Government Response to the Communities and Local Government Committee’s Report Abolition of Regional Spatial Strategies: a planning vacuum

Presented to Parliament by the Secretary of State for Communities and Local Government, by Command of Her Majesty June 2011
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Introduction

1 The Government welcomes the Committee’s report on its inquiry into the abolition of Regional Strategies. The Committee’s findings have been carefully considered and we will continue to take these into account as policy is developed. The debate has helped to inform the amendments to the Localism Bill that we brought forward at the Commons report stage.

2 The Government's top priority in reforming the planning system is to promote sustainable economic growth and jobs. We made clear in the Growth Review that our top priority in introducing the National Planning Policy Framework will be to support long term sustainable growth, through both development plans and decisions on planning applications. We have made it plain that our decision to remove Regional Strategies was based on clear evidence that they did not work. We are determined to address these major challenges through our clear and comprehensive approach to reform: promoting economic growth and recovery through incentives such as the New Homes Bonus and a reformed Community Infrastructure Levy; encouraging local authorities to work together effectively across their boundaries through a strengthened duty to co-operate; and driving house building by combining the incentives we are introducing with removing top down targets.

3 The Government further welcomes the Committee’s broad support for the creation of Local Enterprise Partnerships. Working with local councils, we believe that they can play a key role in coordinating economic activity and infrastructure delivery and our amendments to the duty to co-operate will enable us to require local planning authorities and other bodies to have regard to their activities when preparing their local plans and related activities.
Conclusions and recommendations

4 Set out below are the Government's responses to the Committee's conclusions and recommendations, under the headings adopted by the Report. These are listed in the order in which they appear in the Report, with the Government's response set out below each of them.

Views of regional spatial strategies

The Government must ensure that the beneficial and positive aspects of Regional Spatial Strategies, in particular for integrating infrastructure, economic development, housing, data collection and environment protection, are not swept away, but are retained in any new planning framework. (Paragraph 13)

5 We are fully committed to effective strategic planning and we have provided a statutory framework for this through the duty to co-operate. But we want councils to be free to respond in the most effective way to the issues that matter to them and their communities so we will not impose a rigid and centrally directed system for planning on cross-boundary issues. Local councils are perfectly capable of addressing strategic issues locally, working with adjoining authorities and other bodies as needed.

6 National Planning Policy sets out the Government’s key economic, social and environmental objectives and the planning policies to deliver them and local councils are required to have regard to it when preparing their local plans. This includes policy on issues where cross boundary working is necessary. The Government is currently working to update national policy in the form of the National Planning Policy Framework. The National Planning Policy Framework will set out the Government’s policies on local plans and their role in planning for wider cross boundary issues through the duty to co-operate. Local plans will need to demonstrate conformity with national policy that will be tested as part of the local examination. We anticipate that these wider issues will include policies on economic development, housing supply, strategic infrastructure provision and environmental management.

Implications of the abolition of regional spatial strategies

The High Court ruling against the attempted revocation of Regional Spatial Strategies means that there is time to think through appropriate transitional arrangements before Regional Spatial Strategies are abolished. We recommend that the Government adopt a more evidence-based and consultative approach to policy making in the future, especially in an area such as planning, where pragmatism and consensus are valuable assets in securing active
rather than reluctant consent to new approaches to local involvement in decisions affecting people’s everyday lives.
(Paragraph 19)

7 The decision to abolish Regional Strategies was based on clear evidence that they did not work. Regional Strategies were prepared by unelected bodies that lacked democratic accountability. Imposing targets such as housing numbers was highly controversial and generated thousands of objections. This resulted in long delays and meant that Regional Strategies did not provide certainty for communities or investors. It is clear that Regional Strategies have antagonised communities, setting them against growth proposals generally and housing targets in particular. Under the last Government house building rates fell to their lowest peacetime levels since 1924. Rather than unaccountable and remote bodies, the Government believes that it is local authorities and communities that should decide the level and distribution of growth in their areas.

8 By seeking to abolish Regional Strategies we will make local plans, drawn up in conformity with national policy, the basis for local planning decisions, putting greater power in the hands of local planning authorities and communities. This together with our package of incentives, including the New Homes Bonus and reformed Community Infrastructure Levy, will ensure that communities see the benefits of development and welcome new housing rather than resist it at all costs. The duty to co-operate will provide the framework for active, constructive and ongoing cooperation between local planning authorities and other bodies.

