



House of Commons  
West Midlands Regional  
Committee

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# Planning for the Future: Housing and Economic Development in the West Midlands

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**Second Report of Session 2009–2010**

*Report, together with formal minutes, oral and  
written evidence*

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## The West Midlands Regional Committee

The West Midlands Regional Committee is appointed by the House of Commons to examine regional strategies and the work of regional bodies.

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### Powers

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### Publication

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## Summary

We chose regional planning for housing and economic development for our third inquiry because it is an area of considerable public interest and concern. We wished to examine the issues that arose from the Examination in Public in 2009 of the Phase 2 update to the Regional Strategic Plan, which covered contentious subjects such as overall housing growth targets for the region, transport and the allocation of land for employment use. The timing of the inquiry has also allowed us to examine the region's preparations for the introduction of the single Regional Strategy process, which will come into effect from 1 April 2010.

### *Regional Planning*

The evidence received by the Committee was overwhelmingly in favour of retaining strategic planning at the regional level. We are convinced that strategic planning needs to take place at a regional level to agree priorities between local authorities to deliver transport infrastructure, protect the environment and achieve urban renaissance. We encourage the region to achieve a streamlined regional process under the single Regional Strategy. To this end, the Leaders' Board and Joint Strategy and Investment Board should continue their work to identify which planning issues need to be addressed at the regional level and which areas can be devolved to a sub-regional or local level.

### *Transition to the single Regional Strategy*

The Local Democracy, Economic Development and Construction Act 2009 established the requirement for every region, except London, to have a Regional Strategy. The strategy will comprise policies for sustainable economic growth and for development and land use in the region. We support the introduction of a single Regional Strategy as, by bringing together housing and economic development, it should facilitate sustainable development in the region. We encourage the bodies that are responsible for developing and implementing the Regional Strategy (the Leaders' Board and Advantage West Midlands) to ensure that the elements of a "total place" approach—housing, the economy, transport, the environment, communities and the public realm—are fully engaged in the single strategy process.

### *Sub-regions and housing markets*

We advocate comprehensive stakeholder engagement in establishing the region's strategic priorities. However, regional bodies need to be mindful of the demand that consultation and engagement can make on stakeholders' resources. As we raised in our second inquiry, the Committee remains concerned about the complexity of the co-ordination of activity at a regional level. In particular, the question of which body decides and drives the regional agenda, and whether there are proper lines of accountability for their decisions. The Leaders' Board needs to define how its sub-regional partnerships will engage with stakeholders to ensure it is efficient yet inclusive and fits with other arrangements for stakeholder participation in the region.

Government should define a common methodology based on good practice for the preparation of Strategic Housing Market Assessments so that their evidence can be compared between housing market areas at a regional and national level.

The Leaders' Board should consider how the sub-regions that it has defined fit with the region's Strategic Housing Market Areas so that the evidence SHMAs generate on how the region's housing markets operate can be most effectively used. This might mean that the sub-regions of the Leaders' Board or the SHMAs need to be amended so that the areas match.

### *Housing numbers and mix*

The region recommended that some 366,000 net new houses are built over the 20 years to 2026 to meet current and projected demand for housing. This target was increased by over 32,000 by the independent panel that reviewed the strategy to nearly 398,000, to reflect higher regional household projections. There is no doubt the region must address the shortage in affordable housing. However, we acknowledge the concerns of those witnesses who expressed the view that the currently adopted housing target for the region would result in unforeseen consequences. We therefore encourage the Joint Strategy and Investment Board to adjust the overall housing target for the region if necessary, based on a thorough assessment of what types of houses need to be provided and where, in order to achieve a more appropriate balance between the sub-regions. The JSIB needs to be able to demonstrate how any target will help support policies for economic development, urban renaissance, provision of affordable housing and sustainability.

The lack of affordable housing is a key concern for the region which impacts on both people and businesses. Without a significant increase in the availability of affordable housing many people will be unable to find permanent homes in the areas where they want to live, and businesses will be unable to obtain the staff they need due to unaffordable housing, particularly in rural areas. Shortages in affordable housing have the potential to stunt the region's economic growth. We recommend that the Joint Strategy and Investment Board examines, as a matter of urgency, how it can bridge the gap between the demand for affordable housing and what can be delivered, in collaboration with public and private sector partners.

We commented on these issues in our report on the effect of the downturn on the people in the region. The problem is evident throughout the West Midlands. We welcome the increases in housing investment by the Government that have been announced in the last year. However, more needs to be done if the shortage of affordable homes is to be tackled. Substantial public funding will remain necessary to increase the supply of affordable housing in the region to the extent required.

As part of its iterative implementation plan, the Joint Strategy and Investment Board, should review whether there is sufficient capacity in the construction sector to deliver annual housing targets. If shortages in capacity are identified it should seek to address these deficiencies by developing the required skills among local people, using mechanisms such as the regional skills strategy.

### *Regeneration and urban renaissance*

We support the regional policy of focusing growth in the region's Major Urban Areas and encourages national, regional and local bodies to continue to work together to bring about housing market renewal in the region, particularly in Stoke-on-Trent and the Black Country.

The Committee urges the region to continue to use a place-making approach to land use planning and regeneration. The single Regional Strategy should enable more explicit discussions on which brownfield sites should be kept for economic development and which should be used for new housing development as it will marry strategic planning with the region's economic strategy. However, it is vital that the region considers which sites need to be retained for green space with equal importance to housing and economic development.

In its preferred option the West Midlands proposed a phased approach to development to prioritise regeneration in the major urban areas, and brownfield over greenfield sites. If the Secretary of State agrees that a phasing policy is not required to encourage urban renaissance, the region should monitor the proportion of development on brownfield and greenfield sites to identify if developers are cherry-picking greenfield developments. If such evidence emerges the region should lobby Government for the introduction of a phasing policy to support the regeneration of the Major Urban Areas.

In our first inquiry we recommended that Government, including regional bodies, could stimulate the housing and construction sectors by bringing forward plans to add environmentally friendly features to the existing housing stock. We recommend that the bodies responsible for planning in the region from 1 April 2010 examine, as a matter of urgency, if planning exerts any barriers to householders enhancing the energy efficiency of their homes through retrofitting and how they can be removed.

### *Infrastructure*

Following a recommendation we made in our second inquiry on 'The effect of the economic downturn on the people in the West Midlands' we remain concerned that some of the areas that are most in need of publicly-funded regeneration may not have the capacity to bid for additional funding that is available. The planning system, including funding for infrastructure, should not hinder regeneration activities in these areas through for example, levying an unrealistic charge on private sector developers or by devolving more policy-making and delivery responsibility than the areas have capacity for.

