and -79% 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.

That in relative terms, there was a higher share of local authorities in the north that experienced the combined impacts of housing and planning service cuts above the national average when compared to the rest of England reflects a challenging regional context within which local authorities are working. The modelling of local authority housing and planning capacity was effective in demonstrating that whilst northern authorities had benefited historically from investment in housing and planning services by 2018-19 northern local authorities had experienced a *comparative* depreciation in capacity to deliver housing and planning services compared to the rest of England.

Perhaps unsurprisingly, the consensus that emerged from the case study interviews was that the austerity drive since 2010 had fundamentally reshaped the current capacity of local authorities to deliver services in housing, planning and development. 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. The challenging austerity context was reflected in the day-to-day running of housing and planning and development services that included slower delivery of housing and planning outcomes than anticipated by external partners or demanded by central government with current capacity described variably as being “stretched”, “under strain”, “challenging”, “just about manageable” or “operating on a skeleton model”.

Yet equally, there was a sense that local government was being underutilised or by-passed in efforts to address issues like climate change or even the housing crisis, where in the case of the latter, delivery was seen to have been reduced to a numbers and targets game. This was reflected through the case study interviewees where mechanisms such as selective licensing and planning fee reform were seen to offer some benefits in maintaining current capacity but which were often constrained in the difficult market contexts faced by many local authorities in the north. Against this context, the report is intended to stimulate further discussion 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.

## Introduction

The impact of the global financial crisis became fully apparent in the period after mid-2007 when, based on quarterly gross domestic product (GDP) figures, the UK experienced the longest recession between the second quarter of 2008 and the third quarter of 2009 since quarterly GDP data were first published in 1955<sup>3</sup>. Responding to the impacts of the financial and sovereign debt crises, successive governments since 2010 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 2017-18<sup>4</sup>. The Local Government Association (LGA) has since gone on to describe the scale of the cuts to local government as ‘the worst financial settlement in living memory’<sup>5</sup>, deeper and more severe than those cuts experienced during the recessionary periods of the late 1970s and early 1980s<sup>6</sup>.

Yet underlying these headline figures are two features of local government funding that are particularly relevant to this research. The first is that the *scale* of cuts have been experienced differently *within* individual local authorities as attempts have been made to protect statutory services, such as social care, at the expense of discretionary services where the disproportionate impacts of cuts have fallen<sup>7</sup>. The second is that the *burden* of the cuts have been distributed unevenly *across* local authorities. Here research has highlighted how metropolitan areas, more deprived authorities<sup>8</sup> and local government in northern England – where reliance on central government funding tends to be greater and tax raising streams (e.g. council tax) tend to be less profitable than in many parts of the South – experienced some of the most severe cuts to local authority funding between 2009-10 and 2016-17<sup>9</sup>.

Against this context, the 2016 *Commission for Housing in the North* called for a “...new way of doing business with a modernised framework for housing investment that has place, growth and reform at its heart”<sup>10</sup>. The Commission emphasised the diversity of northern housing markets where: local flexibility in public investment is required; a new emphasis on mobilising investment and partnership working in the northern housing sector is needed; and the value of revitalising places not only markets needs to be recognised in an effort to boost economic productivity and liveability in the north. Yet the Commission was aware that the capacity for local authorities to proactively drive and respond to changes taking place in their local area for the last decade has been constrained by reduced funding for local services.

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<sup>3</sup> Vaitilingam, R. (2009) *Recession Britain: Findings from Economic and Social Research*. Economic and Social Research Council (ESRC), Swindon.

<sup>4</sup> National Audit Office (NAO) (2018) *Financial Sustainability of Local Authorities, 2018*. NAO, London.

<sup>5</sup> Hastings *et al* (2012) *Serving deprived communities in a recession*. JRF, York.

<sup>6</sup> Bailey, N., Bramley, G. and Hastings, A. (2015) ‘Symposium Introduction: Local Responses to ‘Austerity’ *Local Government Studies*, 41 (4), 571-581.

<sup>7</sup> Bailey *et al* (2015) and NAO (2018).

<sup>8</sup> Hastings, A., Bailey, N., Bramley, G., Gannon, M. and Watkins, D. (2015) *The Cost of the Cuts: The Impact on Local Government and Poorer Communities*. JRF, York.

<sup>9</sup> Gray, M. and Barford, A. (2018) ‘The depths of the cuts: the uneven geography of local government austerity’ *Cambridge Journal of Regions, Economy and Society*, 11 (3), 541-563.

<sup>10</sup> Northern Housing Consortium (NHC) (2016) *A New Framework for Housing in the North: Report of the Commission for Housing in the North*. NHC, Sunderland (p.5).



This report seeks to shed light on the experiences of two discretionary local government service areas – *Housing Services* and *Planning and Development Services* – that are ideally placed for local authorities to respond to changing housing market contexts and strategic place-based revitalisation agendas that have been promoted by the *Commission for Housing in the North*. The report aims to develop an understanding of how net expenditure on housing and planning and development services (general fund only) has changed in the north compared to the rest of England between 2010-11 and 2018-19 in the hope of prompting further discussion as to what the implications of these changes might be for housing and planning capacity going forward<sup>11</sup>.

## Study Approach

The report includes two phases of analysis (a detailed methodology is included in Appendix B):

1. Analysis of change in local authority current net expenditure drawing on the Ministry of Housing, Communities and Local Government (MHCLG) Local Authority Revenue Expenditure and Financing statistics for the financial years 2010-11 (baseline) to 2018-19<sup>12</sup>. It is important to note that the analysis only considers general fund expenditure and *does not* include HRA activity. This phase involves time-series analysis, regression modelling and GIS mapping.
2. A series of semi-structured interviews with local authority actors and partner organisations including housing associations, landlord groups and commercial developers that is designed to complement our understanding of the trends revealed in the first phase.

## Report Structure

In the next section, we provide an overview of some of the reasons why focusing on local authority housing and planning capacity is needed. In particular, emphasis is given to: the diverse nature of northern housing markets; the value offered by planning and development services to social, economic and environmental agendas; the effects of uneven devolution on housing and planning services and the ongoing uncertainty associated with Brexit. We then turn to consider patterns and trends in net expenditure on housing and planning and development services between 2010/11 and 2018/19 focusing on national and northern England specific contexts.

## Why Local Authority Funding and Capacity in Housing and Planning and Development Services Matters

### The Diversity of Northern Housing Markets

It is not uncommon in media or policy circles to see reference made to the 'UK housing market' but this convenient shorthand masks the variety of '*housing markets*' that characterise the UK spatial economy. At the same time, talk of 'UK housing policy' is

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<sup>11</sup> A breakdown of what is included in housing, planning and development services is provided in Appendix A.

<sup>12</sup> The source of all figures, map and tables are derived from Local Authority Revenue Expenditure and Financing statistics for the financial years 2010-11 or 2018-19 unless otherwise stated.



problematic given that housing policy has been devolved to constituent parts of the UK since 1999<sup>13</sup>. In the case of England, national housing policy has remained centralised with MHCLG and despite piecemeal devolution to English cities for some housing and planning functions, there remains little emphasis placed on local flexibility in the development and governance of housing policy in response to spatial variations in the performance and functioning of local housing markets<sup>14</sup>. Instead, housing supply and private sector affordability remain dominant tenets in housing policy debates in England despite recognition that “there is geographic variation in household growth and housing need, with more need in London and the south of England”<sup>15</sup>. In contrast, since “...the rapid rundown of Area Based Grants”<sup>16</sup> under the Coalition government, less policy attention has been afforded to place-based regeneration, or to the widespread prevalence of physical problems with existing housing stock<sup>17</sup>. Here, evidence submitted to the 2016 *Commission for Housing in the North* lamented the lack of policy attention given to: the maintenance and refurbishment of existing stock; lack of interest in retrofit; challenges associated with tackling persistent low value; obsolete, empty or unfit stock; fuel poverty and homelessness; or in addressing poor standards at the bottom-end of the private-rented market<sup>18</sup>.

Against this context, addressing discontinuity as well as continuity in the performance and structures of housing markets within and between constituent parts of England is not simply a question of devolving more powers locally but also of providing effective resourcing so local government has the capacity to act. This tension is highlighted in a National Audit Office report on planning for housing, which suggests that 50% of local authorities in England are likely to fail the new ‘housing delivery test’ in 2020 for not building enough homes even though 81% of major residential planning applications were approved in 2017-18. This is despite local authorities having seen an overall decrease of planning staff of 15% between 2006 and 2016<sup>19</sup>.

### The Value of Planning and Development

In 2010, the planning system was subjected to major revision as the then Coalition government focused on reducing perceived barriers to housing delivery and economic growth<sup>20</sup>. With a focus on ‘localism’, the then Coalition government advanced legislative changes that led to strategic regional institutions and policy architectures being dismantled – including regional housing targets – in favour of a localist approach to planning that placed much of the responsibility for ‘strategic’ planning firmly on the shoulders of local

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<sup>13</sup> McKee, K., Muir, J. and Moore, T. (2017) ‘Housing policy in the UK: the importance of spatial nuance’ *Housing Studies*, 32 (1), 60-72.

<sup>14</sup> Stephens, M., Perry, J., Wilcox, S. Williams, P. and Young, G. (2019) UK Housing Review, 2019. CIH, Coventry.

<sup>15</sup> Wilson, W. and Barton, C. (2018) *Tackling the under-supply of housing in England*. Briefing Paper, Number 07671. London, House of Commons Library (p. 7).

<sup>16</sup> Bailey *et al* (2015, p.575).

<sup>17</sup> Hincks, S., Webb, B. and Wong, C. (2014) ‘Fragility and Recovery: Housing, Localities and Uneven Spatial Development in the UK’ *Regional Studies*, 48 (11), 1842-1862.

<sup>18</sup> Northern Housing Consortium (2016; p.6).

<sup>19</sup> National Audit Office (NAO) (2019) *Planning for Housing*. NAO, London.

<sup>20</sup> Longlands, S. (2013) ‘Growing nowhere: Privileging economic growth in planning policy’ *Local Economy*, 28 (7-8), 894-905.

authorities<sup>21</sup>. Whilst the planning system in England has long-supported market-led approaches to development<sup>22</sup>, the adoption of the National Planning Policy Framework (NPPF) in 2012 energised “a presumption in favour of ‘sustainable development’”, which deliberately strengthened the role of the market, sought to speed-up planning and catalyse economic growth<sup>23</sup>. The privileging of pro-growth agendas has drawn criticism for its marginalisation of the social and environmental value of local strategic planning and policymaking that include the scope for planning to provide clarity to investors; unlock land for development; address ownership constraints, and bring forward infrastructure at the right time and in the right places to promote sustainable development<sup>24</sup>.

Against this context, the *Raynsford Review of Planning in England* found that the planning system has “...undergone a bewildering rate of change and is now fragmented and confusing”<sup>25</sup>. Recent work by the RTPI has found that this changing landscape of planning policy and governance is impacting on the ability of the planning system to deliver in the public interest, owing to increasing professional dissatisfaction with outsourcing from the public to the private sector, weaker relationships with clients, increasing staff turnover, and a growing culture of ‘box-ticking’<sup>26</sup>.

Nearly a decade on from the onset of the then Coalition government’s reforms to planning in England, questions continue to persist over the extent to which constrained and changing capacity in local government is hampering the truly innovative and future orientated planning and development needed to deliver on the government’s own housing ambitions<sup>27</sup>. Equally, there remain concerns that constrained and changing capacity is hampering meaningful and democratic involvement in decision-making<sup>28</sup> and undermining rather than supporting inclusive local economic growth<sup>29</sup>.

### Uneven Devolution

In England, city-regions currently enjoy a privileged status in a devolution agenda aimed at bolstering the economic productivity and competitiveness of underperforming provincial cities. Since 2010, a range of changes to subnational governance and policy have been introduced in part as a response to the question of Scottish devolution and later independence that helped support calls for further decentralisation to the English cities<sup>30</sup>.

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<sup>21</sup> Baker, M. and Wong, C. (2013) ‘The Delusion of Strategic Spatial Planning: What’s Left After the Labour Government’s English Regional Experiment’ *Planning Practice and Research*, 28 (1), 83-103. (p. 91).

<sup>22</sup> For a critique see Allmendinger, P. and Haughton, G. (2013) ‘The Evolution and Trajectories of English Spatial Governance: ‘Neoliberal’ Episodes in Planning’ *Planning Practice and Research*, 28 (1), 6-26.

<sup>23</sup> Longlands (2013).

<sup>24</sup> Adams, D., O’Sullivan, M., Inch, A., Tait, M., Watkins, C. and Harris, M. (2016) *Delivering the Value of Planning*. RTPI Research Report no.15. RTPI, London.

<sup>25</sup> Town and Country Planning Association (TCPA) (2018) *Planning 2020: Raynsford Review of Planning in England, Final Report*. TCPA, London (p. 7).

<sup>26</sup> Slade, D., Gunn, S. and Schoneboom, A. (2019) *Serving the Public Interest? The reorganisation of UK planning services in an era of reluctant outsourcing*. RTPI, London.

<sup>27</sup> Baker and Wong (2013).

<sup>28</sup> Allmendinger, P. and Haughton, G. (2013).

<sup>29</sup> Longlands (2013).

<sup>30</sup> Jonas, A.E.G. and Moisis, S. (2018) ‘City regionalism as geopolitical processes: A new framework for analysis’ *Progress in Human Geography*, 42 (3), 350-370.

These interventions at the city-regional scale included the formation of private sector-led Local Enterprise Partnerships (LEPS) and City Deals aimed at facilitating local involvement in financing planning, regeneration, transport and labour market interventions. More recently, Combined Authorities and ‘metro mayors’ have been introduced alongside a series of asymmetric devolution deals where local government resources and responsibilities cover a range of delegated transport, economic development and regeneration functions<sup>31</sup>.

Although the emphasis on deal-making has been seen in some quarters as a positive way to promote policy agendas that are locally sensitive and potentially transformative<sup>32</sup>, concerns remain over the extent to which asymmetric deal-making is deepening territorial inequalities, supporting capacity-building in certain localities and certain policy areas at the expense of others, and pitting places against one another<sup>33</sup>. This is reflected in how some local authorities (e.g. rural authorities) are excluded from city-deals whilst other forms of deal-making – such as recently brokered ‘Housing Deals’<sup>34</sup> – have been rolled out unevenly across England<sup>35</sup>. Recent work by the RTPI on delivering a spatial framework for the North of England draws attention to the limitations of deal-making on a ‘case-by-case’ basis where investment in infrastructure and economic development, social progress and environmental enhancement is understood to need strategic long-term resourcing of and capacity-building in Local Planning Authorities<sup>36</sup>.

## Brexit

In June 2016, the UK held a referendum on membership of the European Union with 51.9% of the vote share in favour of leaving and 48.1% in favour of remaining. In England, the North East (58%), North West (54%) and Yorkshire and the Humber (58%) all voted heavily in favour of leaving the EU. Only the West and East Midlands (both 59%) recorded a higher vote share in favour of leave<sup>37</sup>. Research since the EU referendum has found that those regions – including the North East, North West and Yorkshire and the Humber – that voted heavily in favour of ‘leave’ are also those that have the greatest dependency on EU markets for trade and local economic development<sup>38</sup>. Equally, the government’s own estimates of the impacts of Brexit trade policies on future GDP suggests that North East and North West England would

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<sup>31</sup> Deas, I. (2014) ‘The search for territorial fixes in subnational governance: City-regions and the disputed emergence of post-political consensus in Manchester, England’ *Urban Studies*, 51, 2285–2314. (p.2286).

<sup>32</sup> Centre for Cities (2013) *City Deals: Insights from the Core Cities*. Centre for Cities, London.

<sup>33</sup> Houghton, G., Deas, I., Hincks, S. and Ward, K. (2016) ‘Mythic Manchester: Devo Manc, the northern powerhouse and rebalancing the English economy’ *Cambridge Journal of Regions, Economy and Society*, 9 (2), 355–370.

<sup>34</sup> Housing deals are designed to support the government’s commitment to deliver 300,000 homes per year by the mid-2020s (<https://www.gov.uk/government/collections/housing-deals>)

<sup>35</sup> Oxfordshire, West of England and West Midlands were the only sub-national areas to have agreed deals by September 2019. Greater Manchester had agreed a package of £68m but this was withdrawn by central government following the reduction of housing targets in the rewritten Greater Manchester Spatial Framework.