9 The Government does not agree that there is a need for transitional arrangements. The Coalition Agreement clearly set out the Government’s intention to abolish Regional Strategies and return democratic decision making powers on housing and planning to local councils. Councils are perfectly capable of addressing strategic issues locally, working with adjoining authorities and other bodies as needed and they will be supported by the duty to co-operate.

10 As part of the Government’s commitment to protecting the environment, it has decided to carry out an environmental assessment of the revocation of the existing Regional Strategies on a voluntary basis, to assess whether or not there are any significant environmental effects of revoking each regional strategy. Local authorities and others should find these assessments helpful in identifying issues relevant to their areas and policies or initiatives in the Regional Strategies which are no longer in effect, and it should also help them decide how to proceed with preparing or reviewing their own plans.
The peremptory abolition of Regional Spatial Strategies has created a hiatus in the planning framework, which risks producing a damaging inertia. We recommend that the Government issue guidance, as soon as possible, compliant with the existing law, to assist local authorities and others on how to address the important strategic planning issues covered by Regional Spatial Strategies and how to continue work on Local Development Frameworks. When the law changes, there will be a need for formal transitional arrangements, and the Localism Bill should clarify those arrangements to explain how the current planning system will be enabled to continue to guide development after the Localism Bill becomes law until the new arrangements are up and running. (Paragraph 27)

11 The Government does not share the Committee’s view that interim guidance is needed. Nor do we consider that transitional arrangements are required once the Bill is enacted.

12 We have been clear that as a result of the judgment in the CALA Homes Ltd. case Regional Strategies have been reinstated as part of the statutory ‘development plan’. Decisions on planning applications and appeals must be made in accordance with the ‘development plan’ unless material considerations indicate otherwise (s38(6) of the Planning and Compulsory Purchase Act 2004). The Government’s intention to abolish Regional Strategies is a material consideration – the weight to be given to it will be a matter for the decision maker.

13 Our intention to abolish Regional Strategies was made clear in the Coalition Agreement. Local councils have a long history of working together successfully on strategic issues and they do not need central government to tell them to do it. There is already plenty of good practice. For example, in Manchester ten local authorities are getting together to deliver a strategy to support economic growth; in the Black Country, the four local authorities have a joint core strategy with a focus on regeneration and attracting inward investment; and Surrey County Council is working jointly with district and borough councils to examine how well current infrastructure is performing and what will be needed to meet future housing and economic growth.

14 The National Planning Policy Framework will set out the Government’s policies on local plans and their role in planning for wider cross boundary issues through the duty to co-operate. We will also consider the need for supplementary advice on the duty and in particular best practice guidance to help local authorities put the duty into effect.

15 There has been no slow-down in the preparation of local plans as a result of the Government’s intention to abolish Regional Strategies. Under the previous administration less than a fifth of local planning authorities had core strategies in place. Now that figure has risen to 6
almost a third and the Planning Inspectorate's local plan workload is the heaviest it has been for six years.

16 Local planning authorities should therefore press ahead without delay in preparing up-to-date development plans, and should use the opportunity to be proactive in driving and supporting the growth that this country needs.

**Strategic planning**

We recommend that the Government include effective strategic planning arrangements in the Localism Bill, and that it work with all sectors to devise and promulgate an agreed approach to larger-than-local planning across a number of authorities. The Government needs to ensure a biting obligation on local authorities to have regard to the evidence and to meet identified needs. This obligation should be specified in national policy and in particular, the tests of soundness for local development frameworks. In each case, national policy should highlight the objective, the data sources or assessment mechanisms used to identify the need, and the mechanism for ensuring that each local planning authority makes an appropriate contribution to meeting the need identified (reflecting different environmental constraints, policy objectives or other practical considerations). The Planning Inspectorate should implement these requirements to ensure a consistent basis for assessing plans brought forward at the local level. (Paragraph 43)

17 It is vital that local councils work together constructively and effectively to plan for the growth in new homes and jobs that communities need and to tackle other local priorities; but Regional Strategies did not do this effectively.