With reduced public expenditure in the future, national and local government will have to explore alternative ways of bringing forward private sector investment where development may otherwise be postponed. Birmingham City Council gave evidence that it is exploring new ways of attracting investment for housing such as from pension funds and other institutional investments. If successful, these approaches should be shared more widely across the region.

The implementation plan for the single Regional Strategy should track progress in the delivery of infrastructure that will enable key housing developments, particularly for the 20

Impact Investment Locations. This will highlight any gaps in funding or delays to public sector partners which may require an adjustment of regional priorities.

### *Consultation*

The Committee has received evidence in the course of its work that local politicians can be distant from the citizens that they are meant to represent. There is a danger, by placing local government central in the regional strategy process, that the region will be complacent about the need to engage with local communities. The Joint Strategy and Investment Board, and the Leaders' Board will make decisions on priorities on behalf of the region in which some local authorities will gain while others will be less fortunate. Both bodies will have to clearly communicate the reasons behind their strategic decisions to the region's local authorities where they over-ride, or appear to over-ride, local preferences.

We acknowledge the value that a diverse range of stakeholders has brought to regional policy making. We encourage the Joint Strategy and Investment Board to determine which other stakeholders will sit on the main board and the board's sub-panels as soon as possible, taking account of the value diverse sectors have added in the past, including through the regional assembly, to the regional agenda.

Following a recommendation we made in our first inquiry on 'The impact of the current economic and financial situation on businesses in the West Midlands Region', we recommend that a wide spectrum of stakeholders are fully consulted on future exercises to prioritise regional investment, including revisions and additions to the list of twenty regional priorities identified in the Regional Funding Advice.

# 1 Introduction

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## Background

1. The House of Commons established Regional Select Committees in November 2008 to scrutinise regional strategies and the work of regional bodies in the eight administrative regions of England. The West Midlands Committee first met on 12 March 2009. At the time of the Committee's establishment the region was experiencing considerable effects of the economic downturn. As a consequence, the first two inquiries that the Committee carried out examined the impact of the economic downturn on businesses and on the people of the West Midlands and the region's responses to minimise the effects of the recession.<sup>1</sup>

2. We chose regional planning for housing and economic development for our third inquiry because it is an area of considerable public interest and concern. We wished to examine the issues that arose from the Examination in Public in 2009 of the Phase 2 update to the Regional Strategic Plan, which covered contentious subjects such as overall housing growth targets for the region, transport and the allocation of land for employment use. The timing of our inquiry has allowed us to scrutinize some of the arguments that were presented to the independent panel in their review of the region's preferred option against the recommendations that the panel made to the Secretary of State.

3. The timing of the inquiry has also allowed us to examine the region's preparations for the introduction of the single Regional Strategy process, which will come into effect from 1 April 2010. Under these arrangements, the regional assembly will be disbanded and local government will have a more explicit role in setting the region's strategic plan through a Leaders' Board. Housing development will be more closely linked to economic development as both will be contained within the same strategy, which is jointly owned by local government in the region and the region's development agency, Advantage West Midlands. There has been disquiet from some of the region's stakeholders to the planning process about the change in the balance of power under the new arrangements which we comment on in this report.

## Our third inquiry

4. In December 2009 we announced that we would be carrying out our third inquiry, into housing and economic development, and the introduction of the new single Regional Strategy. The inquiry examined issues relating to the update of the Regional Spatial Strategy, particularly on housing targets, and the region's preparations for single Regional Strategy.

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<sup>1</sup> West Midlands Regional Committee, First Report of Session 2008–09, *The impact of the current economic and financial situation on businesses in the West Midlands Region*, HC 409, and First Report of Session 2009–10, *The effect of the economic downturn on the people in the West Midlands*, HC 258

5. Our terms of reference covered:

- the impact of the change from a separate Regional Spatial Strategy and Regional Economic Strategy to the single Regional Strategy (SRS) on regional and local planning authorities;
- whether strategic planning should continue to be set at the regional level;
- the method used to derive the overall number of houses to be provided in the region including the Strategic Housing Market Assessment (SHMA) process;
- how different types of housing are allocated by local authorities;
- central government guidance and support to bodies involved in housing delivery, and the role of the Homes and Communities Agency in the strategic planning process;
- whether the aim of achieving urban renaissance through directing housing growth is achievable and appropriate;
- the contribution of the new single Regional Strategy to housing market renewal in the Housing Market Pathfinder Areas and elsewhere; and
- how strategic planning can assist sustainable growth and the development of sustainable communities throughout the region.

6. The deadline for evidence was 25 January 2010. We received eighteen written submissions and took oral evidence from Birmingham City Council, Malvern Hills District Council, the National Housing Federation, Royal Town Planning Institute, Campaign to Protect Rural England, and the Royal Institute of Chartered Surveyors in Worcester; and from the Environment Agency, Highways Agency, West Midlands Leaders' Board, Homes and Communities Agency, and the Government Office for the West Midlands in Westminster. We would like to thank all those who took the time to submit evidence.

## 2 The Regional Planning Process

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### Regional planning

7. The evidence received by the Committee was overwhelmingly in favour of retaining strategic planning at the regional level. In England, the Regional Spatial Strategy (RSS) is the highest level of planning for land use that occurs. In contrast, both Scotland and Wales have national plans. The Regional Spatial Strategy articulates the policies that impact on land use and development and sets out regional priorities. It is a statutory document which forms the basis of planning decisions. Local Authorities must develop Local Development Frameworks, with a 15 year horizon, which complement the policies set out in the Regional Spatial Strategy. The Campaign to Protect Rural England made the following argument in support of regional planning:

We do not believe that a consistent policy direction can be established without some form of strategic planning which sits between national and local tiers of Government ... Without regional strategic planning it is unclear how such debates would be resolved in a way that supported the overall social, environmental and economic goals identified for the West Midlands. There would be likely to be a great deal of inconsistency between local authorities (or groups of local authorities) clustered in sub-regions behaving in their own interests and not necessarily in the most sustainable way.<sup>2</sup>

8. The West Midlands Regional Strategy was prepared by the then Regional Assembly and published in 2004 and has been undergoing a process of phased updates to reflect changes to Government policy. Phase 1, covering regeneration in the Black Country, was completed in 2008. Phase 2, covering housing figures, employment land, transport and waste, has been subject to an Examination in Public by an independent panel. Their report, which recommended 32,300 more houses than originally proposed by the region's preferred option, was submitted to Government in September 2009. The Secretary of State plans to publish the proposed housing numbers for the region by July 2010. Phase 3 will not be completed before the new single integrated strategy takes effect from April 2010. It will address rural services, culture/recreational provision, regional environmental issues and the provision of Gypsy and Traveller sites.