<sup>36</sup> RTPI (2019) *Ambitions for the North: A spatial framework for people and places in the North of England*.

<sup>37</sup> Electoral Commission (2019) (<https://www.electoralcommission.org.uk/who-we-are-and-what-we-do/elections-and-referendums/past-elections-and-referendums/eu-referendum/results-and-turnout-eu-referendum>)

<sup>38</sup> Los, B., McCann, P., Springford, J. and Thissen, M. (2017) ‘The mismatch between local voting and the local economic consequences of Brexit’ *Regional Studies*, 51 (5), 786–799.

fare the worst under a no-deal Brexit largely reflecting their specialisation in sectors of the economy that are most dependent on EU markets<sup>39</sup>.

Against this context, there remains a great deal of uncertainty over the potential implications of Brexit on housing and planning systems in England and the UK more broadly. In the case of housing delivery, there are concerns that post-Brexit the house builder supply chain could suffer from a shortage of labour and materials<sup>40</sup>. In the context of housing market activity, RICS has suggested that buyers have become increasingly hesitant and risk adverse as Brexit uncertainty continues. Based on trends in house prices and transactions, RICS have projected a decline in prices and sales in North East England, a slight increase in both prices and transactions in North West England and an increase in price but a decline in transactions across Yorkshire and the Humber in 2019<sup>41</sup>. A separate study by KPMG suggests that under a no-deal Brexit scenario house prices could fall in the North East (-6.5%), North West (-6.1%) and Yorkshire and Humber (-5.7%) against a UK average of -6.2%. This is in contrast to a much more optimistic outlook should a deal be agreed in which prices in the North East (2%), North West (2.1%) and Yorkshire and Humber (2.4%) all rise against a UK average of 1.3% in 2020<sup>42</sup>.

The impacts of Brexit on poverty and homelessness remain a concern given warnings that the greatest impacts of Brexit will likely fall on the most disadvantaged households irrespective of whether Brexit takes a 'harder' or 'softer' form<sup>43</sup>. Equally, there remains uncertainty in the housing system over the rights of EU nationals currently residing in the UK despite the introduction of the EU Settled Status programme. The Chartered Institute of Housing, for example, highlight the case of one London borough that was attempting to deny people with EU Settled Status but no other qualifying right to reside, the right to housing assistance<sup>44</sup>. In their advice to landlords, central government has also stated that there will be no change to the way that EU nationals are expected to prove their 'right to-rent' at least until 1 January 2021<sup>45</sup> but the continuation of this status is again likely to be dependent on the outcome of Brexit negotiations<sup>46</sup>.

The dependency of the planning system on EU Directives means that Brexit raises the possibility for the introduction of further radical changes to the planning system in England post-withdrawal. The European Union (Withdrawal) Act 2018 aims to enshrine EU environmental principles in UK law but how these principles – including the role of processes

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<sup>39</sup> HM Government (2018) *EU Exit: Long-term economic analysis*, Cm 9742. HM Government, London.

<sup>40</sup> Clark, T. (2019) 'Brexit: how will it affect the house builder supply chain?' *Inside Housing*. <https://www.insidehousing.co.uk/insight/insight/brexit-how-will-it-affect-the-house-builder-supply-chain-61816>

<sup>41</sup> RICS (2019) Housing market activity set to weaken again next year (<https://www.rics.org/globalassets/rics-website/media/knowledge/research/market-surveys/housing-market-forecast-2019-rics.pdf>).

<sup>42</sup> KPMG (2019) Outlook for UK House Prices: Forecasts for UK house prices under deal and no-deal Brexit scenarios ([kpmg.com/uk/economicoutlook](https://www.kpmg.com/uk/economicoutlook)).

<sup>43</sup> Fitzpatrick, S., Pawson, H., Bramley, G., Wood, J., Watts, B., Stephens, M. and Blenkinsopp, J. (2019) *The homelessness monitor: England 2019*. JRF, York.

<sup>44</sup> CIH (2019) <https://www.housing-rights.info/docs/CIH-view-EU-settled-status-and-housing.pdf>

<sup>45</sup> HM Government (2019) Right to rent checks for EU, EEA and Swiss citizens after Brexit (<https://www.gov.uk/guidance/right-to-rent-checks-for-eu-eea-and-swiss-citizens-after-brexit>)

<sup>46</sup> CIH (2019) <https://www.housing-rights.info/brexit-news.php>.

such as Environmental Impact Assessments – are to be translated into planning legislation remains unclear<sup>47</sup>. Research suggests that there will need to be reinforced domestic legislative mechanisms to underpin the translation of EU Directives into UK law to guarantee implementation and that with the UK having more flexibility to design legislation and governance architectures, there is likely to be a “...less stringent oversight of UK compliance with long-term targets” assuming continued alignment of EU-UK policy<sup>48</sup>. The implication here is that development decisions taken in the UK that are designed to meet long-term targets (for example on climate emissions, air quality, water, and so on) are “...likely to be subject to higher levels of policy risk”<sup>49</sup>.

Against the uncertainty of Brexit, the extent to which planners and policy makers- currently operating under a veil of austerity- are likely to be able to respond to increasing demands placed on them as Brexit unfolds remains a cause of deep concern. This has compelled the RTPI to call on the government to invest in planners and not to invoke further radical change “...at a time when the country needs certainty to continue delivering housing and infrastructure”<sup>50</sup>.

### Housing and Planning Capacity: the National Context

In 2010-11, local authorities in England spent, in net terms, slightly less than £2.5 billion on housing services (GFRA only) and £1.7 billion on planning and development services. In 2018-19, net spend was just under £1.5 billion on housing services and £735.5 million on planning and development services. Excluding non-GFRA housing benefits, average net spend per local authority on housing services stood at £4.5 million in 2018-19 compared to £7.5 million in 2010-11. In the case of planning services, net spend per local authority was just over £2.2 million in 2018-19 compared to £5.1 million in 2010-11. Overall, this is a difference in *average* net spend of -40% for housing services and -57% for planning and development services between 2010-11 and 2018-19 (Figure 1).

When set against other local authority service areas, housing, planning and development services have experienced some of the deepest and most sustained contractions in capacity in relative terms between 2010-11 and 2018-19 (Figure 2). Where housing services have contracted by 40% and for planning and development services by 57% on average, the difference in net expenditure on education services was -25%, -44% for highways and transport, -36% for cultural and related services, -15% for environmental services and -16% for central services. The difference in net expenditure on social care was +15% between 2010-11 and 2018-19<sup>51</sup>.

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<sup>47</sup> TCPA (2018) p.38

<sup>48</sup> Nesbit, M. and Watkins, E. (2018) *The impacts of Brexit on UK implementation of key EU legislation affecting land use*. RTPI Briefing Paper. RTPI, London (p. 30).

<sup>49</sup> *ibid*

<sup>50</sup> <https://www.theplanner.co.uk/news/rtpi-president-calls-for-investment-in-planners>

<sup>51</sup> This trend is likely a result of various drivers including changes to social care introduced through the Social Care Act of 2012. Focusing on adult social care specifically, the National Audit Office (2018: 11) noted that between 2010-11 and 2016-17, local authority net spending on adult social care fell by 8% but income from the NHS increased by 25%. It was this increase in NHS sourced income that helped contribute to a real-terms rise in the value of local authority arranged care between 2014-15 and 2016-17.

Figure 1: Net Expenditure in Housing and Planning and Development Services (England-wide)

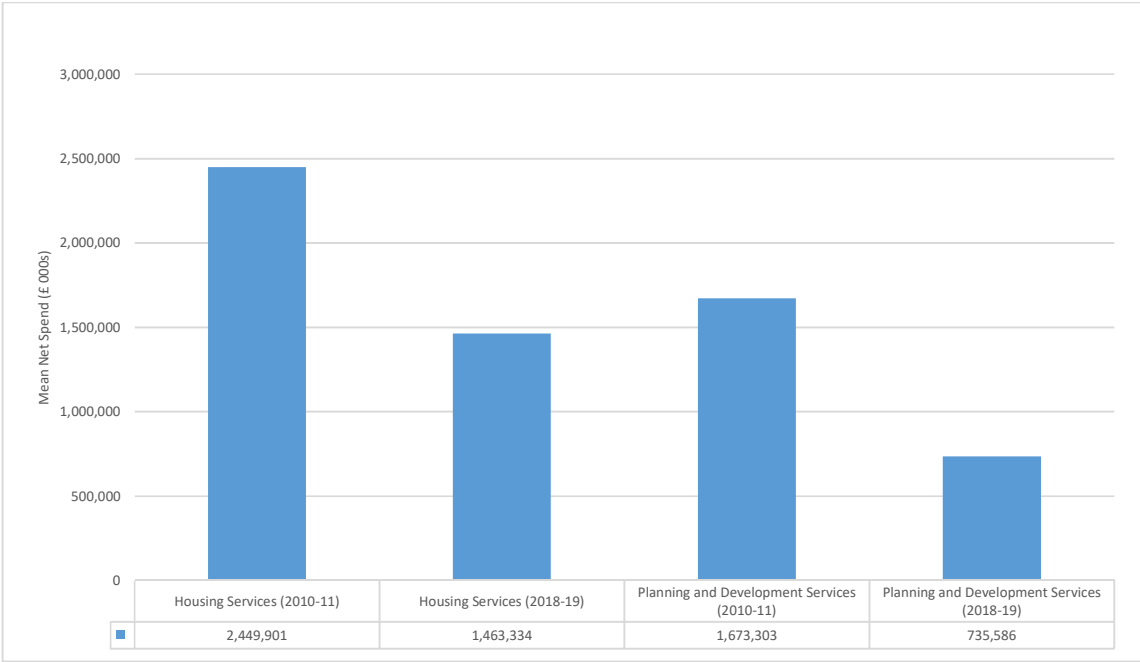
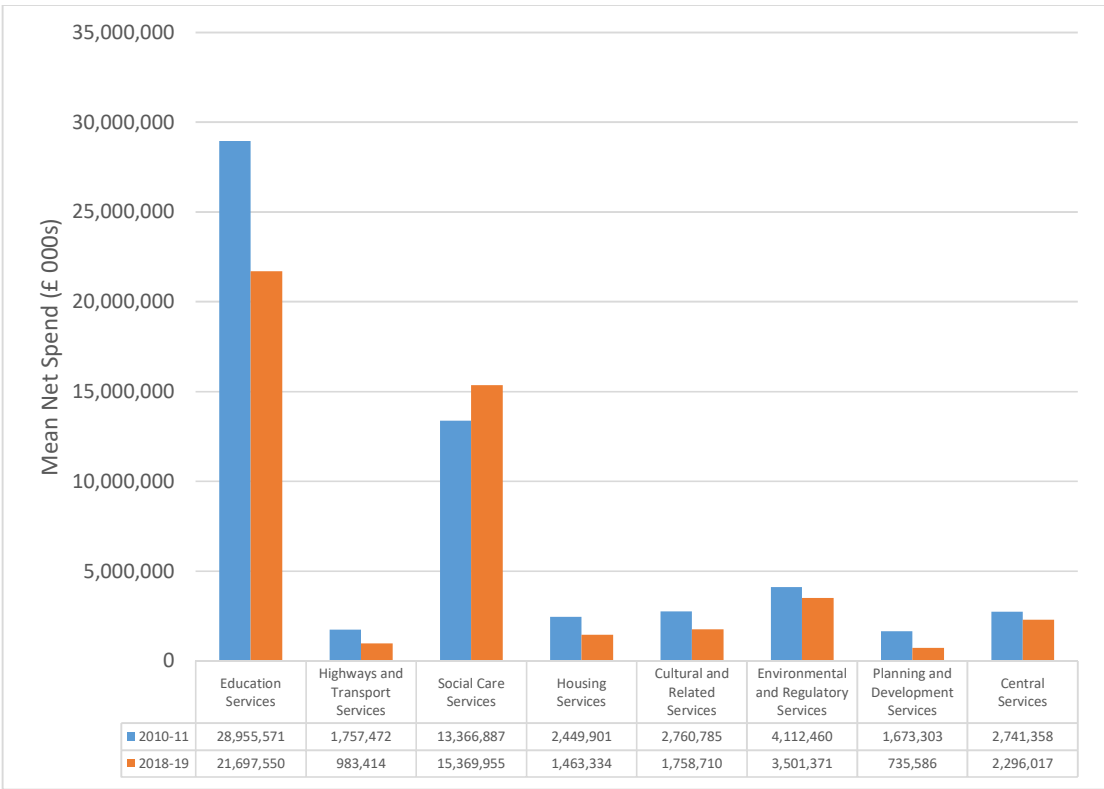


Figure 2: Comparative Net Expenditure in All Service Areas (2010-11 and 2018-19) (England-wide)



## Housing and Planning Capacity: the Northern Context

In 2010-11, local authorities in the north of England spent, in net terms, slightly less than £742 million on housing services (GFRA only) and just over £697 million on planning and development services. 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 in England<sup>52</sup>. In 2018-19, the net spend 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 spend on housing services and just less than 33% of the total net spend on planning and development services for all local authorities in England.

Again, excluding non-GFRA housing benefits, *average* net spend per northern local authority on housing services stood at £4.7 million in 2018-19 compared to £10.3 million in 2010-11. In comparison, average net spend for housing services per local authority in the rest of England stood at £4.4 million in 2018-19 compared to £6.7 million in 2010-11. In the case of planning services, average net spend in northern authorities was just over £3.4 million in 2018-19 compared to £9.7 million in 2010-11. In the rest of England, average net spend for planning services stood at £1.9 million in 2018-19 compared to £3.8 million in 2010-11.

Overall, the change in average net spend per local authority in the north 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.

When the north and the rest of England are broken down into constituent regions to add some granularity to these patterns, it becomes apparent that in absolute terms London and North West England have seen the highest reductions in net expenditure on housing and planning services between 2010-11 and 2018-19 (Figure 3). The lowest reductions were recorded in the East of England. However in relative terms, the East of England, London and the South East of England recorded the lowest reductions in housing and planning and development services, whereas the North East, North West and Yorkshire and the Humber, along with the East and West Midlands recorded the highest reductions in both service areas over the same period (Figure 4).

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<sup>52</sup> In 2012, the Health and Social Care Act established a new system of public health provision in which local authorities assumed greater responsibility. These new responsibilities were reflected in local government revenue data after 2012 but not before. In order to maintain comparability between the 2010-11 baseline and 2018-19, public health revenue has been discarded from all calculations of total local authority net expenditure in 2018-19.