18 The duty to co-operate will be a key element of the Government’s proposals for strategic planning once Regional Strategies are abolished. We want a strong duty that will be effective in driving a culture change in the behaviour of local planning authorities and other key public bodies. We have listened to suggestions that the duty could be further strengthened and looked at amendments suggested by others, including the Royal Town Planning Institute and the Wildlife and Countryside link. As a result the Government made amendments to the Localism Bill at Commons report stage which impose more demanding requirements for the actions required under the duty to co-operate.

19 The National Planning Policy Framework will set out the Government's economic, social and environmental priorities and local planning authorities will be required to have regard to it when they are preparing their local plans. The National Planning Policy Framework will also set out the Government’s policies on local plans and their role in planning for wider cross boundary issues through the duty to co-operate.
We agree that local plans should be based on sound evidence of need. Councils are currently required to ensure that their policies are founded on robust evidence - part of the independent testing of local plans is to ensure that plans meet the tests of soundness. These tests will be reviewed as part of the National Planning Policy Framework. Where it is necessary to address need over a wider area, for example in a housing market area that extends beyond one authority, we will expect authorities to work collaboratively and we have strengthened the duty to co-operate to require authorities to demonstrate compliance with the duty as part of the examination of local plans.

Controversial strategic issues

The supply of aggregate minerals and planning for waste will, for the time being, remain within local planning authorities. These are matters that reside well with upper tier authorities, although there should also be guidance to them from the strategic level. We are concerned that the confusion that arose in evidence over whether the function might move to the Planning Inspectorate (as successor to the Infrastructure Planning Commission) shows again the unduly hasty approach to reform of Regional Spatial Strategies. A body of skill and experience has built up over the years, in partnership forums, to shape planning for both aggregate minerals and waste planning. We urge the Government to retain these arrangements, which have shown themselves to be advantageous, cheap and a means of keeping the anxiety over these difficult planning issues to a minimum. (Paragraph 48)

The Major Infrastructure Planning Unit will not be responsible for examining applications for aggregate mineral extraction. Nor will it be responsible for examining applications on those waste management facilities which fall below the thresholds set out in the Planning Act 2008. This is explicitly stated in an addendum to the Local Growth white paper which was laid before Parliament on 28 October 2010.

Mineral planning authorities will have responsibility for continuing to plan for an adequate and steady supply of aggregate minerals to support economic growth, and they should do this within the longstanding arrangements for minerals planning. This includes receiving technical advice from Aggregate Working Parties, whose members include officers from mineral planning authorities and the minerals industry. DCLG is working with the minerals industry and local government to agree how aggregate minerals planning arrangements should operate in the longer term.

Waste planning authorities should continue to press ahead with their waste plans, and provide enough land for waste management facilities to support the sustainable management of waste data and information prepared by partners, including the Environment Agency and other
waste planning authorities, who will continue to assist in this process. Waste planning authorities may, of course, work together to produce joint waste plans if they wish.

**We support the continuation of the DCLG Gypsy and Traveller Forum, but see the need for urgent guidance to local authorities to support them in their new role following the abolition of planning for Gypsies and Travellers at the regional level. (Paragraph 57)**

24 The Government agrees that there is a pressing need to amend national planning policy for traveller sites in order to update the policy and to address issues of perceived unfairness in the planning system. This is why we published new draft Planning Policy Statement for traveller sites on 13 April for consultation. The proposed new Planning Policy Statement for traveller sites would replace Circular 01/2006: *Planning for Gypsy and Traveller Caravan Sites* and Circular 04/2007: *Planning for Travelling Showpeople* and will eventually be incorporated into the new National Planning Policy Framework.

25 The overarching objective of the new policy is the fair and effective provision of authorised sites for travellers to facilitate the traditional and nomadic way of life of these groups whilst respecting the interests of the settled community.

26 The policy is part of a wider package of measures that include funding for local authorities and other registered providers to deliver new sites through the Homes and Communities Agency; the inclusion of traveller sites in the New Homes Bonus scheme; reforms to enforcement measures and retrospective planning to tackle unauthorised development; improved protection from eviction for local authority traveller sites; and the provision of £50,000 Government funding over the next four years (via the Local Government Improvement and Development Agency) to raise awareness amongst councillors of their leadership role in relation to planning for traveller sites.

