



TIME TO LEVEL-UP:

Local Authority Housing and Planning Capacity in the North of England

Councils in the North of England have been disproportionately impacted by reductions in spending since 2010, leading to significant loss of housing and planning capacity. This Northern Housing Consortium (NHC) briefing presents the results of new research by the UK Collaborative Centre for Housing Evidence (CaCHE), it looks at how some councils are coping and makes recommendations to Government.

What the research shows:

- The average net spend on housing in northern councils has fallen by 54% since 2010/11, compared to a reduction of 34% in the rest of England
- The average net spend on planning in northern councils has fallen by 65% since 2010/11, compared to a reduction of 50% in the rest of England.

-54%

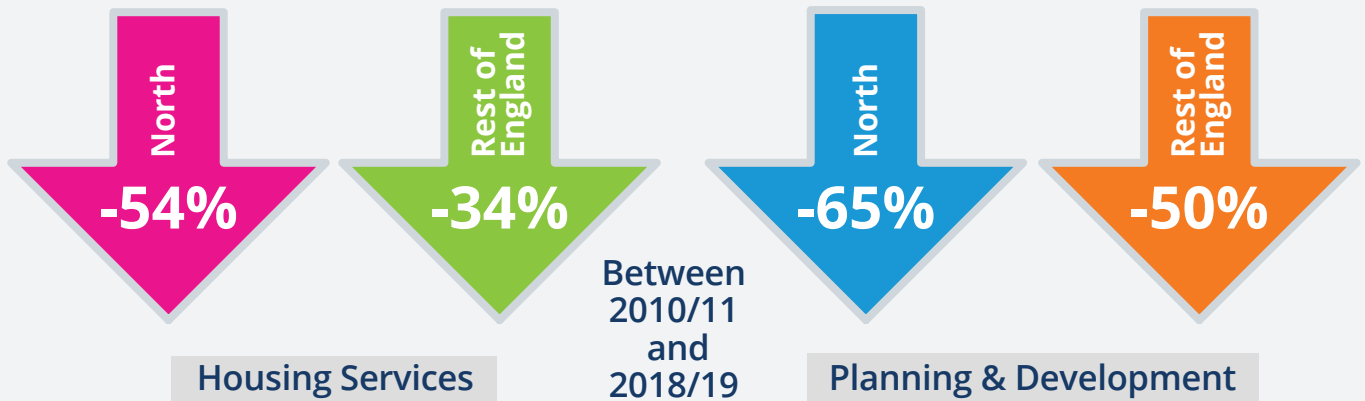
-65%

Our asks of Government:

- At the Spending Review, commit to a sustained real-terms annual increase in funding for local authorities
- Make any proposed national centre of housing and planning expertise truly national – by ensuring its capacity is available to support councils from across the North
- Engage northern councils in place-based deals: boosting housing and planning capacity to enable the delivery of shared housing ambitions.

RESEARCH

How spend has changed in the North and elsewhere



Council budgets have come under huge pressure

Local authorities have seen real-term reductions in central funding of 49% between 2010-11 and 2017-18.¹ Coupled with unprecedented demand for social care services, it is little wonder that education and social care services now account for a combined 81% of net expenditure in northern local authorities.

This leaves housing and planning services under huge pressure.

New research² by CaCHE on behalf of the NHC, uses local authority expenditure data collected by Government to show how spending patterns have changed between 2010/11 and 2018/19.

The impact on housing and planning in the North

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.

The North and Midlands recorded the highest relative reductions in both service areas over the period our study considered. The East of England, London and the South East recorded the lowest relative reductions.

This means that:

Councils in the North now spend 1.9p of every £1 on housing, compared to 3.7p in the rest of England.

For planning and development, the figures are 1.4p in every £1 in the North, compared to 1.6p in the rest of England.

As pages 4-5 of this briefing show, councils and their partners believe these reductions have constrained councils' ability to boost the supply and quality of housing in the North.