Figure 3: Change in Net Expenditure in Housing and Planning and Development Services by Administrative Region

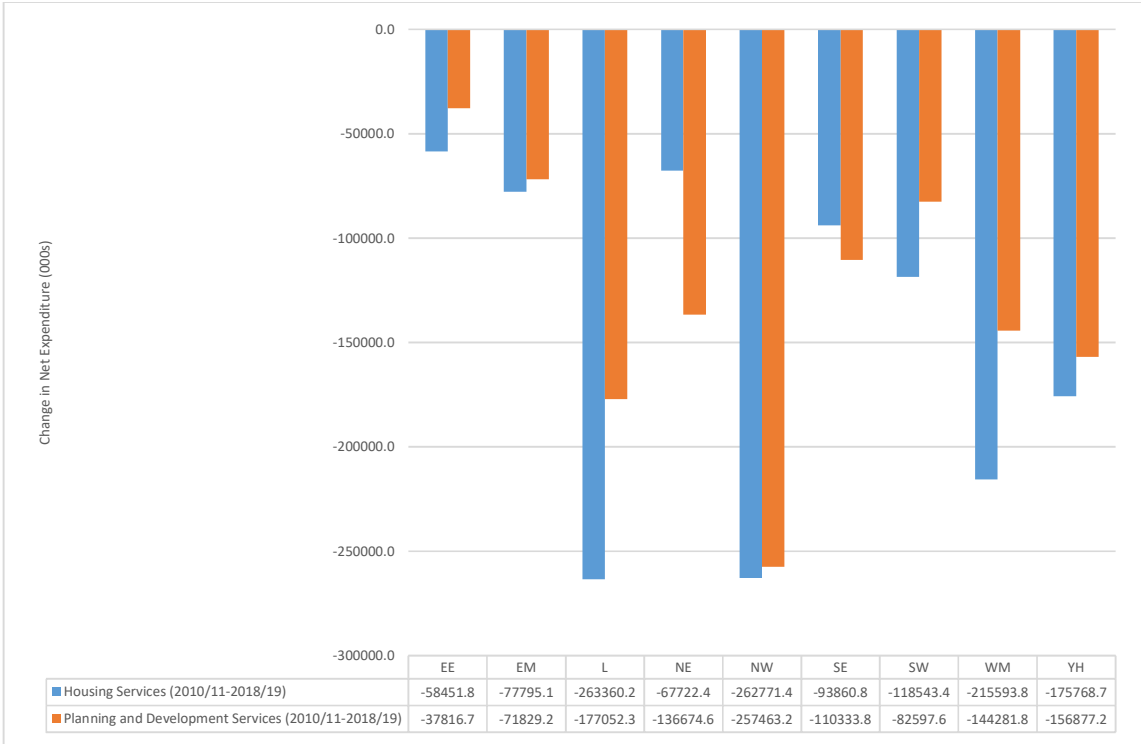
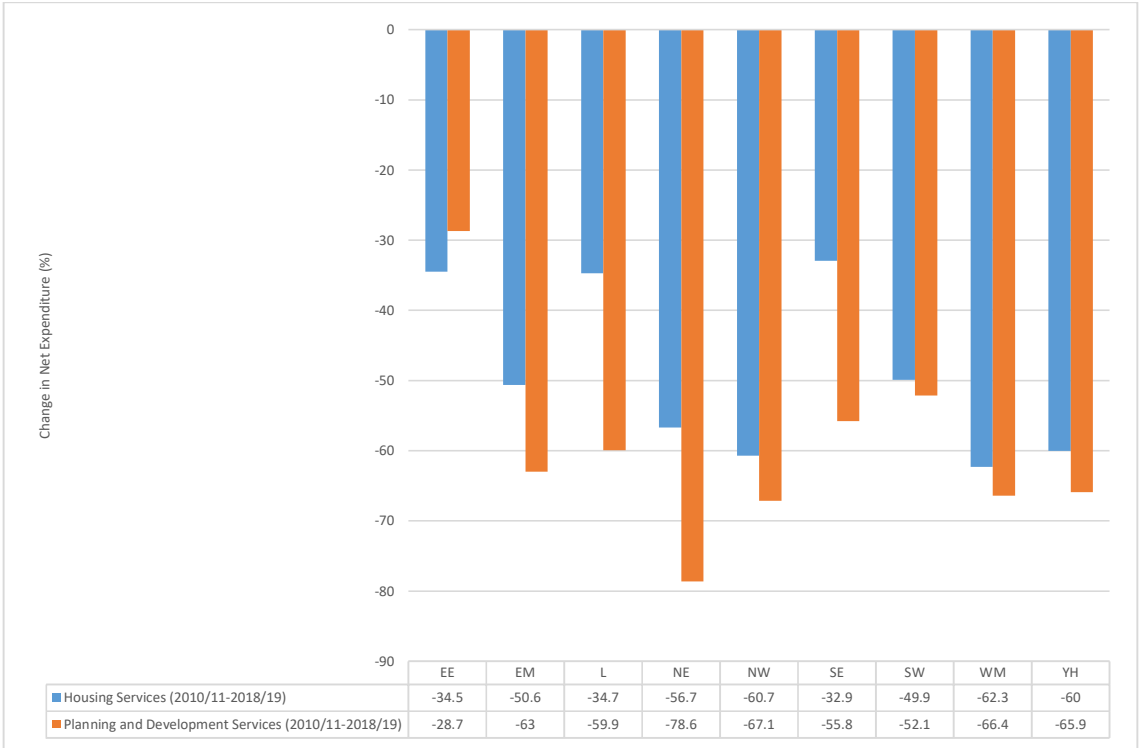


Figure 4: Change in Net Expenditure in Housing and Planning and Development Services by Administrative Region (%)



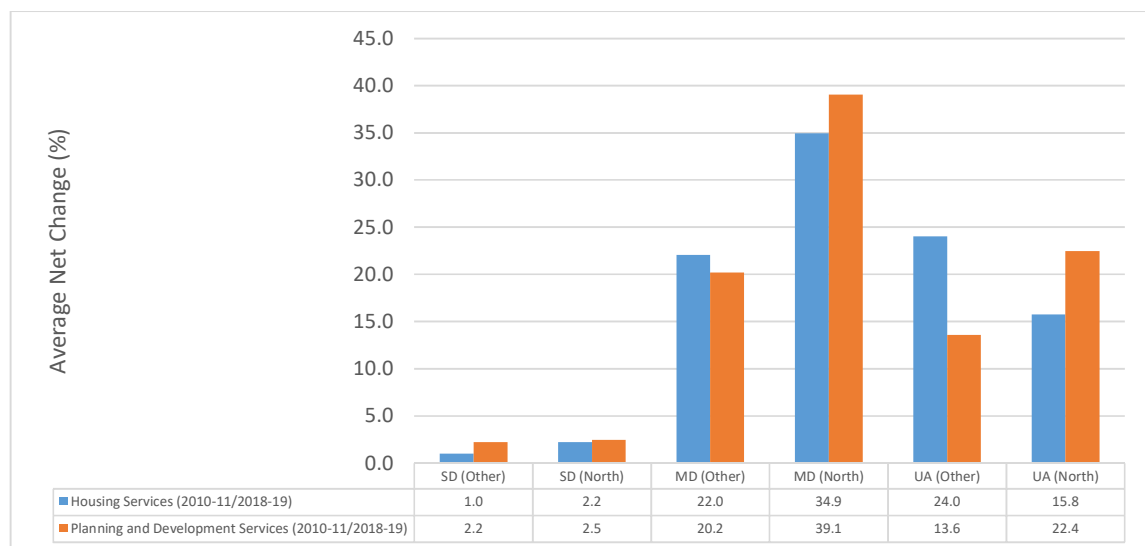
A breakdown of net expenditure by service and type of local authority reveals that with the exception of housing services in unitary authorities, all types of local authorities in the north experienced a depreciation in average net expenditure between 2010-11 and 2018-19 that outstripped that of the same types of local authorities in the rest of England (Figures 5). As a proportion of total net expenditure on housing services and planning and development services combined, metropolitan authorities accounted for 35% of average net change in housing services and 39% in planning and development services (Figure 6).

Figure 5: Net Expenditure in Housing and Planning and Development Services by Local Authority Type in the North and Rest of England



NB: SD (Shire Districts); MD (Metropolitan Districts inc. London Boroughs); UA (Unitary Authorities)

Figure 6: Net Expenditure in Housing and Planning and Development Services by Local Authority Type in the North and Rest of England (%)



NB: SD (Shire Districts); MD (Metropolitan Districts inc. London Boroughs); UA (Unitary Authorities)

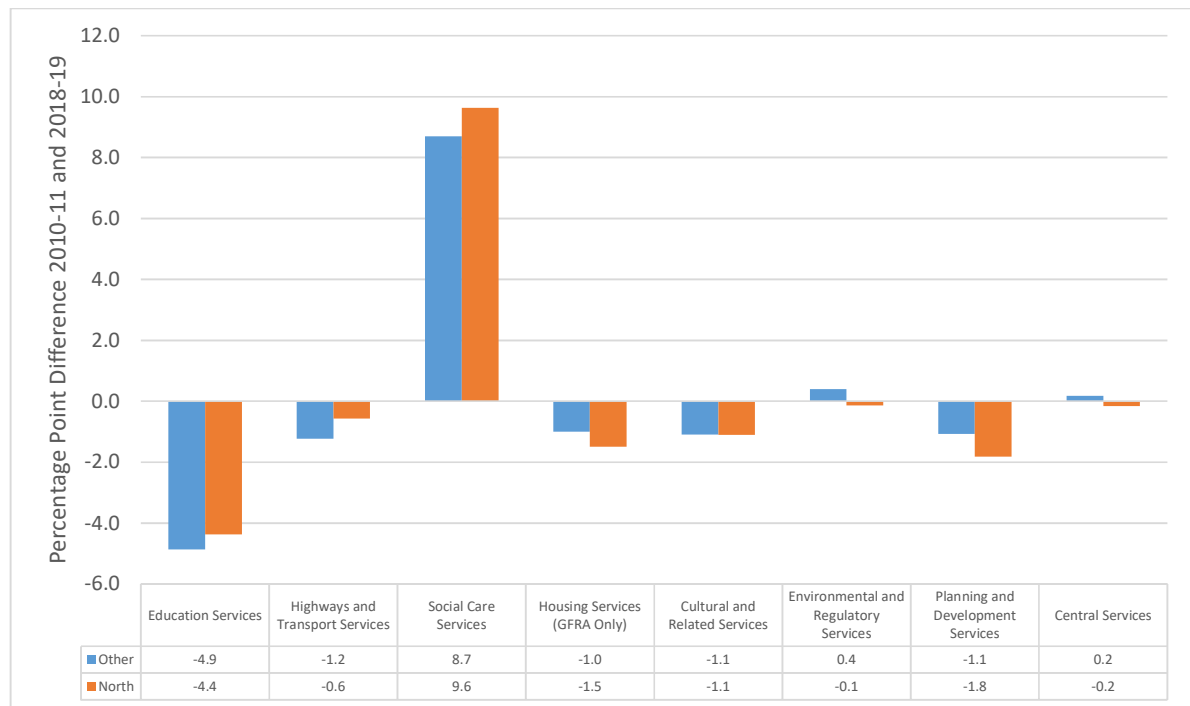
Building on this thread of analysis, Figure 7 captures net expenditure for each of the eight service areas as a percentage of total net expenditure for all service areas partitioned by northern local authorities and those in the rest of England for 2010-11 and 2018-19. In 2018-19, across the eight services, education and social care services accounted for a combined 81% of net expenditure across the 8 service areas in the north and 76% in the rest of England compared to 76% in 2010-11 in the North and 72% in the rest of England. In contrast, housing services accounted for just 1.9% of net expenditure over the eight services in the north in 2018-19 and 3.7% in the rest of England compared to 3.4% in 2010-11 in the North and 3.7% in the rest of England. Likewise, planning and development services accounted for 1.4% of net expenditure across the eight services command 1.6% in the rest of England in 2018-19 compared to 3.2% in the North in 2018-19 and 2.7% in the rest of England.

Figure 7: Net Expenditure for All Service Areas in the North and Rest of England (%)



When taking account of the percentage point difference in net expenditure by service areas between 2010-11 and 2018, what is notable is that in relative terms, housing (-1.5%) and planning and development services (-1.8%) recorded the highest depreciation in relative net expenditure after that of education (Figure 8). Although net expenditure on housing and planning and development services was historically higher in the northern local authorities and remains so compared to the rest of England, the relative loss of expenditure – and by proxy – capacity has been deeper across the north relative to the rest of England.

Figure 8: Difference in Net Expenditure by All Service Areas between 2010-11 and 2018 (%)



### Case Study: Unpacking Current Capacity in Housing, Planning and Development Services

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 case study authorities was described variably as being “stretched”, “under strain”, “challenging”, “just about manageable” or “operating on a skeleton model”. Against this context, a number of interviewees from within local government pointed to how the authority now only “...meets its statutory obligations” (Interviewee A) or had been “...reduced to delivering a core set of responsibilities” (Interviewee B). It was widely acknowledged that retreating to core activity is not necessarily a weakness, with some greater efficiencies achieved in day-to-day activities as well as leading to closer links between some teams within the council. However, in two of the three case studies, interviewees noted that this focus on meeting statutory obligations had meant placing emphasis on “short-term delivery at the expense of longer-term strategic agendas” (Interviewee C) where the focus was on stability at the expense of innovation. As one interviewee put it, “...you always feel like you’re living on borrowed time, it will only take one more task to rock the boat quite a lot...what could have been swallowed a few years ago can’t now” (Interviewee B).

The challenging context of austerity-driven service reform was reflected in day-to-day activities as well as constrained strategic agendas. In one case study authority, the requirement to meet its statutory obligations around planning and housing meant that it had prioritised resources to ensure delivery. However, in certain planning priority areas, the process of meeting key obligations required significant time to complete, leading in this specific example to a delay of nearly two years in finalising the work identified by the planning inspectorate that was needed

to bring the Local Plan up to standard. Against this context, an external partner organisation reflected on how the delivery of housing was being slowed by the capacity of the LPA to provide clear guidelines and manage planning applications: “It just takes too long to process the applications, this is even after we’ve had pre-application meetings. The pre-app[lication] process should mean it flows smoothly, but that isn’t the case” (Interviewee D).

In another local authority, a similar experience led to one local planning authority interviewee to question the logic of continuing to reduce capacity in planning services at a time when there is “... [in the specific local authority context] pent-up demand for new housing...which the government is pushing us to deliver but which is probably happening at a slower pace than it could just because workloads mean we’re over stretched” (Interviewee C). This interviewee, along with three other interviewees in strategic planning roles in two other case authorities, contended that the current culture of driving down local government capacity in housing was doing little to help the government achieve its ambitious housing targets and, if anything, was undermining the potential of it ever being achieved.

In a different case study authority, interviewees acknowledged the difficulties associated with delivering affordable housing in a context of relatively weak housing and land markets: “...we struggle a little with affordable housing delivery...the reason [is] obviously, in this part of the country...margins are quite tight for house builders...so something has to give” (Interviewee E). Equally, there was recognition that the relationship between adult social care and housing is a challenging context for the authority where expertise have been eroded over the years leaving a skills deficit in the delivery and management side of a specialist and increasingly demanded area of housing-care provision.

Yet interviewees were also quick to point out areas of strength within the local authority or to recognise how identified weaknesses were being addressed. In the same case study authority, one interviewee noted that in terms of capacity, plans were in place to recruit a new head of housing with a key specialism relating to housing and social care. The pressure at the interface of housing and social care had long-been anticipated with “...social care now eating into other services” and that had given rise to “...real concerns about...how can we care for people, keep them in their homes in a supported way, and modify the service delivery we provide accordingly” (Interviewee E).

Across the three local authorities there was, however, a sense that local government, despite a decade of retrenchment, continued to hold “a lot of chips” (Interviewee D) and had demonstrated “...an unbelievable capacity to adapt when many thought we’d buckle” (Interviewee B). Yet equally there was a sense that local government was being underutilised or by-passed in efforts to address issues like climate change or even the housing crisis, where in the case of the latter delivery has been reduced to “...a numbers and targets game” rather “...than [being about] addressing the real questions of [housing] quality and need” (interviewee F).

## Local Authority Housing and Planning Capacity: Comparing the North with the Rest of England

The trend analysis reveals distinct patterns of change in local authority housing and planning capacity in the three northern regions compared to the rest of England. Changes in housing and planning and development services between 2010-11 and 2018-19, weighted by the resident population in each local authority in 2011, are presented in Figures 9 and 10. The four categories are defined by quartiles. The upper-quartile (darkest blue) captures local authorities that have experienced the most severe cuts nationally.