27 The Government is committed to consultation with traveller communities and has also set up a cross-Departmental ministerial working group to help tackle the discrimination and poor social outcomes experienced by them.

**We recommend that the Government ensure that a new strategic framework is developed to incorporate the environmental aspects of planning; that framework should be included in the Localism Bill. National targets on environmental issues such as renewable energy will need to be distributed to each local authority preparing a local development framework, following a period of consultation and engagement with interested parties. (Paragraph 60)**

28 The Government recognises the important role played by planning in meeting the challenge of climate change and delivering renewable...
energy. This has been underlined, for example, in the Carbon Plan published by the Department for Energy and Climate Change this March and in last year’s Annual Energy Statement as well as in the Government’s response to the Environmental Audit Committee’s report on adaptation. We are creating a framework for effective strategic planning in the Localism Bill through the duty to co-operate.

29 The National Planning Policy Framework will provide clear national direction on the economic, environmental and social priorities for planning. The important role played by planning in protecting the environment and meeting the challenge of climate change will be reflected in this Framework. We will make it clear that planning has a big part to play in cutting emissions, including through supporting renewable energy developments, and in adaptation. We will consider the Committee’s recommendation as we draw up our own priorities and policies for the Framework, reflecting the intentions that we have already set out.

30 We are also preparing a Climate Change Risk Assessment that will enable UK administrations to identify risks posed by a changing climate; and an Adaptation Economic Analysis, which will consider the costs and benefits of adaptation actions, including action through their planning responsibilities.

31 Alongside the planning reforms, and as part of its programme of incentives, the Government has committed to allowing communities that host renewable energy projects to keep the additional business rates they generate. This is being taken forward through the Local Government Resource Review.

Local authorities’ ‘duty to co-operate’

We look forward to the Government bringing forward amendments to the Localism Bill which will provide a framework for local authorities to work within, outlining what actions local authorities should take in their duty to co-operate, how they measure success or failure, how parties may insist on the delivery of what has been agreed, and default options if there is inadequate cooperation. (Paragraph 72)

32 The duty to co-operate will be a key element of the Government’s proposals for strategic planning once Regional Strategies are abolished. We want a strong duty that will be effective in supporting a culture of co-operation in the behaviour of local authorities and other key public bodies. We have listened to suggestions that the duty could be further strengthened and looked at amendments suggested by others, including the Royal Town Planning Institute and the Wildlife and Countryside link.
The amendments that the Government made to the Localism Bill at Commons Report impose more demanding requirements for the actions required under the duty to co-operate. They also included a requirement for authorities to demonstrate compliance with the duty as part of the independent examination of local plans. This means that where councils fail to co-operate on cross boundary issues their local plans will not pass the independent examination. We believe that our amendments significantly strengthen the duty and that it will provide a powerful framework for effective planning on cross boundary issues. This view is shared by the Royal Town Planning Institute who have said that the enhanced duty to co-operate will strengthen planning at the larger than local level.

The National Planning Policy Framework will set out the Government’s policies on local plans and their role in planning for wider cross boundary issues through the duty to co-operate. We will also consider the need for supplementary advice to help local authorities put the duty into effect.

Ultimately, local authorities will see for themselves the benefits of cooperation, and in particular having an agreed planning approach across neighbouring authorities on issues such as infrastructure, employment, transport, and the natural environment. This will provide certainty for all parties engaged in the planning process and help to attract investors.

Local enterprise partnerships

We support the concept of local partnership arrangements to which Local Enterprise Partnerships are giving effect. Nevertheless, we are pleased that the Government has not advocated giving planning powers to Local Enterprise Partnerships. Local Enterprise Partnerships are not under any compulsion to consider environmental or social issues or to consider the multitude of interests that concern planning. Their primary purpose is ‘enterprise’, which as an advocacy function cannot sit comfortably with statutory democratic regulation. Local authorities and others need to work with Local Enterprise Partnerships, and to have regard to them in preparing their local development frameworks and when deciding planning applications; for their part, Local Enterprise Partnerships should demonstrate a responsibility for achieving sustainable development. However, Local Enterprise Partnerships are not a suitable vehicle for strategic planning. (Paragraph 81)