About the research

The NHC partnered with CaCHE on this research. Academics from the Universities of Liverpool and Sheffield, led by Dr. Stephen Hincks, conducted the study. The full report and an executive summary can be found at www.northern-consortium.org.uk.

The study was augmented by regional roundtables run by the NHC with councils, housing associations and combined authorities from across the North. These roundtables informed the recommendations on pages 6-7.

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

2. Hincks, S. et al (2020) *A view from the North : Understanding Local Authority Housing and Planning Capacity in an Era of Austerity*. CaCHE, Sheffield.

3. Our figures are based on General Fund Revenue Account activity conducted by all local housing authorities. Not all councils own and develop affordable homes directly, but where this is done, it is accounted for separately in a Housing Revenue Account.

How spending within housing and planning has changed

Our study considered a range of important services:

Housing services include housing strategy, private sector housing renewal, homelessness and housing advice, and housing-related support services. This includes important work done by councils to enable new homes for rent and sale to be built.

Planning and development services include the development of local plans, planning policy, development and building control, environmental initiatives, and business, economic and community development activity.

It is clear that the balance of expenditure within housing and planning services in the North has also changed in recent years.



Councils now spend less on services that help people stay in their homes, and far more responding to homelessness:

- Spending on 'Supporting People' has declined by 75% in the North since 2010/11. Supporting People services include preventative tenancy or housing-related support to vulnerable tenants or householders: services that can prevent homelessness.
- Yet, spending on homelessness services has risen by 59% over the same period - reflecting rising caseloads and new duties placed on local authorities.

In planning, all areas of spend have declined in the North, but economic development has been particularly affected:

- spending on economic development activity in the North has declined by over 70%,
- net spend on building control and development control are both down by over 60%,
- planning policy - which includes the development of local plans - has seen spending reduced by 35% in the North, over twice the reduction compared to the rest of England (15.7%).

Reduction in spend, selected northern services

Between 2010/11 and 2018/19



CONSEQUENCES

So what do these reductions mean?

Researchers concluded that the cuts in spending since 2010 have “fundamentally reshaped the capacity of local authorities to deliver services in housing, planning and development”⁴. This loss of capacity not only impacts on councils’ ability to achieve local housing and planning ambitions, but also undermines the potential of achieving Government’s own housing ambitions.

WHAT NORTHERN COUNCILS SAY ABOUT THEIR CAPACITY

“STRETCHED” **“UNDER STRAIN”** “JUST ABOUT MANAGING”

“OPERATING ON A SKELETON MODEL”

“ONLY MEETING ITS STATUTORY OBLIGATIONS”

“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”

LOCAL AUTHORITY OFFICERS INTERVIEWED FOR OUR STUDY.

These reductions are having consequences for the delivery of Government priorities on housing supply, climate change and economic rebalancing.

Our study found examples of:

- local authorities prioritising resources to ensure delivery of statutory planning and housing obligations, leading to a delay of almost two years to finalise work identified by the Planning Inspectorate to bring the Local Plan up to standard,
- local delivery partners frustrated by the lack of capacity in their council partners: “it just takes too long to process the applications, this is even after we’ve had pre-application meetings,”

- missed opportunities to address issues like climate change or the housing crisis, with delivery reduced to “... a numbers and targets game” [rather] “... than addressing the real questions of [housing] quality and need.”

Yet, where councils have been able to retain capacity, it’s making a real difference.

Councils and their partners recognise that local government’s pivotal role and democratic legitimacy mean that it continues to hold “a lot of the chips”. As one council officer put it, northern local government has demonstrated “an unbelievable capacity to adapt when many thought we’d buckle.”

These examples show how councils who have been able

to retain some capacity are able to deploy this to boost the supply and quality of homes in their area.

