

**Department for Communities and Local Government -
Consultation on Proposed Housing and Planning Delivery Grant**

Response by the South East England Regional Assembly

1. The Government is currently consulting on a proposed new planning grant, the Housing and Planning Delivery Grant (HPDG). This is the South East England Regional Assembly's (the Assembly) response to the consultation and should be considered by DCLG alongside the Assembly's response on the proposed changes to the Planning Delivery Grant 2007/08.
2. The proposed Housing and Planning Delivery Grant is DCLG's response to Kate Barker's views that local authorities need incentives to deliver on the housing agenda and will eventually replace PDG. The responses received by DCLG will be used as part of its submission to the Government's spending review 2007 (CSR07). Local authorities will be scored on delivery of housing on the basis of a 3 year average of completions compared to their annual RSS target. Those authorities that deliver more than the RSS target will be judged as successful and in theory, will benefit from a greater slice of the Grant. The principles of the new grant are to:
 - Strengthen the incentive for local authorities to respond to local housing pressures
 - Support increased housing delivery to meet local needs
 - Encourage local authorities to become proactively involved in the delivery of new housing and unlock blockages in the delivery chain
 - Return the benefits of growth to the community through new funding streams
 - Incentivise efficient and effective planning procedures
3. The approach being proposed is an evolution of the proposed changes to Planning Delivery Grant, which already begins to rely on housing delivery performance as a key factor in PDG awards and will completely undermine the basis on which the new planning system. Key concerns are:
 - The Assembly has been striving to deliver the Government's own agenda of providing sustainable communities, making sure that housing is well designed, is of good quality, is provided in the right locations and is properly supported by the right infrastructure. This sometimes means resisting pressure for higher housing numbers in high pressure locations. It is not simply about providing increased numbers of housing everywhere.
 - The proposed approach does not reflect the complexities involved in delivering housing with the barriers to development often beyond the control or influence of the Local Planning Authority. It also does not reflect market factors; the market in most of the South East has been buoyant for so long but slumps do happen. How will the grant take this into account?

- The proposal takes into account the Growth Areas but it does not reflect the need to plan and prepare for large scale developments (of which there are many in the South East) and the time involved in this, which means that the actual housing is not delivered for some years. The upfront costs of this need to be met as well as rewards for delivery. For example, in the South East, the local authorities in South Hampshire will be contributing significantly to the growth agenda but because of the planning in advance and phasing issues, much of this will not be delivered before 2016. Why should the local authorities in this area be penalized for this?
 - This will potentially create perverse incentives for local authorities to push for lower housing figures through preparation of the RSS, which would make it easier for them to deliver a higher provision and thus benefit more from the grant or to ignore RSS targets to deliver higher housing rates in order to benefit from the grant.
4. For all of the above reasons, the Government's proposed new Housing and Planning Delivery Grant is considered to be unacceptable by the Assembly and should therefore not be introduced. Representatives of the Assembly would be happy to discuss any of these points with DCLG and provide further examples of the problems that could easily arise if the new grant was introduced. Please contact Catriona Riddell, the Planning Strategy Director (catrionariddell@southeast-ra.gov.uk) for further information.

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