Figure 9: Change in Net Expenditure on Housing Services (2010-11/2018-19) Weighted by Local Authority Population (2011)

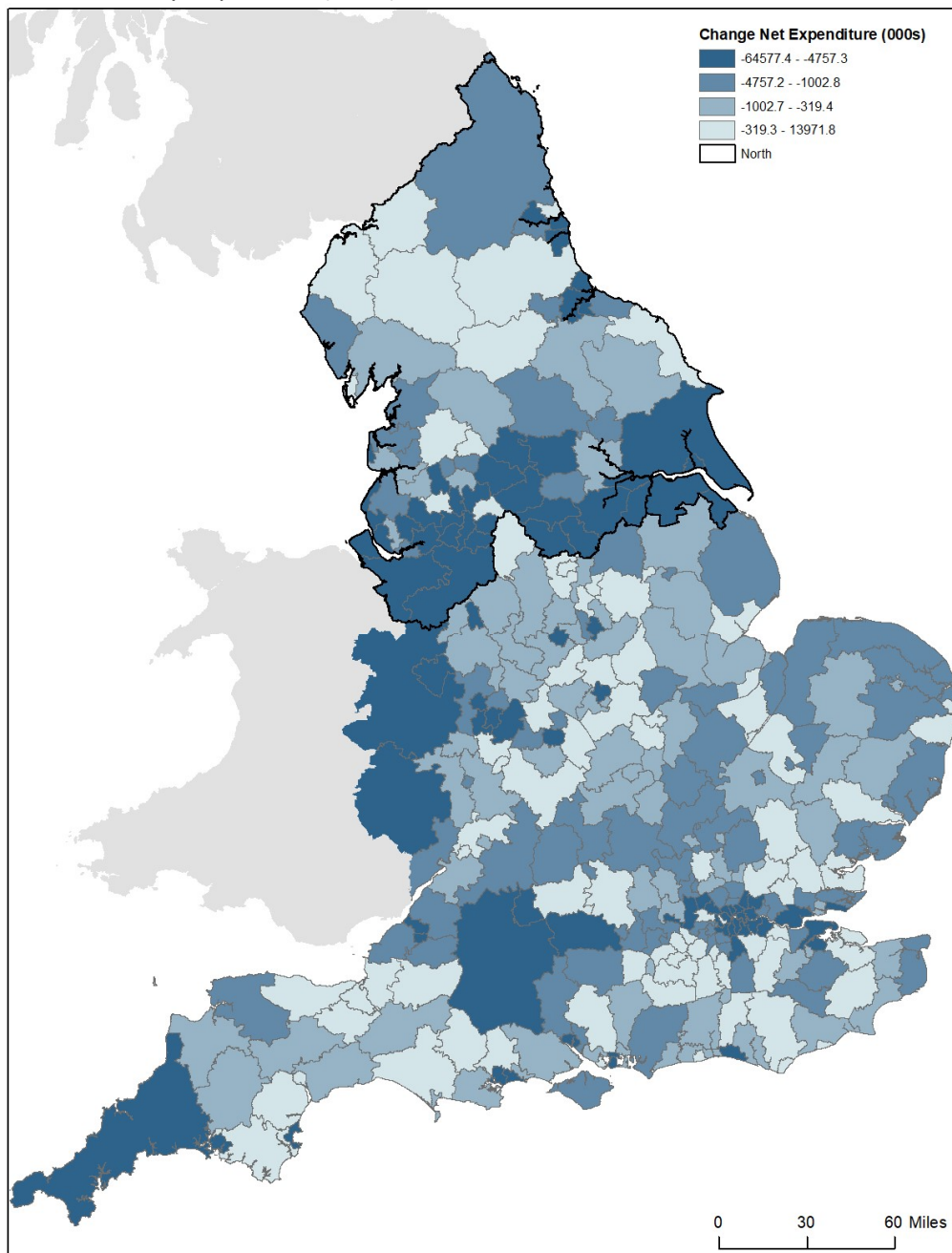
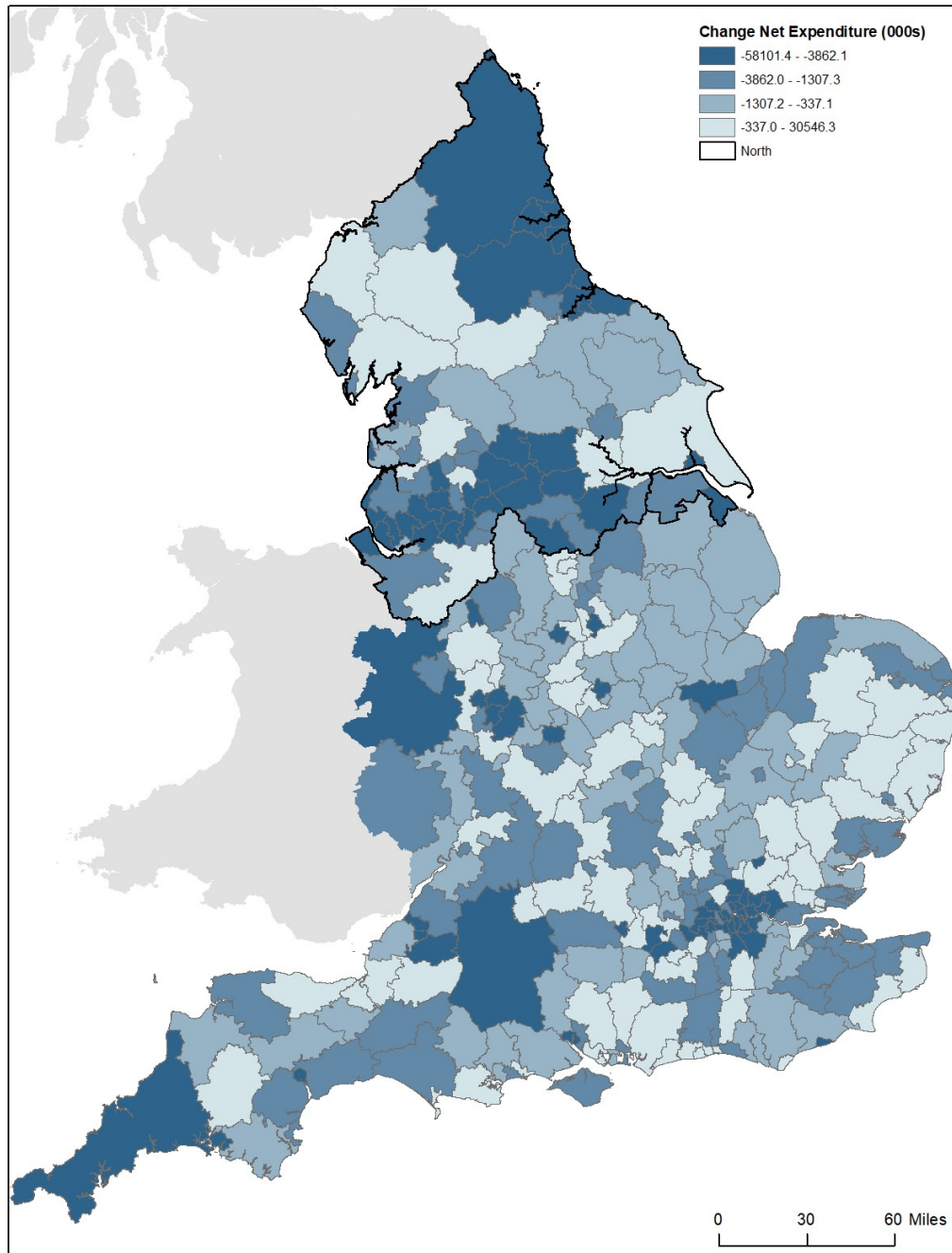


Figure 10: Change in Net Expenditure on Planning and Development Services (2010-11/2018-19) Weighted by Local Authority Population (2011)



In terms of housing services, 53% of local authorities in the north were found in the most severe quartile category compared to 15% in the least severe (lighter blue group), lowest-quartile, of cuts. In the rest of England, 18% of local authorities were found in the most severe quartile compared to 27% in the lowest-quartile. In terms of planning services, 43% of local authorities were found in the most severe upper-quartile category of cuts compared to 14% in the least severe lowest-quartile. In the rest of England, 19% of local authorities were found in the most severe quartile of cuts compared to 28% in the lowest-quartile.



## A Typology of Local Authority Housing and Planning Capacity

Having established separate trends in expenditure on housing and planning and development services, the next step is to explore combined changes in housing and planning and development services and to consider how local authorities in the north have been affected compared to the rest of England. This was achieved through the development of a typology in which all local authorities in England were categorised into one of four groups based on change in *total* net current expenditure (NCE) (£ thousands) between 2010-11 and 2018-19 on housing and planning and development services (GFRA only). The four groups are defined according to whether the local authority performed above or below the national averages on respective planning, development and housing services net current expenditure (NCE) measures:

1. Both Housing & Planning Services recorded differences in NCE above the national average
2. Both Housing & Planning Services recorded differences in NCE below the national average
3. Housing service expenditure was above the national average and Planning Services below the national average
4. Housing service expenditure was below the national average and Planning Services above the national average

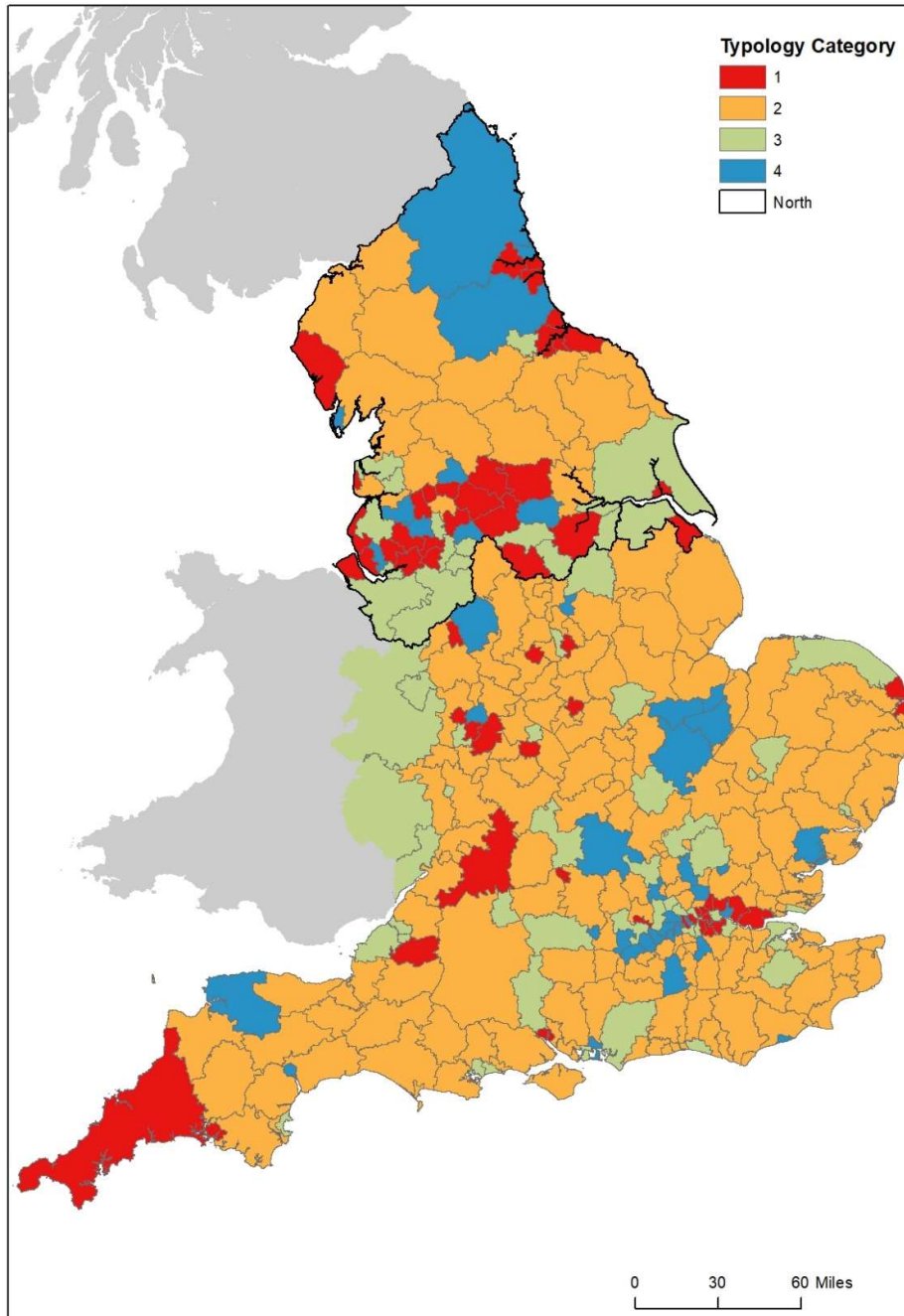
Between 2010-11 and 2018-19, net expenditure on housing services fell by an *average* of £12 million across all local authorities in England. Net expenditure on planning services were cut by £3.4 million on *average* across all local authorities in England. Of all local authorities in the north of England, 42% experienced cuts above the English averages for housing and planning services. This is in contrast to 11% of all local authorities in the rest of England. Of all local authorities in the rest of England, 61% experienced cuts in housing and planning services that were below the national mean. This is in contrast to 24% of local authorities in the north of England. In the rest of England, 16% of local authorities experienced a context where cuts in housing services were above the national average but cuts in planning services were below compared to 21% in the north. A comparatively similar proportion of the local authorities in the north (13%) and the rest of England (11%) experienced cuts in housing services below the national average (Table 1).

The typology reveals that in relative terms, there was a higher share of local authorities in the north that experienced the combined impacts of housing and planning service cuts above the national average when compared to the rest of England (Figure 11).

Table 1: Four-Way Typology of Local Authority Housing and Planning Capacity

Local Authority Category	North	Other
Category 1	42%	11%
Category 2	24%	61%
Category 3	21%	16%
Category 4	13%	11%
Total	100%	100%

Figure 11: Distribution of Four-Way Typology of Local Authority Housing and Planning Capacity



### Modelling Local Authority Housing and Planning Capacity

Following the results of the typology analysis, binary logistic regression was then employed to establish how changes in the balance of housing and planning capacity compare between the north and the rest of England. It does this by simply modelling the probability of a local authority being located in the north (coded 1) compared to the rest of England (code 0) based on net expenditure in housing and planning and development services. The indicators used

as independent variables are listed in the Appendix and the results of the models are reported in Table 2.

Table 2: Binary Logistic Regression Modelling Results

<b>Model 1</b>				
Variable	B	Exp (B)	Sig.	Wald
Housing Services 2010-11	1.352	3.866	.000	21.180
Housing Services 2018-19	-.953	.386	.000	12.876
-2 log-likelihood: 318.006 Chi-Square: 26.23, df=2, P<0.000				
<b>Model 2</b>				
Variable	B	Exp (B)	Sig.	Wald
P&D Services 2010-11	.942	2.565	.000	24.710
P&D Services 2018-19	-.1.31	.877	.420	.651
-2 log-likelihood: 308.552 Chi-Square: 35.73, df=2, P<0.000				
<b>Model 3</b>				
Variable	B	Exp (B)	Sig.	Wald
Housing and P&D Services 2010-11	1.249	3.488	.000	22.577
Housing and P&D Services 2018-19	-.675	.509	.004	8.507
-2 log-likelihood: 314.276 Chi-Square: 29.98, df=2, P<0.000				
<b>Model 4</b>				
Variable	B	Exp (B)	Sig.	Wald
Change in Housing Services 2010-11/2018-19	-.376	.687	.019	5.515
Change in P&D Services 2010-11/2018-19	-.566	.568	.001	10.706
-2 log-likelihood: 310.691 Chi-Square: 33.56, df=2, P<0.000				

In model 1, the probability of a local authority being located in the north compared to the rest of England is predicted based on two independent variables: total net expenditure on housing services in 2010-11 and total net expenditure on housing services in 2018-19. A test of the full model against the constant only model was statistically significant measured by the Chi Square value of 26.23 (df = 2) at  $p<.000$ . The overall prediction success of the model was 80%.

The model reveals that in 2010-11, local authorities in the north were nearly four times (refer to the  $Exp(B)$  value) more likely than those in the rest of England to experience higher net expenditure in housing services compared to being 61% less likely to do so in 2018-19.

In model 2, the probability of a local authority being located in the north compared to the rest of England is predicted based on two independent variables: total net expenditure on planning and development services in 2010-11 and total net expenditure on planning and development services in 2018-19. A test of the full model against the constant only model

was statistically significant measured by the Chi Square value of 35.73 (df = 2) at  $p < .000$ . The overall prediction success of the model was 80%.

The model reveals that in 2010-11, local authorities in the north were nearly 2.5 times more likely than those in the rest of England to experience higher net expenditure in planning and development services. In 2018-19, there was no statistically significant difference in net expenditure between northern authorities and the rest of England.

In model 3, the probability of a local authority being located in the north compared to the rest of England is predicted based on two independent variables: an aggregated (summed) total of net expenditure on housing *and* planning and development services in 2010-11 and aggregated total net expenditure on housing *and* planning and development services in 2018-19. A test of the full model against the constant only model was statistically significant measured by the Chi Square value of 29.98 (df = 2) at  $p < .000$ . The overall prediction success of the model was 78%.