9. Regional planning should set out a long-term vision by identifying the region's priorities for growth and a strategy for how they can be achieved. The West Midlands Leaders' Board identified policy areas which need articulation at a regional level as "meeting housing needs; growing the economy; protecting the environment; and achieving modal shift in transport strategy".<sup>3</sup> Issues such as the transport requirements and environmental impacts of development extend beyond local boundaries, which can be fairly arbitrary, especially in urban areas. Local authority boundaries can be meaningless for individuals who may work, study or get their education or health services from a different authority to the one in which they live.

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2 Ev 51

3 Ev 40

10. The Environment Agency stated “the environment ... doesn’t correspond to administrative boundaries and never has”.<sup>4</sup> It is important to outline environmental policies in a regional statutory plan as these inform the environmental standards set in local development frameworks and the requirements that individual planning applications must meet. The region also needs to agree how activities detrimental to the environment of an area, such as minerals extraction, will be shared between the sub-regions so that one area does not bear an unreasonable share of the impact of the activities. The Committee was reassured that the sub-regional minerals targets that are being agreed now, have been subject to a sustainability appraisal.<sup>5</sup>

11. Regional planning adds value by achieving co-ordination and consensus among local authorities. Removing regional planning could result in local plans that do not dovetail together. The Royal Town Planning Institute stated: “That is why I feel such a worry about the alternative solution, which may or may not be around the corner, of localism, because it is actually the law of the jungle, where you have people making proposals that don’t fit together. You must have a jigsaw, the pieces of which all fit together. That is the importance of the regional level—the jigsaw”.<sup>6</sup> In particular, urban renaissance could not occur without agreement between local authorities to restrain development in neighbouring areas. The Leaders’ Board said that the regional strategy to achieve regeneration in specific locations “is not [to] allocate lots of housing sites near areas such as Stoke-on-Trent or the Black Country, so that there isn’t that direct close-in competition”.<sup>7</sup>

12. Adopting a sub-regional approach to strategic planning could result in gaps where areas are not covered by a plan, particularly for rural locations, or where there is a lack of planning capacity. Deborah Walsh from the Royal Institute of Chartered Surveyors highlighted the risks in moving to strategic planning at a sub-regional level: “it [is] absolutely crucial that we have that regional perspective on planning, which joins everything up and makes sure that the rural areas, as well as the urban areas, have a voice and can participate fully. Make sure, if you go down the route of relying on, say, multi-area agreements where you have various local authorities working together, that you don’t get anything that falls through the loop, particularly on the edges of areas where you have a black hole, through which things can fall”.<sup>8</sup> We identified in our second inquiry that local authorities may not have the capacity to undertake a greater role in strategy planning and delivery.<sup>9</sup>

13. It is easier for national bodies and agencies to engage at a single regional level rather than at several sub-regional or local levels. The National Housing Federation agreed that “From a stakeholder perspective, it is clearly simpler and easier for us to engage at a

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4 Q 36

5 Qq 58–59

6 Q 31

7 Q 68

8 Q 31

9 West Midlands Regional Committee, First Report of Session 2009–10, *The effect of the economic downturn on the people in the West Midlands*, HC 258, Qq 108–109

regional level. It gives a single point of contact. .... So from a high level, strategic point of view, the single Regional Strategy, or the regional contact, is easier for us”.<sup>10</sup>

14. While there are administrative benefits to operating at a regional level, the Committee received conflicting views on whether the West Midlands functions as a single region or if it is comprised of several distinct sub-regions. Birmingham City Council advocated a stronger role for city regions and sub-regions in strategy making and delivery because “a local economy is sub-regional rather than regional, and is focused on one or more urban centres. The West Midlands is a collection of these urban based sub-regional local economies, or city regions ... Only a very small number of cross boundary issues occur over longer distances—for example between Hereford, Birmingham and Stoke”.<sup>11</sup> However, Business Voice West Midlands stated that the West Midlands region is self-contained for a number of factors that are central to planning: “supply chain patterns, travel to work and travel to study patterns are largely self contained across the West Midlands region. Therefore developments in one locality will have an impact on other localities in the West Midlands region”.<sup>12</sup> The influence on housing markets can be far-reaching. The National Housing and Planning Advice Unit identified that housing demand in the West Midlands “is significantly influenced by the level of housing supply in the South East”.<sup>13</sup>

15. Witnesses expressed a desire for the regional planning tier to be as slim as possible by devolving responsibility for policy-making to the lowest possible level. David Carter, Head of Planning Strategy at Birmingham City Council acknowledged that some issues would need to be brought together in a regional strategy but suggested it might only deal with the very broad issues such as “some of the core levels of growth between different parts of the region—perhaps the south of the region versus the north of the region ... We would envisage a sort of evolution to a situation of almost devolved sub-regional working, or a coalition of sub-regions, with the regional tier almost being quite a slim tier at the top, joining them together and being restricted to those few areas where genuine regional level working is required”.<sup>14</sup> Government guidance is that the single Regional Strategy should not deal with local matters and policies but it should include both regional and sub-regional issues.<sup>15</sup> The Leaders’ Board pointed out that with funding for only a small secretariat it will need to devolve as much responsibility as possible to partners to provide expert advice and develop policy.<sup>16</sup>

16. Some witnesses pointed out that it is the outcomes of strategic planning that are paramount rather than the structures that are established to develop the policies. Paul Williams from the National Housing Federation identified this outcome as “local needs being met, whether that be infrastructure or housing. We cannot lose sight of the fact that

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10 Q 5

11 Ev 88

12 Ev 45

13 Ev 86

14 Q 5

15 Q 77; and Departments for Communities and Local Government, and Business, Innovation and Skills, *Policy Statement on Regional Strategies*, February 2010

16 Q 42

our local decision making still has to have an outcome, which is meeting need”.<sup>17</sup> While John Acres representing the Royal Town Planning Institute went further saying “I think we spend so much time talking about the process and how we make the different arrangements, and not enough time talking about what we are actually delivering”.<sup>18</sup>

**17. The Committee is convinced that strategic planning needs to take place at a regional level to agree priorities between local authorities to deliver transport infrastructure, protect the environment and achieve urban renaissance. The Campaign to Protect Rural England, the Royal Town Planning Institute and the Royal Institution of Chartered Surveyors were unanimous in their support for this policy. We encourage the region to achieve a streamlined regional process under the single Regional Strategy. To this end, the Leaders’ Board and Joint Strategy and Investment Board should continue their work to identify which planning issues need to be addressed at the regional level and which areas can be devolved to a sub-regional or local level.**

### Transition to the single Regional Strategy

18. The Local Democracy, Economic Development and Construction Act 2009 established the requirement for every region, except London, to have a Regional Strategy. The strategy will comprise policies for sustainable economic growth and for development and land use in the region. From 1 April 2010, when the legislation comes into force, the regional strategy will consist of the Regional Spatial Strategy and the Regional Economic Strategy, taken as a whole.