The Government welcomes the Committee’s broad support for the creation of Local Enterprise Partnerships. Working together local councils and Local Enterprise Partnerships can play key roles in ensuring that economic activity and infrastructure delivery is coordinated across local authority boundaries. We expect them to work together constructively sharing knowledge and expertise. But we do not wish to
prescribe a role for Local Enterprise Partnerships and we have not made them subject to the duty to co-operate. We do, however, wish to strengthen local economic cooperation under the duty and the amendments that we made to the Localism Bill at Commons report stage will allow us to require that local planning authorities, county councils and prescribed bodies have to have regard to the activities of Local Enterprise Partnerships when they are preparing their local plans and related activities.

37 Potential roles that we are discussing with Local Enterprise Partnerships could be:

- providing a powerful voice of business in the planning system
- leading the production of strategic plans that identify and align strategic economic priorities and guide infrastructure delivery
- providing a strong business role lobbying for key infrastructure investment
- producing evidence/technical assessments to inform decision-making
- facilitating decision making on strategic planning

We recommend, in line with our earlier recommendations about the framework for ‘larger-than-local’ planning, that the Government ensure that a robust mechanism is in place to assess, and ensure that each local authority plays its part in meeting, wider housing need. (Paragraph 101)

38 The Government is committed to ensuring that the planning system does everything it can to support growth and have been clear that we see a housing offer fit for the 21st century, with new homes in the right places, as vital for our future economic competitiveness, enabling a mobile workforce and dynamic economy. The incentives we are implementing, including the New Homes Bonus and reformed Community Infrastructure Levy, will act as a strong driver to change the behaviour of local authorities and encourage communities to embrace new development.

39 We made clear in the Growth Review that our top priority in introducing the National Planning Policy Framework will be to support long-term sustainable economic growth, through both development plans and decisions on individual applications. Local councils will be required to identify and plan for development, with a clear role for market signals in assessing the need for development. For example, if land prices are high for housing, this should inform an assessment of relative need and may indicate housing shortages.

40 We expect local councils to plan positively for new housing development but we believe that they are best placed to judge need and we trust them to continue to plan for housing in a way that is consistent with national policy.
We welcome the Government’s recognition of the need for more homes. We especially welcome its intention of ensuring that more homes are built in total than were built immediately before the recession, and of building 150,000 affordable homes over the next four years (although this is not an exceptional number by historic standards). However, we question whether either of these aspirations will be achievable under the Government’s current proposals for the planning system. With the figures for new house building contained in local authorities’ plans already estimated to have reduced by 200,000 following the announcement of the abolition of Regional Spatial Strategies, we conclude that the Government may well be faced with a stark choice in deciding whether to compromise either on its intention to build more homes than the previous Government, or on its desire to promote localism in decisions of this kind. No evidence was produced to support the Government’s view that local authorities will achieve comparable rates of house building to those in the past, let alone an increase. If the evidence of success fails to materialise very quickly, the Government is going to have to review its selection of levers of influence. We recommend that the Government report back to the House in two years’ time on the extent to which the measures it is taking are achieving the aim of increasing the rates of building of both affordable and market homes. (Paragraph 102)

Regional Strategies imposed housing targets on local communities and relied on local plans to implement these. But this just generated antagonism and pitted communities against development and only 18 per cent of local planning authorities had translated Regional Strategy targets into an adopted Core Strategy by May 2010. This is a key weakness of the system.

The Government is adopting a more effective approach to get house-building moving. Instead of imposing controversial top-down targets, we are devolving power to local people and introducing a raft of measures that we believe will provide real impetus to encourage house building. These include the New Homes Bonus, funding for affordable homes announced in the Spending Review last year (with the introduction of the “Affordable Rent” product, which will enable more homes to be provided for less Government grant), and measures to reduce the regulatory burden on home-builders. We also announced a further package of vital and necessary reforms in the Budget to boost housing growth. This package will provide support to enable first-time buyers to access home-ownership, encourage private investment in house-building and increase the supply of viable land allocated for development.