In 2010-11, local authorities in the north were nearly 3.5 times more likely than those in the rest of England to experience higher net expenditure in aggregated housing, and planning and development services compared to being 49% less likely to do so in 2018-19.

In model 4, the probability of a local authority being located in the north compared to the rest of England is predicted based on two independent variables: change in total net expenditure on housing services between 2010-11 and 2018-19 and change in total net expenditure on planning and development services between 2010-11 and 2018-19. A test of the full model against the constant only model was statistically significant measured by the Chi Square value of 33.56 (df = 2) at  $p < .000$ . The overall prediction success of the model was 79%.

The model reveals that between 2010-11 and 2018-19, local authorities in the north were 31% less likely than those in the rest of England to experience higher net expenditure in housing services and were 43% less likely than the rest of England to experience higher net expenditure in planning and development services over the same period.

The results of the regression model reveal that whilst northern authorities had benefited historically from investment in housing and planning services – reflected in the baseline year of 2010-11 - that by 2018-19 they had experienced a *comparative* depreciation in capacity in both service areas captured by the negative *B* values in all 2018-19 indicators and both indicators in model 4.

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

There was widespread recognition across the three case study authorities that reduced capacity in staffing and resources, compared to the pre-austerity era, was the “new normal” and that “no one expected the clock go back” (interviewee A), dismissing the idea of a return to pre-austerity settlements for local government in the future. In this context, three features emerged strongly from the interview discussions concerning experiences of changes in housing, planning and development services since 2010: how departmental

structures; staffing structure and roles; and use of external organisations in planning and housing services had changed over the study period.

#### The Effects of Local Authority Restructuring Housing and Planning Services

Across all of the case study local authorities, some form of restructuring had taken place to cope with reduced capacity in personnel or in an effort to make efficiency savings through institutional restructuring. In one case study authority, planning had remained as one team under a single Directorate. In contrast, what was a single housing team before 2009 was split into two teams before being recombined to form a single team once again before then being partitioned again in 2017. When the latest restructuring was undertaken two years ago, the then Head of Housing retired but no replacement was appointed meaning that the duties and functions of the then single housing team were divided between two separate Directorates. For one interviewee, "...this just gave the impression that housing was no longer a...strategic priority within the authority" (Interviewee G).

For interviewees in a different area, the perceived 'strategic decommissioning' of housing within their authority was reflected in the way that the authority resourced and engaged in monitoring the quality of PRS stock. Where there was once a private sector housing team that would be monitoring stock condition, "...this team was scaled back, really significantly" (Interviewee E). Although work was taking place to bring empty properties back into use and improving the quality of the PRS stock, the interviewee argued that "...we just haven't got the resource to do it like we used to...and this is potentially storing up a headache further down the line" (Interviewee E).

In the third case study, during the last decade there have been several key changes to the structure and operation of housing services that have been driven by staffing and restructuring agendas. Homelessness was once within the purview of the housing team, but since a restructure, the housing strategy team was moved to the Regeneration Directorate and homelessness was moved to the Adult Services team. One interviewee stressed that these changes were undertaken because of a view that homelessness should be dealt with by specialists trained in the multiple (non-housing) needs of homeless people, rather than a budgetary restriction on homelessness support per se. However, the argument was made that restructuring had in general contributed to the fragmentation of housing services within the authority meaning it was "...not a straightforward task to track 'housing' service delivery anymore...[and that the restructuring] has made it confusing for clients to know where to look for information [on housing services]" (Interviewee C).

#### Changes in Staffing Structures and Roles in Housing and Planning Services

Across all case studies, staffing featured prominently in discussions on how the management of housing and planning delivery had changed over time. In one case study authority, it was noted that when the interviewee started in the planning department there was a team leader, a principal, two senior, a planning officer and a technician. Owing to pressures to reduce expenditure, the planning team was now a principal and a senior planner down from where it was 19 years ago. In the same authority, interviewees recognised that roles and job descriptions had become much broader as a result of dwindling numbers of staff across various divisions within the authority.

What was notable in this context was that whilst the interviewee, alongside those from the other two case studies, was quick to bemoan the challenges associated with reduced staffing numbers, just as much emphasis was placed on the difficulties that a loss of seniority and strategic leadership posed for delivering housing and planning priorities: “As you lose more experienced people...as they're getting older, there is kind of a knowledge and skills gap that we do need to be careful of, because we struggle to attract people to fill these [key] roles”.

This sentiment was also echoed in a second case study authority, where there was a strong view that the size of the service teams needed to be “sufficient to deliver what is expected” but that capacity is also “...about having the right staff with the right skills and attitude in place” (Interviewee B). The same interviewee also pointed to the difficulty faced by local authorities in recruiting graduates and skilled professionals to work in public sector housing and planning services: “...staffing in general is a challenge for us but what worries me [for the sustainability of the sector] is that we don't...bring through enough quality graduate talent into the sector”.

An interviewee from a third case study authority reflected on how they had undertaken “...very little recruitment over the last 7-8 years” and that as a result the “...the age profile [of the housing and planning teams] is skewed towards the older end, mainly people approaching retirement, or even partially retired” (Interviewee A). The implication was that there had been little turnover in the staff working in housing and planning services over the last decade, meaning that whilst there have been reductions in the number of team members, the experience of staff has compensated for some of the loss. Although this contrasts with the experiences of the other case study authorities, there was also recognition that a lack of turnover and recruitment more generally had “...stemmed the flow of new blood and new ways of thinking” (Interviewee B). As the interviewee noted, “we hear stories of neighbouring LPAs trying to recruit, but they are fishing in an empty pond”. Graduates, the interviewee thought, tended to be drawn to the private sector rather than small local authorities meaning that “even where we do have vacancies, we can't fill them.” (Interviewee B).

#### Changes in the Use of External Organisations in Housing and Planning Services

Across the three local authorities, experiences of how outsourcing and the use of external contractors to deliver housing and planning functions had changed over time was somewhat mixed. In the three local authorities, interviewees from within planning and housing services noted that few changes had been seen in the way that external organisations were used since 2010. There was no use of external consultants to decide planning applications and with the exception of housing capacity work, strategic housing market assessment work and, in one specific planning authority where use has always been made of external organisations where legal advice is needed on planning applications, few other functions have been outsourced. A long-serving Head of Planning suggested that this was because there was previously enough capacity to deliver most functions in-house within the planning team. Under more constrained capacity, the focus had since fallen on delivering core activities and responsibilities at the expense of other functions meaning “...we've cut our cloth according to what we have to deliver and...we just don't have the resources to pay externals...even if we wanted to” (interviewee H).

In one of the authorities, interviewees were quick to note that the council had long-outsourced much of its housing and planning research and evidence work to external consultants. In this particular authority, interviewees raised concerns that as budgets have become tighter, the use of external consultants had become less common: “We’re reaching a point where we can’t just keep using external consultants, because as an authority we’re still being cut by central government” (Interviewee C). Another interviewee from the same authority raised the point that external consultants had been used in the past to generate housing and planning data with the analysis and interpretation of that data undertaken by an in-house data team and relevant departmental teams (e.g. planning and housing officers). As they noted “...there haven’t been any major changes in our use of external consultants...but our in-house data team has been cut, so that means we can’t do the same level of analysis on external consultant work that we used to” (Interviewee B).

### The Reshaping of Local Authority Housing and Planning Capacity: the National Context

The focus of this section shifts to understanding how capacity has been reshaped *within* the housing services and planning and development service areas. Figures 12 and 13 capture net expenditure on different functional areas within housing services and planning and development services for all local authorities in England. With the exception of homelessness, which recorded an increase in net expenditure (£211 million), all housing services 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. Where average net expenditure on housing welfare per local authority was £3.3 million 2010-11, in 2018-19 it was £876,000. Similarly, average net expenditure on strategy, advice and licensing stood near £1.4 million in 2010-11, by 2018-19 this figure had fallen to £646,000. Average net expenditure on homelessness increased from £896,000 in 2010-11 to £1.5 million in 2018-19 (Figure 14). Here the legacy of funding for homelessness, through the Supporting People programme (2003-09)<sup>53</sup>, is reflected in the 2010-11 data. However, the introduction of recent ring-fencing, as part of the Homelessness Reduction Act (2018), has seen expenditure designed to target homelessness become more reactive than preventative<sup>54</sup>. This helps to explain, at least in part, the relative increase in spending on homelessness over the study period following significant reductions in funding for homelessness when the Supporting People programme ceased in 2008-09<sup>55</sup>.

<sup>53</sup> Jarrett, T. (2012) *The Supporting People programme*. Paper 12/40. London, House of Commons Library.

<sup>54</sup> This point was raised at a Roundtable of NHC members.

<sup>55</sup> For a review of Local authority spending on homelessness, see Thunder, J. and Bovil Rose, C. (2019) *Local authority spending on homelessness: Understanding recent trends and their impacts*. London. WPI Economics.



Figure 12: Net Expenditure on Component Functional Areas of Housing Services

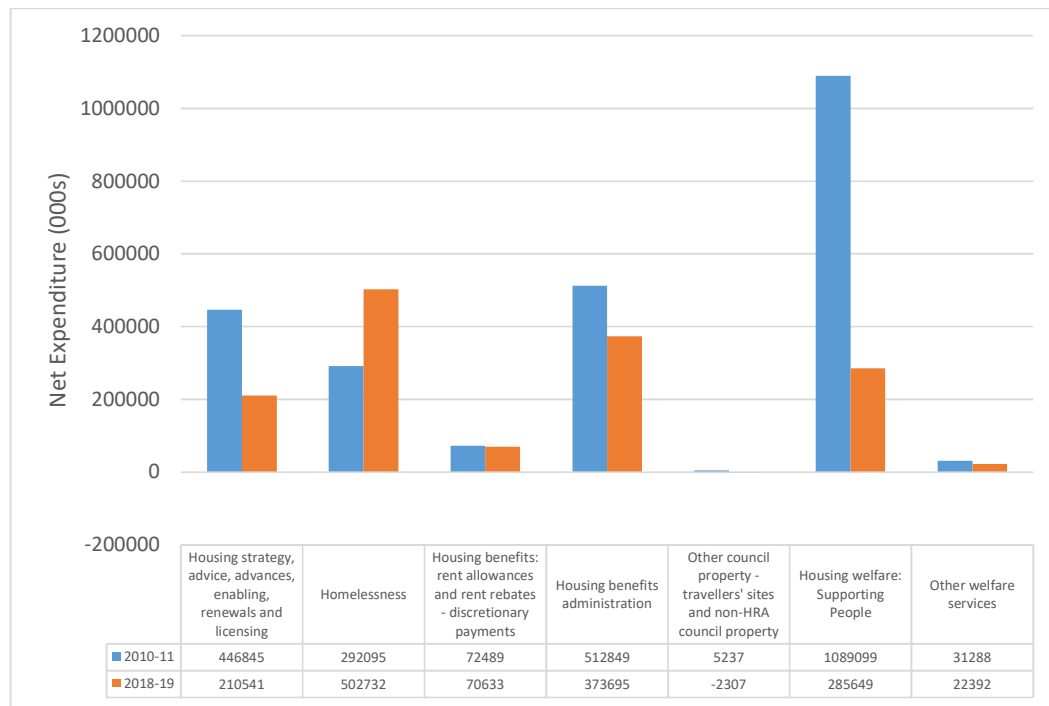


Figure 13: Net Expenditure on Component Functional Areas of Planning and Development Services

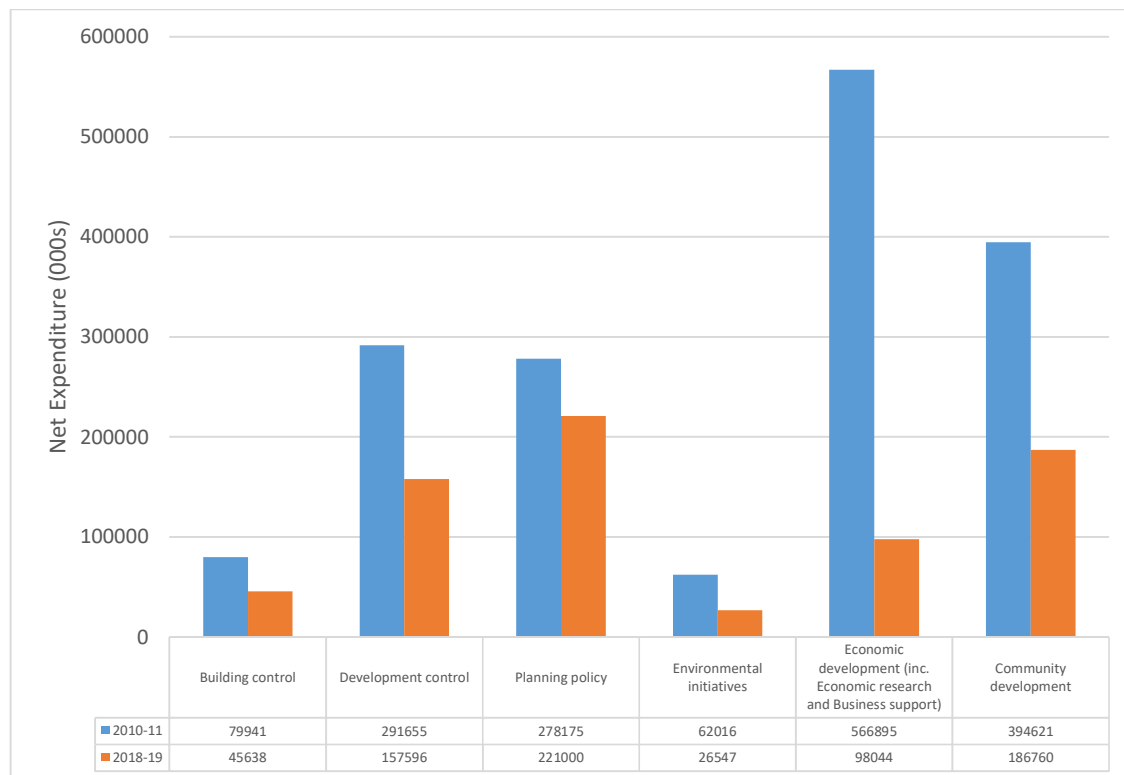
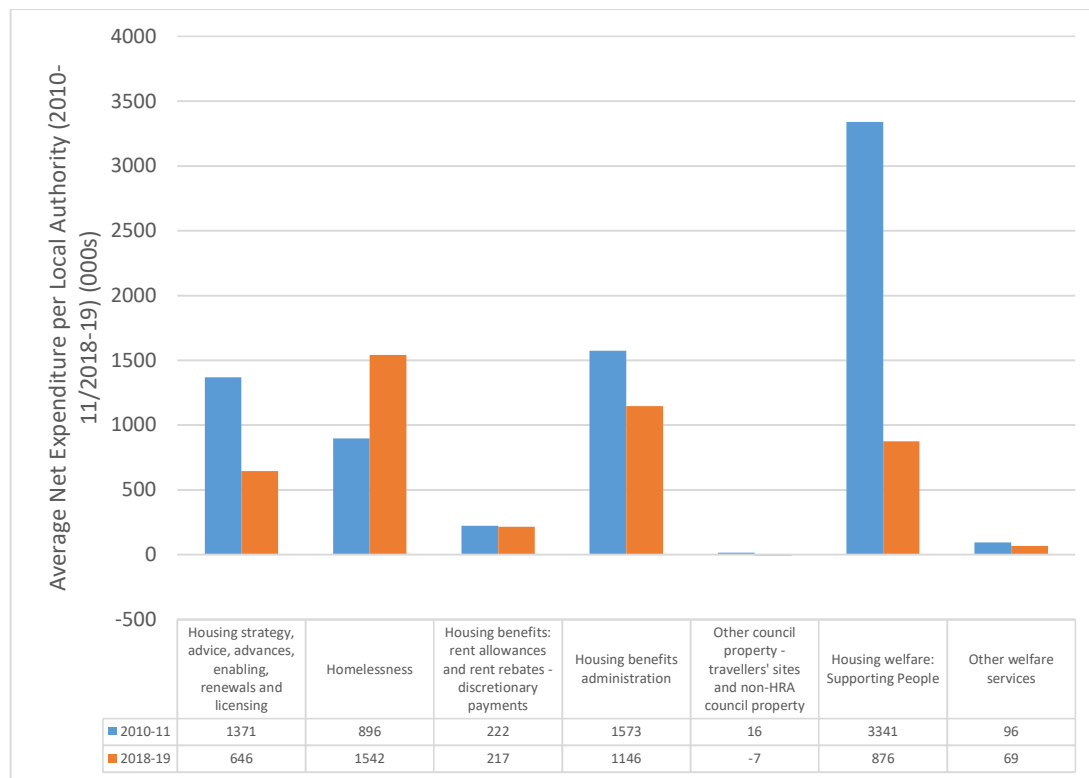


Figure 14: Net Expenditure per Local Authority on Component Functional Areas of Housing Services



Turning to planning and development services, average net expenditure on local economic development stood at £301,000 in 2018-19 compared to £1.7 million in 2010-11. A point to note here is that the governance of local economic development has changed dramatically since 2010-11 with the cessation of Regional Development Agencies (RDAs) and the introduction of LEPs and Combined Authorities<sup>56</sup>. These changes have resulted in the rescaling of economic development capacity from local authorities to LEPs and Combined Authorities. In the case of LEPs however, questions remain over the extent to which they have contributed to the consolidation or fragmentation of strategic local economic development<sup>57</sup>. Equally, LEPs and Combined Authorities represent another institutional layer in England and whilst Combined Authorities may have a degree of longevity, LEPs continue to represent a fragile institutional arrangement where previously configured local authority capacity for economic development is now held within a governance framework led by the private sector<sup>58</sup>.