19. The majority of evidence received by the Committee was in favour of the principle of a single Regional Strategy which will align economic and housing development and the infrastructure needs of both. A single process should be more streamlined and avoid conflicting priorities between housing and economic development. For example, the Highways Agency believes the single Regional Strategy “has the potential to better align funding, planning proposals and partnerships across a range of disciplines, including infrastructure enhancement, funding and delivery”.<sup>19</sup> However, some concerns were raised about the specific arrangements for producing the strategy.

20. There is value in bringing together the vision for economic development and land use into a single strategy. Sustainable communities need a “total place” approach which the single strategy should facilitate by bringing together infrastructure requirements, environmental concerns, and housing and economic development. Mark Sitton-Kent, Regional Director for the Environment Agency stated that he supported the single Regional Strategy for two reasons: “The first is the blending of the environmental, the social and the economic into the concept of total place and total integration. I think, as a concept, that is the right thing to do, in terms of planning. ... The second thing for me is that it will provide a blueprint for investment planning by partners. That is important. It has a long time frame, so that people can align their investment decisions around a single

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17 Q 7

18 Q 31

19 Ev 57

strategy. I think that is ultimately a very helpful thing to do”.<sup>20</sup> The Government Office for the West Midlands highlighted that a driver behind the single Regional Strategy was to align investment for housing development in the region.<sup>21</sup>

21. The single Regional Strategy will need to strike an appropriate balance between the vision of where the region should be in 20–25 years time and the detail of how that vision will be achieved. The Leaders’ Board acknowledged this challenge: “Delivering the strategy along the way is bound to require you to adjust the delivery mechanisms, because of economic cycles and because of cycles in the housing market. It is important not to panic in the face of economic downturn, but to hold fast to the policy vision. In our case, at the moment that is one of urban and rural renaissance, rebuilding the major urban areas and meeting the needs of the rural areas in a more appropriate way. As long as we hold fast to that sort of vision, we can and must adjust, through the annual monitoring cycle, the delivery of policy”.<sup>22</sup>

22. Government guidance for the Regional Strategies is that an accompanying implementation plan should translate the region’s strategic objectives into clear actions. The implementation plan will be more detailed but cover a shorter timespan than the strategy so, through the iterative process of producing the implementation plan for the strategy, adjustments can be made in response to changing circumstances.<sup>23</sup> It is important that the region recognises when an approach has not worked in order for it to have the best chance of achieving its vision, as Councillor David Hughes from Malvern Hills District Council highlighted “We must have a system that is brave enough to be able to say at some point, “It hasn’t quite worked out like that; we are going to change direction””.<sup>24</sup>

23. As we have already mentioned, there is some desire for the regional tier to be streamlined and for the principle of subsidiarity to apply—that is, issues to be addressed at the lowest possible level, be that in city-or sub-regions, or at a local level. This suggests that the Regional Strategy will be a succinct document. However, it is important that the Regional Strategy is also robust enough to stand up to legal challenges made on individual planning decisions. The Leaders’ Board has recognised the problem and believes that the accompanying implementation framework can provide the detail that is needed for local planning authorities: “what concerns us from the practitioner level is that in trying to get a single document that is succinct and concise, a lot of the detail that is needed at the planning coal face—if I can put it that way—might get lost. What we are working on now is how to develop that succinct regional strategy and have underneath it a delivery framework that goes into a lot more useful detail”.<sup>25</sup>

24. There was some disquiet that the current Regional Spatial Strategy process is too high level to properly test and address concerns from local communities about proposed growth

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20 Q 32

21 Q 104

22 Q 35

23 Q 76; and Departments for Communities and Local Government, and Business, Innovation and Skills, *Policy Statement on Regional Strategies*, February 2010

24 Q 14

25 Q 33

plans. The single Regional Strategy, which will cover both economic and housing development, was expected to be more high level and, therefore, even further removed from the concerns of specific localities. Malvern Hills District Council argued that more needs to be done to engage communities in the decisions that affect them stating: “Although the amount of feedback that we get from the public is quite strong and clear, it is very difficult to get that feedback to the regional level and make any modifications to the plan as a result. ... To pick up on the point that has just been made about engagement and involvement in the process, that may work well with high level organisations, but there’s a question about whether that’s working at the moment for direct public and community engagement”.<sup>26</sup>

25. Finally, the production of the Regional Strategy should not cause uncertainty regarding the strategic direction of the region. The West Midlands Leaders’ Board, highlighted its concern that the transition to the single strategy process will “slow the momentum in the preparation of Local Development Frameworks”.<sup>27</sup> These articulate the local priorities for planning, in line with national policy and the regional strategy. Frameworks being developed now have to anticipate the housing and employment land targets that the Secretary of State will agree for the regional strategy, and any change in direction that could result from the introduction of a single Regional Strategy.

**26. The Committee supports the introduction of a single Regional Strategy as, by bringing together housing and economic development, it should facilitate sustainable development in the region. We encourage the bodies that are responsible for developing and implementing the Regional Strategy (the Leaders’ Board and Advantage West Midlands) to ensure that the elements of a “total place” approach—housing, the economy, transport, the environment, communities and the public realm—are fully engaged in the single strategy process.**

### Sub-regions and housing markets

27. Greater sub-regional working is likely under the arrangements for the single Regional Strategy and in response to anticipated restrictions on public spending. Some partnership working and pooling of planning expertise between local authorities has already happened where there has been the political will to do so. Mark Middleton stated that the regional assembly had encouraged sub-regional partnerships “to try to deliver joint core strategies so that planning expertise can be pooled. ... The South Worcestershire joint core strategy is an example where three sets of planning policy officers have been pooled together and their individual expertise can be used to the greater good. However, all of that depends on political willingness to bring officers together”.<sup>28</sup> Gary Williams from Malvern Hills District Council, one of the South Worcestershire authorities, believed resource constraints would push more authorities into sub-regional working: “the resource issue in terms of engaging in the RSS [Regional Spatial Strategy] process is very significant, particularly for relatively small district councils. My view is that the resource isn’t going to get any better in

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26 Q 5

27 Ev 40

28 Q 38

the short term. I think that process will naturally drive greater sub-regional working—sub-regional coalition[s]—in presenting and developing evidence as part of the process”.<sup>29</sup>

28. Wider stakeholders have concerns about sub-regional partnerships taking a greater role in strategic planning because, unlike the regional or local level, there is no formal requirement on them to engage and consult third parties. The Campaign to Protect Rural England said “the sub-regions tended to be *ad hoc* arrangements that had been set up by particular groups. As a result, they often didn’t have as clear a process. There often wasn’t a requirement for stakeholder engagement. Sometimes they appeared to be closed shops. It wasn’t clear what was being discussed and how it was being dealt with”.<sup>30</sup> Their concerns may be addressed by six sub-regions that the Leaders’ Board have agreed as “the building blocks for our working relations with local government and its partners”.<sup>31</sup>