Preston City Council

“In Preston, we have achieved a lot in terms of delivering housing growth despite a significant reduction in mainstream Government funding over the last 10 years. We have been successful in attracting Government capacity funding on three occasions and the national increase in planning fees has allowed us to recruit additional planning staff.

An ambitious growth agenda is embedded in the Local Plan and this is being delivered through the Lancashire, Preston and South Ribble City Deal - a partnership between Government, Homes England, the County Council and the District Councils, investing over £400m of infrastructure and delivering 17,500 homes. We have produced a Masterplan for one of the largest new housing developments in the North of England. At least 30% of this must be affordable and Preston now has the highest number of affordable homes being built in Lancashire.

We are using developer contributions to convert long-term

empty properties into affordable homes. Our Making Homes from Houses project, providing £800,000 of investment, is match funded by Homes England, and by our local housing association partner, Community Gateway. This investment is staying within our local economy, in line with the Council's renowned Community Wealth-Building Model.

Doncaster Metropolitan Borough Council

"Despite having to work with a reduced resource we have managed to significantly increase our housing delivery. We have now exceeded our annual delivery target of 920 homes for the last 5 years. We have achieved this primarily through investing time in engaging with house builders,

Manchester City Council

"We welcome this report and the realisation of the impact of 10 years of austerity. Local Authorities have not only lost capacity in direct service provision as the report outlines, but we have also lost people, along with them huge amounts of knowledge, skill and experience. This gap becomes increasingly

"Government is pushing us to deliver, but it is probably happening at a slower pace than it could just because workloads mean we're stretched"
Local Authority officer

But we would love to do more. We have an ambitious City Living Strategy, promoting development in the city centre and inner areas of Preston, focussing on brownfield sites and under-used land. The Council does not own much land and as a second-tier authority does not have the same resources as a unitary authority, but if we could buy land and facilitate development, things could happen a lot quicker.

We know what needs to be done, but we need the resources to match our ambition and the tremendous potential that Preston has to become a really inclusive city."

Chris Hayward, Director of Development, Preston City Council

understanding what their barriers are to delivery and then working with them as a team to ensure delivery. We also work with the house builders to understand which types of sites would appeal to them. Our Local Plan team then screens the sites to come up with a tailored list for them. These types of engagement activity have helped bring a greater confidence from the house builders in developing in Doncaster. **If we had access to more capacity, we could do more of this type of engagement and unlock further housing growth."**

Scott Cardwell, Assistant Director for Development, Doncaster Metropolitan Borough Council

critical as we face existing and emerging challenges. **We will not address and solve the challenges of increasing Housing Supply, fire safety and Zero Carbon without considerable increased capacity and professional services.** We mustn't lose sight of the fact that every threat offers an opportunity. If Government will invest in these areas, we can develop a new generation of professionals and begin to tackle the housing crisis faced by our country."

Cllr Suzanne Richards, Manchester City Council's executive member for housing and regeneration

4. Hincks, S. et al (2020) A view from the North : Understanding Local Authority Housing and Planning Capacity in an Era of Austerity. CaCHE, Sheffield.

SOLUTIONS

6

80%



of northern local government capacity is now going into statutory services.

The examples on page 5 show how local authorities have adapted to cope with reduced capacity. But that ability to adapt can not last forever. The message from the Northern Housing Consortium and our members is clear: **we can't go on like this.** It is simply unsustainable to continue on the current course, with 80% of northern local government capacity now going into statutory services.

We believe that a three-point plan is required to set a new course for housing and planning services in the North, enabling local places to realise their own ambitions, and to deliver on government priorities on housing, climate and rebalancing:

1. a sustained real-terms increase in local government funding,
2. a national centre of specialist expertise, located in the North, and open to all,
3. place-based outcome-focused deals that rebuild local capacity.

1 A sustained real-terms increase in local government funding

The 2019 Spending Round provided the first real-terms increase in the local government funding package for a decade. That's great news. But such an increase needs to be sustained over time to give local government the opportunity and confidence to rebuild capacity.