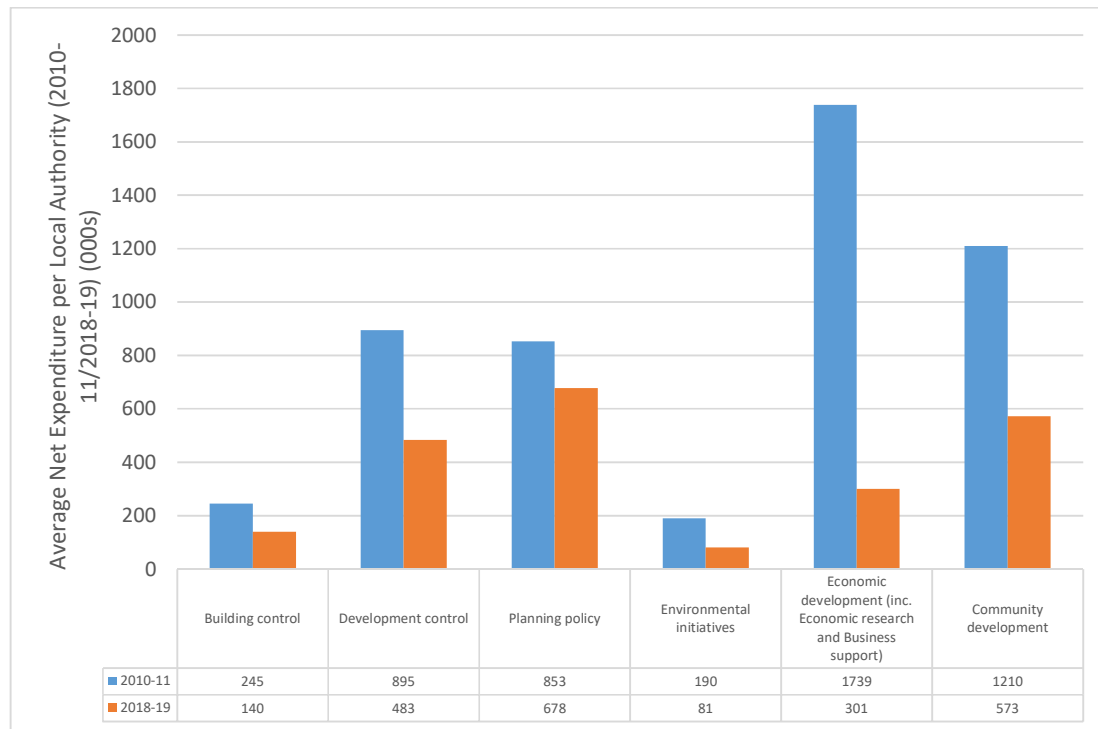
<sup>56</sup> Ward, M. (2019) *Local Enterprise Partnerships*. Briefing Paper, Number 5651. London, House of Commons Library.

<sup>57</sup> Pike, A., Marlow, D., McCarthy, A., O'Brien, P. and Tomaney, J. (2015) 'Local institutions and local economic development: the Local Enterprise Partnerships in England, 2010-' *Cambridge Journal of Regions, Economy and Society*, 8, 185-204.

<sup>58</sup> Deas, I., Hincks, S. and Headlam, N. (2013) 'Explicitly permissive? Understanding actor interrelationships in the governance of economic development: The experience of England's Local Enterprise Partnerships' *Local Economy*, 28 (7-8), 718-737.

Turning to average net expenditure on community development initiatives, these were down from £1.2 million in 2010-11 to £573,000 in 2018-19 whilst environmental initiatives were down from £190,000 in 2010-11 to £81,000 in 2018-19. Finally, in 2018-19, average net expenditure on development control stood at £483,000 compared to £895,000 in 2010-11 whilst average net expenditure on strategic planning policy was down from £853,000 in 2010-11 to £678,000 in 2018-19 (Figure 15).

Figure 15: Net Expenditure per Local Authority on Component Functional Areas of Planning and Development Services



In relative terms, whilst housing strategy, advice and licensing and housing welfare recorded depreciations of over 50% in net expenditure between 2010-11 and 2018-19 it was in relation to expenditure on other council properties such as traveller sites and non-HRA properties that the highest relative – albeit marginal absolute – change was recorded over time (Figure 16). With central government grants cut, the redistributive mechanisms of the grant formula – through which local government funding is determined – was weakened, meaning that local government came to rely more heavily on local sources of income such as tax revenue, reserves, and the sale of council owned assets<sup>59</sup>. The reduction in net expenditure on other council property is likely to reflect the fact that council assets became a source of income generation rather a source of expenditure.

In terms of planning and development services, economic development, environmental initiatives and community development recorded depreciations over 50% whilst net

<sup>59</sup>Gray, M. and Barford, A. (2018)

expenditure on strategic planning policy were down by 21% and levels of building control and development fell by 42% and 46% respectively (Figure 17).

Figure 16: Difference in Net Expenditure on Component Functional Areas of Housing Services (%)

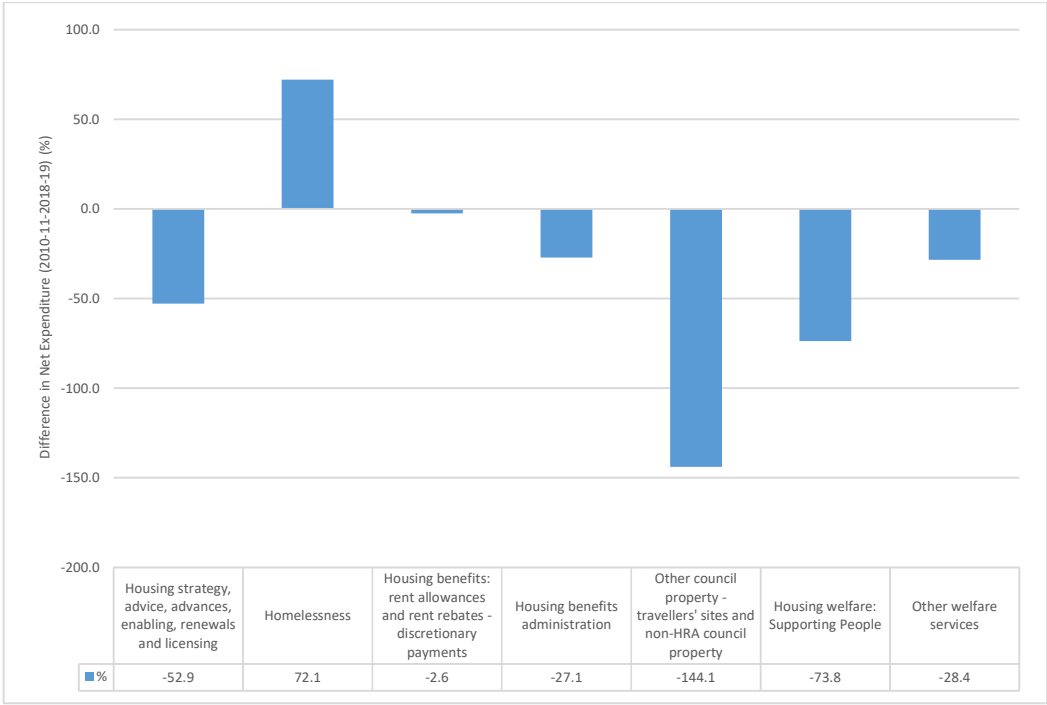
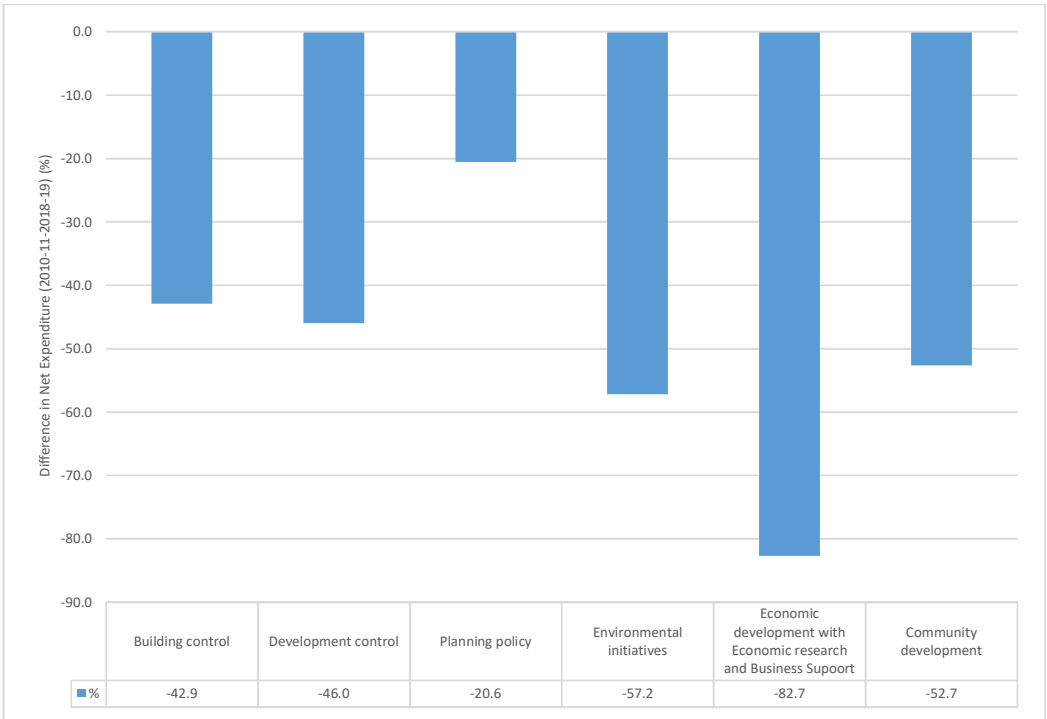


Figure 17: Difference in Net Expenditure on Component Functional Areas of Planning and Development Services (%)



## The Reshaping of Local Authority Housing and Planning Capacity: the Northern Context

Set in the context of this national picture, net expenditure by local authorities in the north has fallen across all functional areas in housing services with the exception of homelessness and housing benefits. The highest absolute depreciation was in housing welfare, which stood at £409 million in 2010-11 compared to just shy of £100 million in 2018-19 (Figure 18). Likewise, net expenditure on housing strategy advice, renewals and licensing fell from £143 million in 2010-11 to £46 million in 2018-19. In planning and development services, all functional areas have fallen with the highest being in economic development, down £359 million in 2010-11 to £102 million in 2018-19 and community development which is down from £177 million to £63 million over the same period (Figure 19).

Figure 18: Net Expenditure on Functional Areas in Housing Services in the North Compared to the Rest of England

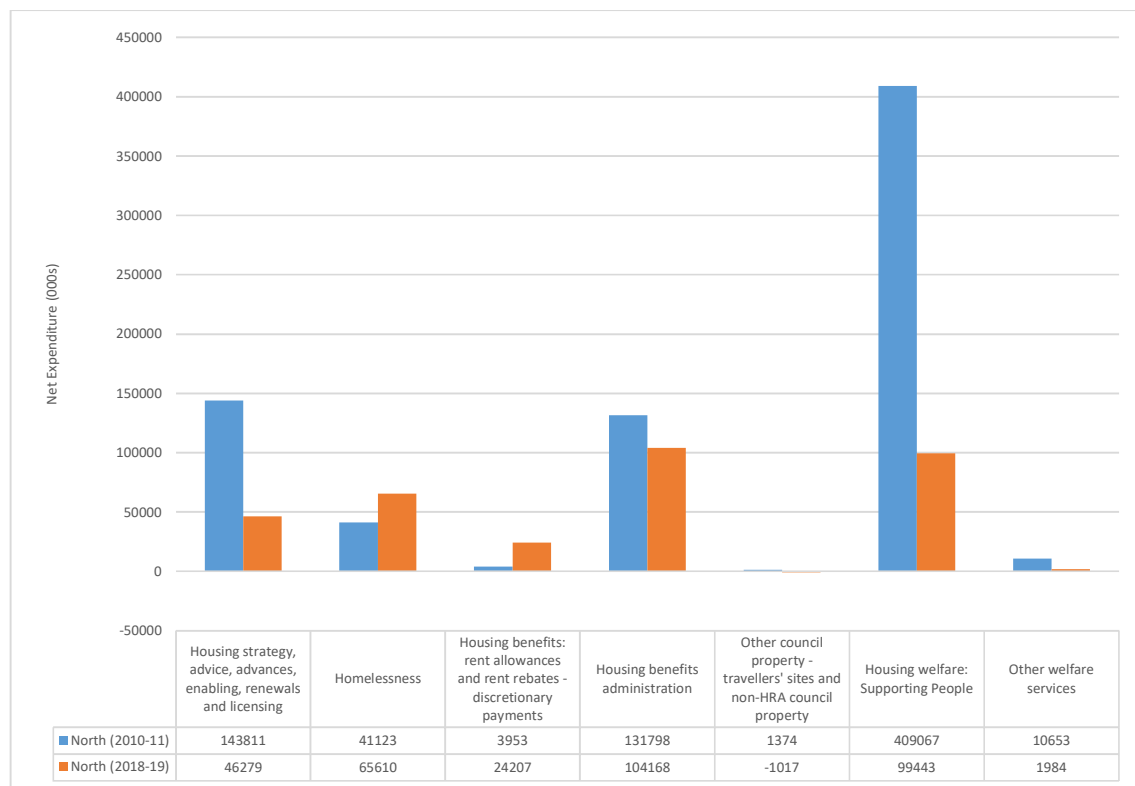
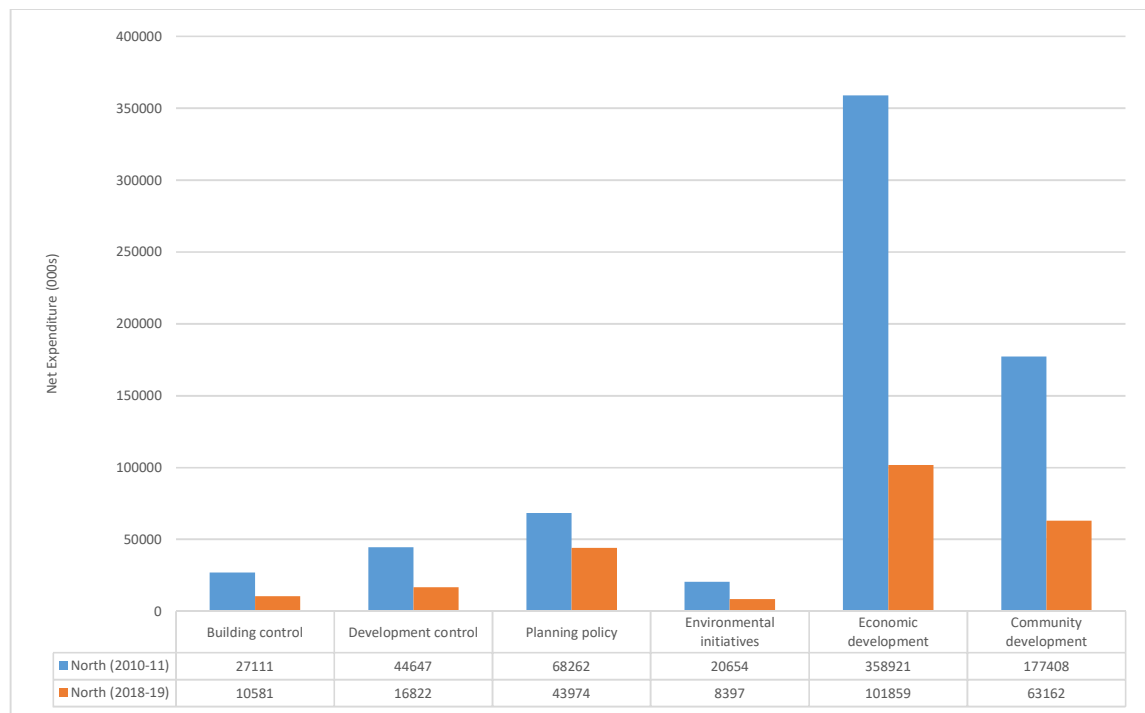