**29. The Committee advocates comprehensive stakeholder engagement in establishing the region’s strategic priorities. However, regional bodies need to be mindful of the demand that consultation and engagement can make on stakeholders’ resources. As we raised in our second inquiry, the Committee remains concerned about the complexity of the co-ordination of activity at a regional level. In particular, the question of which body decides and drives the regional agenda, and whether there are proper lines of accountability for their decisions. The Leaders’ Board needs to define how its sub-regional partnerships will engage with stakeholders to ensure it is efficient yet inclusive and fits with other arrangements for stakeholder participation in the region.**

30. The evidence base produced by sub-regional partnerships needs to be consistent so that it can be drawn together to create an overall assessment at the regional level. Six Strategic Housing Market Assessments (SHMAs), which evaluated local housing markets, were performed in the region as part of the development of an evidence base of housing need in the region (**Figure 1, overleaf**). Their value for the phase 2 strategy update was diminished by the fact that only one was completed in time to inform the update, and they did not use a common methodology making it difficult to compare one part of the region with another.

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29 Q 4

30 Q 30

31 Q 32

Figure 1: The West Midlands Strategic Housing Market Assessment Areas

Location and Coverage					
South	North	West	Central 1	Central 2	Central 3
Bromsgrove District Council, Malvern Hills District Council, Redditch Borough Council, Stratford-on-Avon District Council, Warwick District Council, Worcester City Council, Wychavon District Council and Wyre Forest District Council	East Staffordshire Borough Council, Newcastle-under-Lyme Borough Council, Stafford Borough Council, Staffordshire Moorlands Borough Council and Stoke City Council.	Telford and Wrekin Council, Herefordshire Council and Shropshire Council	Birmingham City Council, Solihull Metropolitan Borough Council, Lichfield District Council and Tamworth Borough Council	Coventry City Council, Nuneaton & Bedworth Borough Council, North Warwickshire Borough Council, and Rugby Borough Council	Cannock Chase District Council, Dudley Metropolitan Borough Council, Sandwell Metropolitan Borough Council, South Staffordshire Council, Telford & Wrekin Council, Walsall Metropolitan Borough Council and Wolverhampton City Council.

Source: West Midlands Regional Assembly

31. This is a weakness that the Government has recognised, stating: “Whilst the first (South) SHMA was promoted as good practice, there was no requirement for all SHMAs in the region to be completed on the same basis. Therefore it is not possible to simply total the identified needs to form a regional estimate”.<sup>32</sup> The Leaders’ Board suggested that the Government’s National Housing and Planning Advice Unit could benchmark practices and identify good practice across England.<sup>33</sup>

32. The Strategic Housing Market Assessment areas examine how a housing market operates over quite a large area, based on such factors as travel-to-work patterns. They give an insight into how housing markets operate by providing a bottom-up assessment of the need and demand for housing, including affordable housing, in their area. The Strategic Housing Market Assessment areas do not completely match the sub-regions established by the Leaders’ Boards. These are:

- the Black Country;
- Birmingham and Solihull;
- Coventry and Warwickshire;
- Staffordshire;
- Herefordshire and Worcestershire; and
- Shropshire including Telford and Wrekin.<sup>34</sup>

32 Ev 34

33 Ev 40

34 Q 33

33. Government should define a common methodology based on good practice for the preparation of Strategic Housing Market Assessments so that their evidence can be compared between housing market areas at a regional and national level.

34. The Leaders' Board should consider how the sub-regions that it has defined fit with the region's Strategic Housing Market Areas so that the evidence SHMAs generate on how the region's housing markets operate can be most effectively used. This might mean that the sub-regions of the Leaders' Board or the SHMAs need to be amended so that the areas match.

## Housing numbers and mix

35. The region recommended that some 366,000 net new houses are built over the 20 years to 2026 to meet current and projected demand for housing. This target was increased by over 32,000 by the independent panel that reviewed the strategy to nearly 398,000, to reflect higher regional household projections (**Figure 2**). The Secretary of State plans to publish the updated housing target for the region by July 2010. The Leaders' Board pointed out that the process to develop the regional preferred option resulted in consensus among the region's local authorities for housing growth, although at the examination in public some authorities asked for housing in their area to be increased.<sup>35</sup> However, some of the evidence received by the Committee raised concerns about the assumptions used to establish the housing targets and whether the region could feasibly deliver such high growth.

**Figure 2: Likely net housing targets for the West Midlands between 2006 and 2026**

Area	Region's Preferred Option	Independent Panel Recommendation
Birmingham	50,600	57,500
Solihull	7,600	10,500
Black Country	61,200	63,000
Coventry	33,500	33,500
Warwickshire	41,000	43,500
Worcestershire	36,600	40,500
Staffordshire (excluding North Staffordshire Major Urban Area)	50,100	53,200
North Staffordshire Major Urban Area	16,200	22,200
Telford and Wrekin	26,500	26,500
Herefordshire	16,600	18,000
Shropshire	25,700	27,500
Military households	-	2,000
<b>West Midlands Total</b>	<b>365,600</b>	<b>397,900</b>

Source: West Midlands Regional Spatial Strategy Phase Two Revision, Report of the Panel, September 2009

36. Setting a long-term housing target gives developers and infrastructure providers confidence and certainty about where and how much they should invest by providing the vision of where the region would like future growth. John Acres from the Royal Town Planning Institute explained the importance of the overall housing target: “People often dismiss the debate about housing numbers as being unimportant. I think it is vital, because unless you pitch that number at roughly the right level, you don’t set your five-year housing land supply figures at the right level and you don’t give the development industry the platform to identify sites and bring them forward ... If you set a very low level of housing and set your five-year land supply at that low level the sites won’t come forward. So you will have a housing shortage; you will have increased prices; you will have lack of affordability”.<sup>36</sup> While establishing the overall housing numbers may be academic to the bodies that set them, they are vital for those who have to take the risk of investing to deliver them. Paul Williams from the National Housing Federation also supported a high housing target to address the issue of demand for affordable housing in the region: “Clearly, from our perspective, a higher number—whether that be 397,000 or otherwise—means an increased opportunity for people to find their own solutions for housing and that therefore relieves pressure on the affordable housing stock”.<sup>37</sup>