The NHC recommends that the 2020 Budget and Spending Review set out a package that provides a sustained real-terms increase in local government funding.

Councils may choose to invest additional funding in services like social care, but additional funding for these statutory services may enable local government to stem or slow the rate of reduction in other services like housing and planning.

Who needs to act?

HM Treasury.

When? At the Budget and Spending Review.

2 A national centre of specialist expertise, located in the North, and open to all

In our discussions with NHC members, it was clear that reductions in capacity had particularly impacted on their access to specialist skills. As capacity has focused on core functions, expertise on large-scale regeneration or housing growth; or specialist skills like ecology, have been lost.

The December 2019 Queen's Speech promised a Planning White Paper which would consider the resourcing of planning departments. We believe this should consider planning and housing resourcing, and welcome the former Minister of State for Housing's suggestion of a 'planning A-team' who could support councils with these specialist skills.⁵

The NHC recommends that this is instituted as a truly national centre of specialist housing and planning expertise, located in the North, and open to all.

It is clear from our research that the North has taken a

disproportionate share of reductions in planning and housing capacity – therefore such a centre must be open to all councils. Locating the centre in the North of England would send a strong signal that this will be the case.

Who needs to act? Ministry for Housing, Communities and Local Government.

When? In the Planning White Paper.

3 Place-based outcome-focused deals that rebuild local capacity

The North's housing sector warmly welcomes the emphasis

Government has pledged to deliver 1,000,000 homes over the course of this Parliament. Independent assessments show that at least 100,000 of those homes should be affordable ones here in the North; another 150,000 should be homes for market rent or sale in the North.⁶ The North's councils have a vital role in planning for these homes. **Let's talk about how we create the capacity to do that.**

Here in the North, we want to improve the quality of our existing stock and regenerate neighbourhoods, making them fit for the challenges of climate change, and thereby helping the Government to achieve the

need to be given the long-term certainty about the outcomes that investment would lead to.

Government is best placed to facilitate this certainty: which is why the NHC recommends that at the Spending Review, the new Government instigate a series of place-based, long-term deals with northern councils, based on shared outcomes we all want to see, and agree how we will collaborate to create the capacity to deliver those outcomes.

Who needs to act?

Her Majesty's Treasury; and the Ministry for Housing, Communities and Local Government.

Government has pledged to deliver 1 Million Homes and at least **100,000** homes should be affordable and in the North 

the new Government has placed on levelling-up. We are clear that this is not about a blank cheque, and our offer to Government is to engage in a mature conversation about our shared ambitions and how we can work together to create the capacity to deliver on them. That means focusing on outcomes and agreeing how we create the capacity to deliver those outcomes.

net zero emission target it has committed to. Our councils have a vital role in coordinating that transition. **Let's talk about how we create the capacity to do that.**

To deliver on our shared ambitions, we're going to need 'all hands on deck'. Some of our housing association members tell us that they would be willing to invest in capacity. There are private sector organisations who would do the same. But they

When? At the 2020 Spending Review and beyond.

5. Smyth, C. (2019) *Esther McVey will send in A-Team to help councils build homes*. London: *The Times*. See www.thetimes.co.uk/article/esther-mcvey-will-send-in-a-team-to-help-councils-build-homes-s5dh9gszt

6. See Bramley, G. (2018) *Housing Supply Requirements Across Great Britain*. London: Crisis. Available at: https://www.crisis.org.uk/media/239700/crisis_housing_supply_requirements_across_great_britain_2018.pdf Professor Bramley's figures are calculated on a per-annum basis.

Figures cited here assume a five-year Parliament.

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The Northern Housing Consortium is the voice of housing in the North. We are a not-for-profit membership organisation encompassing 96% of local authorities, ALMOs and housing associations across the North of England. By using our support and procurement services, housing organisations are investing in making the North an even greater place to live.