Figure 19: Net Expenditure on Functional Areas in Planning and Development Services in the North Compared to the Rest of England

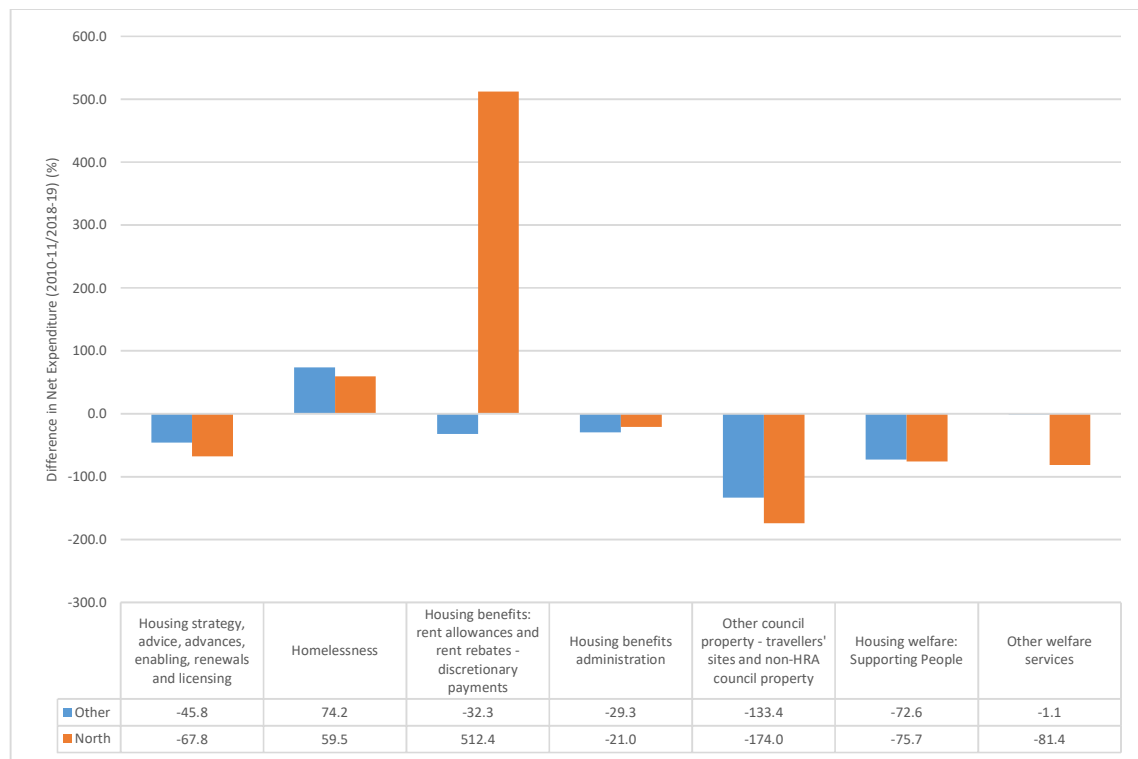


In relative terms, housing rents allowance (discretionary payments) as a component of the net expenditure of all local authorities in the north increased five-fold between 2010-11 and 2018-19<sup>60</sup>, seemingly as a result of welfare reforms introduced in 2011 by the Conservative-Liberal Democrat Coalition Government<sup>61</sup>. Relative net expenditure on housing strategy, advice and licensing fell in both the north and 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 rest of England, this was less pronounced in the north than elsewhere in England (Figure 20).

<sup>60</sup> Wilson, W. (2018) *Discretionary Housing Payments*. Briefing Paper, Number 07671. London, House of Commons Library.

<sup>61</sup> As part of the reforms, the government increased its contribution towards Discretionary Housing Payments (DHPs) and opened-up the possibility for English and Welsh local authorities to supplement DHP funding up to a maximum of two and a half times this figure using their own funds (Wilson, 2018).

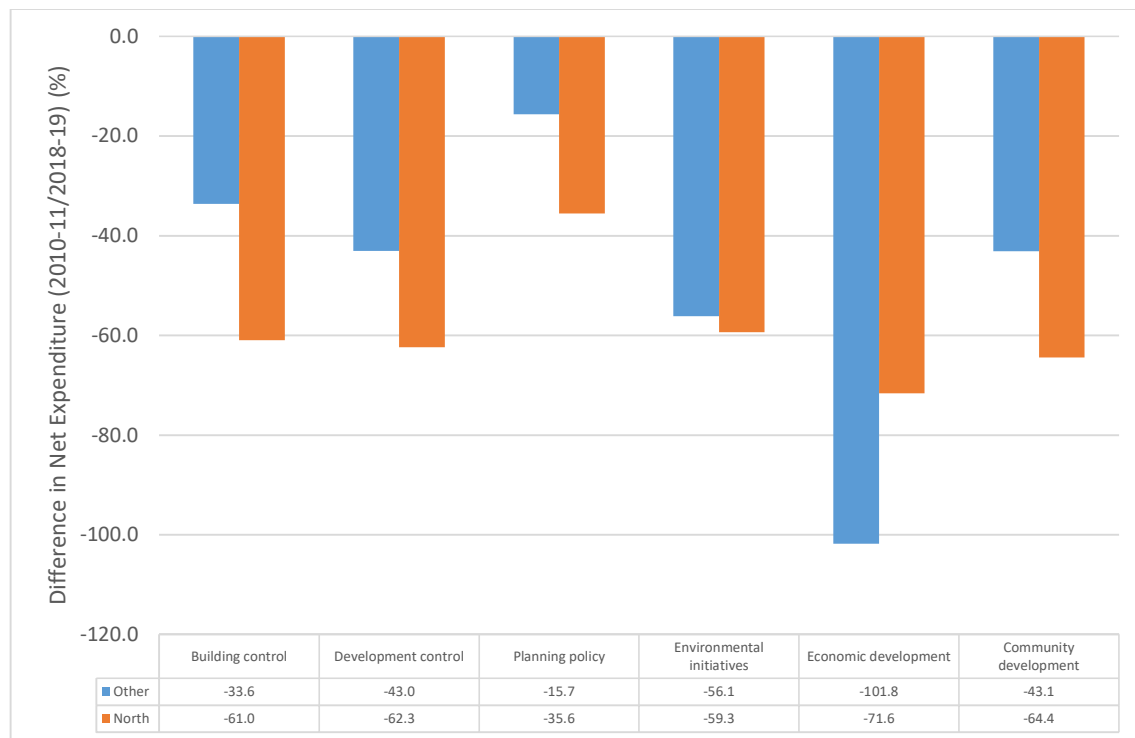
Figure 20: Difference in Net Expenditure by All Functional Areas in Housing Services between 2010-11 and 2018



In relation to planning and development services (Figure 21), 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.



Figure 21: Difference in Net Expenditure by All Functional Areas in Planning and Development Services between 2010-11 and 2018



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

The two previous case studies explored interviewee experiences of current capacity in housing, planning and development services and considered how capacity has changed since 2010. This final case study explores interviewee experiences of how capacity has been affected by the use of two specific mechanisms to deliver housing, planning and development services since 2010: selective licensing and changes in planning fees.

In one case study authority, the introduction of a city-wide selective licensing scheme was considered a sensible mechanism to fund the monitoring of the private rented sector. It was considered by interviewees to have made positive changes to the local authority's rental offering at a time when the sector had grown significantly, overtaking – as a proportion of stock – social rented housing. One interviewee however, argued that there remained insufficient scrutiny of some landlords (Interviewee I), whilst another argued that the quality of stock was in need of serious attention:

“Since 2005 we’ve had a quality measure to engage with landlords, and a ten point pledge to drive up standards. One of the points was to consult on a selective licensing scheme. An authority-wide approach since 2015 ... has enabled the licensing team to deal with applications and enforcement and in some cases has led to the prosecution of landlords). They sit within community services, but there is significant overlap with other

services and they work closely with the regeneration directorate and PRS landlord representatives. Licensing pays for itself – the fee collected from landlords is one approach that we can use to influence housing across the board” (Interviewee C). In the same authority, however, another interviewee noted that “...there just isn’t capacity [in the authority] to manage the PRS. It’s very time consuming to deal with one or two small landlords that are making it difficult for tenants.” (Interviewee B).

In a different case study authority, there had once been a PRS housing team to deal with enforcement and regulations, but it was disbanded at the same time the then single housing team was split. One interviewee in a strategic housing role in the authority noted that this was a service the authority were now looking to raise capacity in, because of the increase in PRS over the last decade and because enforcement had become so fragmented across multiple service areas (including environmental services and commercial properties). In contrast to the first case study, where an authority-wide selective licensing scheme had been adopted, the second case study authority demonstrated that a more spatially targeted form of licensing had been adopted. A concern for one interviewee in the authority was that the *perceived* profitability of PRS for small landlords in particular had meant that “...you get people converting mid-terrace properties into four one bedroom hutches...they’ve got no soundproofing, they are literally a nightmare for neighbours” (Interviewee E). Here, selective licensing was introduced to cover part of the town where the housing team had compiled evidence – largely in the form of logged complaints – on problem and absentee landlords enforced through an Article 4 directive which removed certain permitted development rights and “...meant that a little control was taken back through planning to help stop some of the nuisance that some of these properties cause” (Interviewee F). This combination of interventions was seen by both interviewees to have brought about improvements in the PRS in the targeted areas by disincentivising negligent behaviour on the part of some landlords, but there was concern that the spatially targeted scheme risked pushing the problem elsewhere: “...it’s [displacement of poor PRS standards and practices] something we’re conscious of and are keeping an eye on” (interviewee E).

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 are not enough to generate much in the way of additional income beyond administering the system. As one interviewee commented “...we have a model where landlords have the opportunity to come to the council to go through selective licensing...but we can only really charge to cover the administration fee, so you don’t get a massive amount of money from it, certainly not enough to think ‘oh brilliant, we could run a private sector team off this’ (Interviewee F). Instead, in two of the case study authorities, interviewees recognised the role of the National Landlords Association, “...who actually run a scheme as well...it’s a bit cheaper than the council one...And obviously it saves us having to resource it, but it’s just as thorough, so, it’s almost like a private sector solution for doing it” (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 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).

In this and the two other local authorities, the case was made repeatedly for the regeneration of existing stock to be elevated in the mind of national policymakers, especially in light of the need to improve quality in the PRS, tackle rising homelessness and address the various environmental agendas (e.g. climate, energy and air pollution) that are now recognised as warranting increasingly urgent attention. As one interviewee put it, “...regeneration has now come to focus just on building new housing but we need to push government for more funding for the regeneration of existing units...it’s as important for us as delivering new stock” (Interviewee A).

## Summary

Responding to the impacts of the financial and sovereign debt crises, successive governments since 2010 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 2017-18<sup>62</sup>. With the Local Government Association describing the scale of the cuts to local government as ‘the worst financial settlement in living memory’<sup>63</sup>, this report set out to develop an understanding of how expenditure on housing and planning and development services has changed in the north compared to the rest of England between 2010-11 and 2018-19 with the aim of prompting discussion over what the implications of these changes might be for housing and planning capacity going forward.

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. These figures mean that 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.

For northern local authorities specifically, 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 (excluding the northern authorities), this difference stood at -34% for housing services and -50% for planning and development services.

Perhaps unsurprisingly, the consensus that emerged from the case study interviews was that the austerity drive since 2010 had fundamentally reshaped the current capacity of local authorities to deliver services in housing, planning and development. Current capacity across the three case study authorities was described variably as being “stretched”, “under strain”,

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<sup>62</sup> NAO (2018)

<sup>63</sup> Hastings *et al* (2012)

“challenging”, “just about manageable” or “operating on a skeleton model”. The challenging austerity context was reflected in the day-to-day running of housing and planning and development services that included slower delivery of housing and planning outcomes than anticipated by external partners or demanded by central government.

That in relative terms, there was a higher share of local authorities in the north that experienced the combined impacts of housing and planning service cuts above the national average when compared to the rest of England reflects a challenging regional context within which local authorities are working. The modelling of local authority housing and planning capacity demonstrated that whilst northern authorities had benefited historically from investment in housing and planning services by 2018-19, they had also experienced a *comparative* depreciation in capacity to deliver housing and planning services compared to the rest of England over time. 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 also widespread concern that rounds of restructuring, changes staffing levels and loss of strategic leadership had taken their toll on the housing and planning services in the north. This was to such an extent that there was a feeling that housing especially had lost strategic importance in a number of local authority agendas within the case study areas.

Yet equally, there was a sense that local government was being underutilised or by-passed in efforts to address issues like climate change or even the housing crisis, where delivery has been reduced to a numbers and targets game. This was reflected in the case study interviewees where mechanisms such as selective licensing and planning fee reforms were seen to offer some benefits in maintaining current capacity but which were often limited in the difficult market contexts faced by many local authorities in the north. Against this context, the report is intended to stimulate further discussion over what the implications of changes to housing and planning capacity over the last decade might mean for the future of the north under increasingly challenging political-economic, social and environmental circumstances.