37. There were a wide range of views on the level of housing supply that is appropriate for the region over the 20 years to 2026. The views put forward at the Examination in Public on the Phase 2 Revision of the West Midlands Regional Spatial Strategy varied from 285,000 to 514,000. In many respects, these suggestions reflect the stance of the organisations concerned: environmental bodies proposed low numbers while house builders lobbied for high numbers. The National Housing and Planning Advice Unit provides independent advice on the level of housing supply that should be considered in regional plans. It advised that the region’s housing should increase by between 374,000, to meet projected increases in households, and 441,000, to also satisfy current unmet housing demand and a backlog in new housing development.<sup>38</sup>

38. Some of the assumptions underlying household projections, which housing targets are based on, have to be treated with caution. Household projections are produced by the Office of National Statistics. The most recent statistics were published in 2009, based on 2006 data, and calculated that households in the West Midlands will increase by 431,000 in the 20 years to 2026. This was an increase of 60,000 from 2004 projections used to develop the region’s preferred option for housing growth. Government recognises the limitations on its housing projections, saying: “They are not forecasts. They do not attempt to predict the impact that future government policies, changing economic circumstances or other factors might have on demographic behaviour”.<sup>39</sup> In particular, the Government Office for the West Midlands acknowledged that “historically, the non-migration projections are very robust, and the migration ones are not”. It asserted that the National Housing and

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36 Q 22

37 Q 10

38 West Midlands Regional Spatial Strategy Phase Two Revision. Report of the Panel: September 2009

39 West Midlands Regional Spatial Strategy Phase Two Revision. Report of the Panel: September 2009

Planning Advice Unit had not included migration figures in deriving its housing figures for the region.<sup>40</sup>

**39. There is no doubt the region must address the shortage in affordable housing. However, we acknowledge the concerns of those witnesses who expressed the view that the currently adopted housing target for the region would result in unforeseen consequences. We therefore encourage the Joint Strategy and Investment Board to adjust the overall housing target for the region if necessary, based on a thorough assessment of what types of houses need to be provided and where, in order to achieve a more appropriate balance between the sub-regions. The JSIB needs to be able to demonstrate how any target will help support policies for economic development, urban renaissance, provision of affordable housing and sustainability.**

40. Even with high housing targets it is unlikely that the region will be able to meet the total demand for affordable houses without significant additional funding. The Leaders' Board stated that "sub-targets identified for affordable housing through the RSS process explicitly do not meet the totality of need identified. These sub-targets are based on an estimate of what might actually be deliverable within the resources available".<sup>41</sup> The affordable housing need for the region was estimated to be 43% of the independent panel's recommended housing target (170,000 homes). However, the panel suggested that a regional target of 35%, with local targets in a range of between 25% and 40%, was more realistic.<sup>42</sup>

41. Providing sufficient affordable housing is important to achieving the region's need for economic growth. Business Voice West Midlands stated that "business growth is ... held back by the lack of affordable homes across the region", and reported that Herefordshire and Worcestershire Chamber of Commerce had raised the availability and affordability of housing as a high area of concern which was impacting on the quality and availability of staff. There is a large affordability gap for housing in rural areas making it difficult for people to stay in the communities they grew up in.<sup>43</sup> The Campaign to Protect Rural England believes that local authorities are well aware of the mix of housing that is needed in their area but it will be difficult for them to resist pressures from developers to build houses that generate the highest profits in the aftermath of the recession.<sup>44</sup>

**42. The lack of affordable housing is a key concern for the region which impacts on both people and businesses. Without a significant increase in the availability of affordable housing many people will be unable to find permanent homes in the areas where they want to live, and businesses will be unable to obtain the staff they need due to unaffordable housing, particularly in rural areas. Shortages in affordable housing have the potential to stunt the region's economic growth. We recommend that the Joint Strategy and Investment Board examines, as a matter of urgency, how it can bridge the gap between the demand for affordable housing and what can be delivered, in collaboration with public and private sector partners.**

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40 Qq 89 - 92

41 Ev 40

42 West Midlands Regional Spatial Strategy Phase Two Revision. Report of the Panel: September 2009

43 Ev 45

44 Ev 51

**43. We commented on these issues in our report on the effect of the downturn on the people in the region.<sup>45</sup> The problem is evident throughout the West Midlands. We welcome the increases in housing investment by the Government that have been announced in the last year. However, more needs to be done if the shortage of affordable homes is to be tackled. Substantial public funding will remain necessary to increase the supply of affordable housing in the region to the extent required.**

44. There is uncertainty over the capacity of the region's construction industry to deliver the required high housing growth, especially as capacity has been hit by the economic downturn. The rate of development required by the housing targets will be higher than has previously been achieved in the region.<sup>46</sup> However, the Government Office for the West Midlands asserted that the housing target recommended by the independent panel was based on "its assessment of what it would be practicable to build within the West Midlands given the circumstances of the recession".<sup>47</sup> The Royal Institute of Chartered Surveyors did not share the Government's confidence in the capacity of the construction sector to deliver high housing numbers, stating: "Current surveys ... show that construction capacity is down and that work is slowing down. ... The difficulty we have is how quickly you can build that capacity back up again. You can decimate it quite quickly, but it is much more difficult to rebuild that capacity. There are some basic skills that you can build up quite quickly, but there are other skills—such as the professional skills—that take much longer to build back up again".<sup>48</sup>

**45. As part of its iterative implementation plan, the Joint Strategy and Investment Board, should review whether there is sufficient capacity in the construction sector to delivery annual housing targets. If shortages in capacity are identified it should seek to address these deficiencies by developing the required skills among local people, using mechanisms such as the regional skills strategy.**

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45 West Midlands Regional Committee, First Report of Session 2009-10, *The effect of the economic downturn on the people in the West Midlands*, HC 258, para 78

46 Ev 51 and Ev 75

47 Q 82

48 Q 22

## 3 Creating Sustainable Communities

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### Regeneration and urban renaissance

46. It is Government policy to try to produce sustainable communities, consisting of good quality housing which is environmentally sustainable and with the necessary supporting infrastructure for the size and scale of the development. The Government's Sustainable Communities Plan, published in February 2003, sets out a programme of actions needed for delivering sustainable communities in both urban and rural areas, such as the necessary transport links, services, employment opportunities, leisure facilities and open spaces. Access to jobs was also highlighted as a key component of sustainable communities, a factor that had been missing in past large-scale social housing programmes: "The basis of "sustainable community" is the availability of employment, and much of the UK's entrenched legacy of social deprivation derives from previous housing policies and programmes which failed to take this into account".<sup>49</sup> The Government's key housing policy goal is "to ensure that everyone has the opportunity to live in a decent home which they can afford, in a community where they want to live".<sup>50</sup>