These radical reforms demonstrate our commitment to seeing a major upswing in housing to meet Britain’s housing need and seeing more

Housing targets
homes that people want in the places they want them. It will take time to turn this situation around but there are encouraging signs that house-building is starting to recover. The latest figures show that there were just over 29,000 house-building starts in the first quarter of 2011, an increase of 26 per cent compared with the previous quarter, and the highest quarterly figure for almost three years. Annual housing starts have also increased, with a rise of 22 per cent compared with the 12 months to March 2010. (DCLG House Building: March Quarter 2011 England, published 19 May 2011)

44 We will continue to monitor the rate of house-building and, as far as possible, the impact of our measures upon it. We agree to inform the House of our conclusion. However, in order to give the new regime time to come into effect we will report in three years time rather than the two the Committee recommends.

New Homes Bonus

We recommend that the Government ensure that the New Homes Bonus scheme keeps the local development plan at its heart, where planning decisions are based on sound evidence and judged against criteria which include issues of sustainability. It should do so by explicitly linking the Bonus to homes provided for in the local plan following robust assessments of housing need. We agree that it should be paid only when those homes are actually built. (Paragraph 132)

45 The New Homes Bonus is intended to create a more receptive environment for new housing development by returning the natural economic benefit of growth to the local level.

46 However, as was made clear in DCLG’s summary of responses to the New Homes Bonus Consultation:

“The New Homes Bonus…is not intended to encourage housing development which would otherwise be inappropriate in planning terms. Local planning authorities will be well aware that when deciding whether or not to grant planning permission they cannot take into account immaterial considerations. The New Homes Bonus cannot change this and nor is it intended to. Local planning authorities will continue to be bound by their obligations here.”

Our position on this has not changed.

47 A new clause (New Clause 124) was added to the Localism Bill on 17 May 2011, during the House of Commons report stage and third reading of the Bill on Wednesday 18 May.
Our intention in making this amendment is to clarify the current legal situation. That is, to confirm that issues relating to local finance considerations such as the New Homes Bonus or the Community Infrastructure Levy can be taken into account in the determination of planning applications, just as S106 payments can – but only where they are material to the particular application being considered.

The amendment does not affect the status of the development plan in the determination of planning applications, or the legal framework for plan-making.

We agree that the New Homes Bonus scheme needs to ensure that a variety of homes are built according to local need. In recent years too many flats have been built and the final scheme was intentionally designed to provide a greater incentive to build the types of homes people need in the places they want them.

We recommend that the Government redesign the New Homes Bonus so that it better rewards the meeting of demonstrable need for affordable housing. (Paragraph 133)

We agree that it is crucial that we ensure that there is a good balance of market and affordable homes and the New Homes Bonus gives an incentive to local councils to help meet the needs of local people. The scheme provides an additional £350 for each affordable home for the following six years. This means that the bonus available for an affordable home will be up to 36 per cent more than for a similar market home. We believe this strikes the right balance between providing a credible incentive that will increase the supply of affordable housing and ensuring that the scheme does not skew the market in favour of affordable homes.

The responses to the Government’s consultation on the New Homes Bonus were broadly supportive of the principles underpinning the scheme and the way it is being implemented. A summary of the comments was published alongside the final scheme design on 17 February 2011.

Evidence and monitoring

We recommend that the Government bring forward proposals which will ensure that robust and consistent evidence to support local development plans is produced and regularly updated in the most effective and efficient manner. It is not acceptable for Ministers to abdicate their responsibilities in this regard by leaving all the responsibility with under-resourced and under-skilled local planning authorities. (Paragraph 143)

We agree that local plans should be based on sound evidence. Councils are already required to demonstrate that their policies are based on
robust evidence as part of the local plan test of soundness. They should continue to collect and use reliable information to justify their policies for development and growth as they always have done; but this needs to be proportionate and relevant to the local area.

54 Many councils are already working with their neighbours doing joint research and evidence gathering. They have found that this has saved money by sharing staff and resources and had other benefits such as sharing specialised skills. We do not believe it is the job of the Government to tell councils how to manage their responsibilities or prioritise their resources.

55 The Localism Bill makes sure that councils take responsibility for monitoring their own progress and making data and information available directly to the community, in the interests of transparency and accountability.

56 The Department will continue to produce Official Statistics which can contribute to the evidence base used by local authorities to develop their plans: these statistics include house building, affordable housing supply, house prices, homelessness, household projections, planning applications and land use change.