## Appendix A: Methodology

Table A1: Housing Services Descriptors

Housing Service Domain	Additional Component	Description
<b>Housing Strategy, advice, enabling, renewals and licensing</b>	Housing Strategy	<ul style="list-style-type: none"> <li>o Review of housing needs, eg housing conditions survey;</li> <li>o Preparation of strategic plans, e.g. home energy conservation plan;</li> <li>o Government initiative bids, e.g. Housing Market Renewal;</li> <li>o Preparing joint ventures;</li> <li>o Liaison with external bodies;</li> <li>o DOE circular 8/95 makes it clear that Housing Strategy should include costs incurred as a consequence of a LSVT, except the costs of the statutory duty to consult (s106A of Schedule 3A to HA 1985).</li> </ul>
	Housing Advice	Since the Housing Act 1996, each council has to provide a housing advice service to people housed privately. Where staff are employed solely or substantially to fulfil this duty, their costs and appropriate overhead costs should be included here in the GF. It is inevitable that some advice will be given to non-council tenants by staff in area council housing offices which, thus, will be charged to the HRA. Where this is the case, the council should consider whether any of the costs of the area office should in fact be borne here in the GF/CF rather than by the HRA.
	Housing Advances	<ul style="list-style-type: none"> <li>o Advances under the Housing &amp; Small Dwellings Acquisitions Acts, etc;</li> <li>o Administration of advances to individuals to purchase their property</li> </ul>
	Enabling	Costs associated with the enabling function of the authority including Registered Social Landlords: <ul style="list-style-type: none"> <li>o Day-to-day liaison costs;</li> <li>o Nomination fees paid, except where related to homelessness;</li> <li>o Waiting list management.</li> </ul>
	Private Sector housing Renewals and Licensing	<ul style="list-style-type: none"> <li>• Administration of financial support for repairs and improvements, including: <ul style="list-style-type: none"> <li>o Home improvement grants;</li> <li>o Home insulation grants;</li> <li>o Housing renovation grants incl. home repair and minor works assistance;</li> <li>o Houses in multiple occupancy (HMO) grant;</li> <li>o Grants Agency arrangements;</li> <li>o Issuing deferred action notices.</li> </ul> </li> <li>• Renewal activity: <ul style="list-style-type: none"> <li>o Renewal areas;</li> </ul> </li> </ul>

		<ul style="list-style-type: none"> <li>o Housing action areas</li> <li>o General improvement areas;</li> <li>o Group repair schemes</li> <li>o Compulsory purchase orders. <ul style="list-style-type: none"> <li>• Management orders</li> <li>• Prohibition orders and improvement notices</li> <li>• Empty homes and dwellings</li> <li>• Slum clearance Including the cost of demolition orders and compulsory purchase activities.</li> <li>• Other neighbourhood regeneration Include any other costs associated with neighbourhood regeneration and other initiatives not accounted for under slum clearance.</li> <li>• Home improvement agencies – revenue costs</li> <li>• Licensing of private sector landlords o Licensing of houses in multiple occupation (HMOs);</li> <li>o Selective licensing of other private rented properties</li> </ul> </li> </ul>
<b>Homelessness</b>		<p>Hostels (non-Housing Revenue Account) – used mainly to house homeless people.</p> <ul style="list-style-type: none"> <li>• Bed and breakfast accommodation Privately owned or managed hotels or guest houses with shared facilities.</li> <li>• Other nightly paid, privately managed accommodation</li> <li>• Private managed accommodation leased by the authority</li> <li>• Private managed accommodation leased by RSLs</li> <li>• Directly with a private sector landlord</li> <li>• Accommodation within the authority's own stock (non- Housing Revenue Account)</li> <li>• Accommodation within RSL stock</li> <li>• Other temporary accommodation Include any other expenditure on housing for homeless people including payments to/for: -Caravans; -Demountables; -Portacabins; -Transportables; -Supported lodgings placements.</li> <li>• Temporary accommodation administration</li> </ul> <p>Administration cost of managing temporary accommodation placements under homelessness duties</p> <ul style="list-style-type: none"> <li>• Homelessness service staffing costs</li> </ul> <p>All staffing expenditure to provide prevention, relief and main homelessness duty.</p> <ul style="list-style-type: none"> <li>• Homelessness service non-staffing costs</li> </ul> <p>All non-staffing expenditure to provide prevention, relief and main homelessness duty</p>
<b>Housing benefits payments</b>	Rent allowances	o Discretionary rent allowances paid to the tenants of private landlords and registered social landlords.
	Non-HRA rent rebates	o Discretionary rent rebates paid to council tenants living in non-HRA dwellings.

	Rent rebates to HRA tenants	o Discretionary enhancements to statutory rent rebates, eg: for war widows.
	Housing benefits administration	o Administration costs of assessing and paying housing benefits (rent allowances and rent rebates), regardless of whether benefits were accounted within the HRA or GFRA.
<b>Other council property</b>		o Council property held under powers other than s74 of the Local Government & Housing Act 1989, and used for non-HRA housing purposes. • Travellers' sites – accommodation and associated costs. • Non-HRA council property.
<b>Housing welfare: Supporting People</b>		Housing welfare services provided under the Supporting People programme. Supporting people welfare services to vulnerable service users include: o Preventative housing-related support; o Tenancy or housing-related support to tenants or householders; o The housing-related support services element of services funded by certain legacy funding streams. o Supporting people services are provided for the following purposes: o Developing a person's capacity to live independently in the community, or sustaining their capacity to do so; o Expanding tenure choices for persons who might remain in institutional care, or become homeless in breach of their terms of tenancy, if support were not provided; o Providing immediate refuge in the case of domestic violence. o Also includes strategy, administration and the commissioning of payment to providers
<b>Other welfare services</b>		Essential Care Services (ECS) provided by wardens in sheltered housing, and other situations where Best Value is achieved if welfare services are provided by housing staff, including: o Assistance with mobility; o Assistance at meal times; o Assistance with personal appearance and hygiene; o Administration of medication; o Nursing care.

MHCLG (2019) *General Fund Revenue Account Outturn 2018-19: Guidance notes for completing form RO5: Cultural, Environmental, Regulatory and Planning Services*. MHCLG, London.

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/801140/RO\\_2018-19\\_RO5\\_notes.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/801140/RO_2018-19_RO5_notes.pdf)



Table A2: Planning and Development Service Descriptors

Planning and Development Service Domain	Additional Component	Description
Building control		The authority's role in the monitoring and enforcement of building regulations.
	Building regulations	
	Enforcement	Of building regulations
	Other building control work	Pre-submission advice and administration of legislation relating to dangerous structures; access for disabled people; street naming and numbering. o Structural design; o Fire safety and energy auditing; o Planning condition checks and enforcement.
Development control		The authority's role in development control under town and country planning legislation.
	Advice	
	Dealing with applications and enforcement	Advertisements; o Applications made under the town and country planning legislation; o Appeals; o Environmental assessments; o Conservation and listed buildings, including: -Applications made under town and country planning legislation; - Buildings preservation orders; -Urgent works and repairs notices, and spot listings; -Listed building and conservation appeals; o Tree and forestry regulations.
	Regulation of other special topics	Such as minerals and waste control
Planning policy	Conservation and listed buildings planning policy	The determination of policy or guidelines for conservation (outside the development plan process); o The designation of conservation areas and the preparation and implementation of any schemes for their enhancement, including conservation area appraisals;

		o Building risk assessment and general advice on historic buildings and conservation areas.
	Regional and sub-regional planning	o Including development and town centre plans
	Responses to consultations	
	Involvement in planning policy matters from other authorities and bodies	
	Preparation or contribution to the preparation of Sub-regional planning policy	<p>Supplementary planning guidance</p> <ul style="list-style-type: none"> <li>• Planning projects and implementation</li> <li>• Trees and forestry policy</li> <li>• Other special planning topics</li> <li>• Sustainable development strategies</li> </ul>
Environmental initiatives		<p>Initiatives for the protection or improvement of the natural environment.</p> <ul style="list-style-type: none"> <li>• Environmental education</li> <li>• Grants – related to environmental initiatives</li> <li>• Individual environmental projects</li> </ul>
Economic development		<p>Understanding, promoting and supporting the economic well-being of the area.</p> <ul style="list-style-type: none"> <li>• Market undertakings – Include the costs associated with the: <ul style="list-style-type: none"> <li>o Provision of facilities for markets</li> <li>o Erection and taking down of stalls</li> <li>o Collection of rents from the market traders. Exclude the costs of enforcing food hygiene (RA521) and trading standards (RA519).</li> </ul> </li> <li>• Training and employment</li> <li>• Government initiatives</li> <li>• Promotion and marketing of the area</li> </ul>
Community development		Initiatives to build community, rather than physical structures. Include community strategy formulation, community development initiatives and projects, social inclusion, promoting e-functionality, neighbourhood resources.
Economic research		<p>Need surveys</p> <ul style="list-style-type: none"> <li>• Collation of information on economic analysis, including census data</li> <li>• Specific investigations into areas where new policy is being developed</li> </ul>

Business Support	<p>Premises development</p> <ul style="list-style-type: none"> <li>o Building and letting of subsidised units for start-up businesses etc;</li> <li>o Maintenance and repairs of public furniture in pedestrianised areas where this is not the function of the Highways service (see RA247);</li> <li>o Conference centres;</li> <li>o Shopping centres;</li> <li>o Other non-service based premises held for future development. Exclude surplus properties awaiting disposal or being held as investment properties;</li> <li>o Implementation of development on particular sites in pursuit of a proposal in the development plan, or a departure from it.</li> </ul> <ul style="list-style-type: none"> <li>• Grants/loans and guarantees – the handling of financial incentives to persuade firms to set up or expand business in the local area. This includes giving grants, making loans and providing guarantees.</li> <li>• Support and business enterprise – including: <ul style="list-style-type: none"> <li>o Grants to voluntary organisations that provide support and advise</li> <li>o Careers advise to adults</li> <li>o In-house costs of advisory services provided.</li> </ul> </li> </ul>
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MHCLG (2019) *General Fund Revenue Account Outturn 2018-19: Guidance notes for completing form RO4: Housing Services*. MHCLG, London.  
[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/801139/RO\\_2018-19\\_RO4\\_note.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/801139/RO_2018-19_RO4_note.pdf)

## Appendix B: Methodology

The report focuses on a sample of 326 local authorities in England comprising shire districts, metropolitan districts, unitary authorities and London boroughs. Shire Counties were excluded as were various other administrative geographies including fire and rescue authorities, combined authorities (2018-19), national parks and policing authorities. London Boroughs were reclassified as metropolitan districts for the purpose of the analysis.

The north is defined as the Standard Regions of the North West, North East, and Yorkshire and the Humber.

A two-stage methodology was employed for the purpose of the study.

### Stage 1: Analysis of Local Authority Revenue Expenditure and Financing

The first stage of the analysis sought to:

1. Develop an understanding of quantitative change in local authority housing and planning capacity in north of England between 2010-11 and 2018-19 compared to the rest of England.
2. Develop an understanding of how the balance in capacity within Northern housing and planning services has changed over this period
3. Determine whether particular service areas (e.g. strategic housing; homelessness; private renting) have fared better or worse than others.

### Data Processing

To aid comparison between 2010-11 and 2018-19, 2010-11 prices were adjusted to 2018-19 prices using the government's GDP deflator<sup>64</sup>. This follows a similar approach taken by the RTPI in analysing change in funding for planning services. As the RTPI notes, the GDP deflator "...will provide conservative estimates of finances, since the deflator measures cumulative inflation in the period at 14%, which is lower than other types of inflation (the Consumer Price Index is 26% in the same period) <sup>65</sup>".

### Time Series Analysis

Time-series analysis focused on two aspects of change in local authority revenue expenditure and financing between 2010 and 2018<sup>66</sup> in two domains – planning and development services and housing services with a focus on General Revenue/non-HRA funding only<sup>67</sup>.

First, the *total* change in net expenditure in both domains was analysed by comparing changes in the north with those in the rest of England. Second, change in net expenditure in the planning and development services and housing services sub-domains (e.g. strategic housing and licensing; homelessness; housing benefit administration) was undertaken by comparing changes in the north with those in the rest of England.

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<sup>64</sup> <https://www.gov.uk/government/collections/gdp-deflators-at-market-prices-and-money-gdp>

<sup>65</sup> RTPI (2019) *Resourcing Public Planning*. RTPI, London.

<sup>66</sup> MHCLG Local Authority Revenue Expenditure and Financing statistics.

<sup>67</sup> The exception being HRA development in stage 2 of the study, where we were interested in understanding the capacity (and constraints) of the local authority to take advantage of opportunities to build their own stock (e.g. staffing rather than financial headroom).

### *Developing a Local Authority Typology*

The typology was developed based on change in *total* net current expenditure (NCE) (£ thousands) between 2010-11 and 2018-19 on two variables: Total NCE on Housing (GFRA only) and Total NCE on Planning and Development Services. The NCE value for each local authority was weighted by the population in 2011<sup>68</sup> living in the local authority. Range standardisation (0-1) was then used to standardise the measures and the mean national value on each variable was used to generate a four-way categorisation of local authorities according to whether the authority performed above or below the national average on planning and development services and housing services revenue measures to create the four categories of local authority.

The typology makes no assumption about what form differences in net expenditure take, whether this reflects a negative or positive change in expenditure overall or the cases underlying differences in expenditure between 2010-11 and 2018-19.

### *Regression Modelling*

Binary logistic regression was used to establish how changes in the balance of housing and planning capacity compare between the north and the rest of England. Four separate models were developed based on combinations of housing and planning and development indicators (independent variables) that were modelled against a dependent variable in which northern local authorities were categorised as 1 and the rest of England were categorised as 0.

The focus was on measuring the *main effects* of the independent variables on the likelihood of local authorities being located in the north compared to the rest of England. The indicators used as independent variables are listed in Table B1.

Table B1: Independent Variables Included in the Regression Modelling

<b>Independent Variable</b>	<b>Methodology and Interpretation</b>
Total Housing Services (GFRA only): Net Expenditure 2010-11  <i>(Housing Services 2010-11)</i>	A measure of total net expenditure on housing services (GFRA only) per local authority for 2010-11. The indicator was statistically transformed and standardised. Range standardisation was used which meant that the local authority with the highest total net expenditure scored '1' and the lowest (including those with negative net expenditure) scored '0'.
Total Housing Services (GFRA only): Net Expenditure 2018-19  <i>(Housing Services 2018-19)</i>	A measure of total net expenditure on housing services (GFRA only) per local authority for 2018-19. The indicator was statistically transformed and standardised. Range standardisation was used which meant that the local authority with the highest total net expenditure scored '1' and the lowest (including those with negative net expenditure) scored '0'.
Total Planning and Development Services: Net Expenditure 2010-11	A measure of total net expenditure on planning and development services per local authority for 2010-11. The indicator was statistically transformed and standardised. Range standardisation was used which meant that the local authority with the highest

<sup>68</sup> ONS Census of Population 2011 (Table KS101EW)

<i>(P&amp;D Services 2010-11)</i>	total net expenditure scored '1' and the lowest (including those with negative net expenditure) scored '0'.
Total Planning and Development Services: Net Expenditure 2018-19  <i>(P&amp;D Services 2018-19)</i>	A measure of total net expenditure on planning and development services per local authority for 2018-19. The indicator was statistically transformed and standardised. Range standardisation was used which meant that the local authority with the highest total net expenditure scored '1' and the lowest (including those with negative net expenditure) scored '0'.
Aggregated Total Housing Services (GFRA only) and Total Planning and Development Services: Net Expenditure 2010-11  <i>Housing and P&amp;D Services 2010-11)</i>	A measure of total aggregated net expenditure on housing and planning and development services per local authority for 2010-11. The indicator was statistically transformed and standardised. Range standardisation was used which meant that the local authority with the highest total net expenditure scored '1' and the lowest (including those with negative net expenditure) scored '0'.
Aggregated Total Housing Services (GFRA only) and Total Planning and Development Services: Net Expenditure 2018-19 Housing and P&D Services 2018-19)	A measure of total aggregated net expenditure on housing and planning and development services per local authority for 2018-19. The indicator was statistically transformed and standardised. Range standardisation was used which meant that the local authority with the highest total net expenditure scored '1' and the lowest (including those with negative net expenditure) scored '0'.
Change in Total Housing Services (GFRA only): Net Expenditure 2010-11 to 2018-19  <i>Change in Housing Services 2010-11)</i>	A measure of change in total net expenditure on housing services per local authority between 2010-11 and 2018-19. The indicator was statistically transformed and standardised. Range standardisation was used which meant that the local authority with the highest total net expenditure scored '1' and the lowest (including those with negative net expenditure) scored '0'.
Change in Total Planning and Development Services: Net Expenditure 2010-11 to 2018-19  <i>Change in P&amp;D Services 2010-11)</i>	A measure of change in total net expenditure on planning and development services per local authority between 2010-11 and 2018-19. The indicator was statistically transformed and standardised. Range standardisation was used which meant that the local authority with the highest total net expenditure scored '1' and the lowest (including those with negative net expenditure) scored '0'.

## Stage 2: Case Study Interviews

This second phase involves 18 semi-structured interviews with local authority actors and partner organisations including housing associations, landlord groups and commercial developers that is designed to complement our understanding of the trends revealed in the first phase. The second stage sought to:

- Develop an understanding of how specific initiatives (e.g. an increase in planning fees or expansion of selective licensing schemes) have affected capacity, and what the limits are of these type of initiatives in the North.

- Develop an understanding of the legislative or policy changes over the period that now consume more capacity compared to previous period.
- Develop an understanding of the consequences of changes in housing and planning capacity to:
  - Maximise local development potential (deliver new homes)
  - Manage and intervene in the private rented sector (quality of existing stock)
- Consider the impact of changing capacity in planning and housing from partners beyond the local authority that include housing associations, landlord groups and commercial developers.

The case studies covered all three northern regions and included two metropolitan authority (North West and Yorkshire and the Humber) and a unitary authority (North East).