47. A key regional housing policy is to encourage housing development in urban areas, particularly those that have suffered depopulation in past decades or lost substantial employers, to reverse the pattern of decentralisation of the population from the West Midlands conurbations to the countryside. The Government Office for the West Midlands described the policy thus: "The current strategy is to undertake an urban renaissance in the West Midlands conurbation to make it more attractive, to focus much more development and much more housing development into that area, and to concentrate on previously developed land, rather than greenfield in the shires. There is quite a lot of evidence that that is being successful".<sup>51</sup> The percentage of new housing built in the major urban areas in the region has increased from 38% in 2001 to 50%. The revised regional strategy will maintain this balance as approximately half of proposed housing is in the major urban areas.<sup>52</sup>

48. Witnesses agreed that new housing developments can build confidence in an area and, therefore, deliver regeneration, although this is not the only factor that is required. John Acres, representing of the Royal Town Planning Institute, explained: "housing is important in helping with regeneration, and I see regeneration in terms of not just urban areas, but rural areas. Housing is obviously important to confidence and to creating and satisfying people's needs".<sup>53</sup> However, housing is only one of a number of factors that need to be delivered to achieve successful urban renaissance. Bringing the factors for sustainable communities together requires co-ordination between public sector agencies and private developers. This co-ordination is occurring in Stoke-on-Trent, for example, as part of a programme of housing market renewal: "So what we have seen in Stoke-on-Trent is a

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49 Ev 71

50 Department for Communities and Local Government, *Planning Policy Statement 3: Housing*, 29 November 2006

51 Q 87

52 Q 88 and Ev 34

53 Q 28

commitment by all the agencies and the local authority to invest in the urban area, as a prerequisite of housing market renewal. Clearly, that is because you have to bring together housing, economic, infrastructure and transport skills and business investment ... in those urban areas, to support not only housing market renewal of the physical fabric but the economic restructuring as well”.<sup>54</sup>

49. In our first report, ‘The impact of the current economic and financial situation on businesses in the West Midlands Region’, we stated that reductions to the budget of Advantage West Midlands in 2009 meant the agency had decided to limit its focus to twenty particular locations, which it called Impact Investment Locations, and were identified in the recent regional funding advice as the region’s priorities for investment. These locations were chosen by identifying schemes which were priorities for partner agencies, such as the Homes and Communities Agency, the local authorities, the Highways Agency and the Learning and Skills Council. co-ordinated investment should deliver a sizeable portion of the housing growth needed in the region within communities that are linked to jobs, training and services, such as the Bilston Urban Village development. The Homes and Communities Agency stated that “Within those 20 areas, 16 have significant housing content in brownfield areas. At least 60,000 of the RSS panel recommendation for housing numbers will be in those 15 or 16 locations, which would be in urban areas”.<sup>55</sup>

**50. The Committee supports the regional policy of focusing growth in the region’s Major Urban Areas and encourages national, regional and local bodies to continue to work together to bring about housing market renewal in the region, particularly in Stoke-on-Trent and the Black Country.**

51. The region has performed well in focusing a significant proportion of housing development on brownfield (previously developed) land in recent years, exploiting the opportunities presented by the deindustrialisation of the region. In 2008–09 the proportion of development on brownfield sites in the region was 87%, up from 71% in 2001–02. This achievement is considerably higher than the Government target of 60%.<sup>56</sup> However, there is uncertainty over how long this level of performance can be maintained and certain parts of the region pointed out that they can not identify sufficient brownfield sites to meet current growth targets. Malvern Hills District Council stated: “We do not have sufficient brownfield sites to deal with the targets arising ... Our point is that if South Worcestershire takes high levels of migration and we are not allowed to take windfall allowances into account, that will lead to high levels of compensatory greenfield allocations”.<sup>57</sup>

52. Developing housing on brownfield sites may not always be the most sustainable solution, if for example transport infrastructure is lacking. The Campaign to Protect Rural England agreed that “Brownfield sites can be in the countryside and you could question whether it has been sustainable to develop on some of them. But it is right that we concentrate on that”.<sup>58</sup> Friends of the Earth are concerned that “future development of the

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54 Q 97

55 Q 88

56 Qq 93–95

57 Q 17

58 Q 29

region will be of a low density, carbon hungry and car-dependent nature to the South and East of the region”, at odds with sustainable development and delivering urban renaissance.<sup>59</sup> South Worcestershire Housing Action Group estimate that the preferred option for the Regional Spatial Strategy recommended more than double the number of houses are built in the sub-region than can be supported by local employment growth, which may mean new residents will need to commute to work.<sup>60</sup>

53. Building housing on brownfield land means that the site is no longer available for alternative uses such as for employment or green space for leisure activities. Deborah Walsh from the Royal Institute of Chartered Surveyors highlighted “One of the things that we are concerned about, particularly in some of the urban areas, is where there may have been economic use of land previously, but it has all been turned over into apartments or whatever sort of residential property it is. You are losing the employment opportunities in those areas which means, by virtue of what is happening, that people will have to travel further to get to a place of employment. You’re not creating a mixed community in that sort of way. That can happen in the rural towns as well”.<sup>61</sup> It is particularly important that affordable housing developments are not isolated but are located close to employment and training opportunities and services are provided in these communities because people on lower incomes have less money to spend on transport.<sup>62</sup>

54. However, in its evidence to the Committee the Leaders’ Board reported that the Regional Spatial Strategy had made the proper connections between housing and employment land to deliver place making. This view was endorsed by the independent panel which reviewed the regional strategy although it has made recommendations to the Secretary of State to increase overall housing numbers. The Government believed that the Regional Spatial Strategy and the Regional Economic Strategy were consistent and complementary. The Leaders’ Board identified that in some areas the balance between housing and employment land had to change to reverse the migration of people from urban areas to the shires: “We know that in places such as the Black Country there will have to be a lot of release of employment land for housing. The balance of land use will have to alter if we are going to achieve urban renaissance. ... That whole process can now even more directly involve Advantage West Midlands, with its expertise in advising local authorities as to which are the best sites for employment purposes and therefore ought to stay in employment use rather than switch to residential”.<sup>63</sup>

55. It is important that the value of green space in urban areas is also recognised in land use planning. John Acres, from the Royal Town Planning Institute, stated: “A brownfield site can be just as ecologically sensitive as a greenfield site, and it can sometimes be more so; if you are building on agricultural land, the ecology is probably much less rich than that of many of the brownfield sites you see in urban areas, which may also have a greater recreational use”.<sup>64</sup> Green spaces, such as parks, gardens, street trees and woodland, are

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59 Ev 80

60 Ev 75

61 Q 29

62 Q 24

63 Q 62

64 Q 28

important in place making and regeneration because they can help to create an environment where people want to live and work. The Forestry Commission was concerned that the value of green space is not sufficiently considered in regional strategies and that this situation will not improve under the new arrangements: “Green Infrastructure is not embedded as a priority agenda in the region to the extent it should be and we run the risk that hard-line economic views will be entrenched. This could result in the benefits of Green Infrastructure being left further behind, including omission from the SRS [single Regional Strategy], with a resulting diminishment of quality of life for us all”.<sup>65</sup>

**56. The Committee urges the region to continue to use a place-making approach to land use planning and regeneration. The single Regional Strategy should enable more explicit discussions on which brownfield sites should be kept for economic development and which should be used for new housing development as it will marry strategic planning with the region’s economic strategy. However, it is vital that the region considers which sites need to be retained for green space with equal importance to housing and economic development.**

57. In its preferred option the West Midlands proposed a phased approach to development to prioritise regeneration in the major urban areas, and brownfield over greenfield sites. Government guidance states that regeneration is not a valid reason to constrain housing delivery.<sup>66</sup> The independent review has recommended that the proposed phasing policy is overturned, as it believed the proposed strategy to prioritise development in major urban areas by deliberately restraining housing targets in surrounding areas to North Staffordshire and the Black Country was sufficient to encourage investment in these areas.<sup>67</sup> The Leaders’ Board gave evidence that it was not convinced the housing targets alone were sufficient to encourage development in the major urban areas. This view was echoed by the Campaign to Protect Rural England who believed that in setting high overall housing targets for the region: “You are giving the development industry the opportunity to get greenfield sites that, gradually, through the process, end up prioritised, rather than concentrating on what are sometimes more difficult brownfield sites”.<sup>68</sup> However, the Government explained “There is little evidence to suggest that developing in the shires will necessarily impact on urban regeneration, or that the level [of phased development] that the regional assembly was proposing was the right one”.<sup>69</sup>

**58. If the Secretary of State agrees that a phasing policy is not required to encourage urban renaissance, the region should monitor the proportion of development on brownfield and greenfield sites to identify if developers are cherry-picking greenfield developments. If such evidence emerges the region should lobby Government for the introduction of a phasing policy to support the regeneration of the Major Urban Areas.**

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65 Ev 59

66 Department for Communities and Local Government, *Transforming places: changing lives: taking forward the regeneration framework*, May 2009

67 Ev 40

68 Q 21

69 Q 101

59. The single Regional Strategy will need to take a holistic approach to the built environment, recognising the extent of existing buildings that will be in place in future years relative to new development. Creative refurbishment and the reuse of existing homes and public buildings can contribute to forming distinctive and sustainable places to live.<sup>70</sup> Climate change targets mean that existing buildings will need to be retrofitted to improve their energy efficiency. As John Acres, from the Royal Town Planning Institute, pointed out: “We have very tough standards now for improving new homes up to code level 6 by 2013—or 2016, I think it is—which is basically zero-neutral in terms of energy consumption. We are now required to build houses to code level 3 and very soon to code level 4. Those are very tough standards and they leave the existing stock really wanting”.<sup>71</sup>

**60. In our first inquiry we recommended that Government, including regional bodies, could stimulate the housing and construction sectors by bringing forward plans to add environmentally friendly features to the existing housing stock. We recommend that the bodies responsible for planning in the region from 1 April 2010 examine, as a matter of urgency, if planning exerts any barriers to householders enhancing the energy efficiency of their homes through retrofitting and how they can be removed.**

## Infrastructure

61. Obtaining funding for infrastructure development will be a challenge in the future given the impact of the economic downturn on the construction industry and the need to restrain public spending. A key concern of the South Worcestershire Authorities about the housing requirements proposed by the phase 2 strategy revision is that they need critical strategic and local infrastructure in the sub-region which “will require considerable public funding over and above developer contributions and planned investment by infrastructure providers”.<sup>72</sup> The Authorities believe that the sub-regional infrastructure requirements needed to support the proposed level of growth were given insufficient consideration and testing in the Regional Spatial Strategy review, including the viability of obtaining funding. Councillor David Hughes from Malvern Hills District Council expanded on the Authorities’ concerns “I believe that this puts the councils in an invidious position, because we are expected to ratify some form of joint core strategy that opens the door to speculative development within the preferred options, with the knowledge that the infrastructure is questionable. We could end up in a situation where we approve or endorse developments in certain areas of high numbers with the suspicion that the infrastructure will never materialise”.<sup>73</sup>

62. The Highways Agency found it difficult to engage and co-ordinate joint working on infrastructure needs of the phase 2 revision process of the Regional Spatial Strategy early because overall regional housing targets and their distribution throughout the region were agreed at a late stage. The Agency said that the phased review process adopted by the region, meant that economic, social and environmental policies were considered separately in different parts of the review: “As a result, it has not been possible to completely assess

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70 Ev 65

71 Q 29

72 Ev 68

73 Q 9

the impacts of a range of spatial alternatives, including the scale, nature and deliverability of their impacts/interventions at a regional or sub-regional level”.<sup>74</sup> This weakness may be addressed by the Department for Transport’s ‘Delivering a Sustainable Transport Strategy’ which assesses all modes of transport and its needs along a transport corridor and “places a greater long term importance for spatial planning as a tool for managing down and reducing the need to travel”.<sup>75</sup>

63. Malvern Hills District Council considered it unrealistic to expect that the area’s infrastructure requirements could be funded entirely from section 106 agreements. These are agreements between a developer and the planning authority for the developer to carry out specific obligations as a condition of receiving planning permission for a development, such as contributing to providing infrastructure or facilities that the development needs. Birmingham City Council pointed out that in the current economic climate negotiated agreements were also under question: “Clearly, at the moment, with the state of the economy, there is a desire to renegotiate schemes that have already been negotiated, where section 106 agreements are looking shaky in a lot of cases”.<sup>76</sup>

64. A new local levy, The Community Infrastructure Levy (CIL), will come into force in April 2010 in England and Wales. Local planning authorities can choose whether they want to introduce the levy to fund infrastructure that is needed in their areas. It is a charge on development, paid by owners or developers of land in the area, which is designed to be a top-up for local infrastructure such as roads, public transport, open space or health centres. The Government Office for the West Midlands and Homes and Communities Agency believed that the levy was a welcome development because it would set a strategic charging system for all development in an area which would give developers certainty about the costs rather than having to negotiate contributions towards infrastructure on an individual basis.<sup>77</sup> Affordable housing will not be included within the remit of the Community Infrastructure Levy but will continue to be dealt with under section 106 agreements. The National Housing Federation was concerned that the introduction of the Community Infrastructure Levy may reduce the provision of funding for affordable housing.<sup>78</sup>

**65. Following a recommendation we made in our second inquiry on ‘The effect of the economic downturn on the people in the West Midlands’ the Committee remains concerned that some of the areas that are most in need of publicly-funded regeneration may not have the capacity to bid for additional funding that is available. The planning system, including funding for infrastructure, should not hinder regeneration activities in these areas through for example, levying an unrealistic charge on private sector developers or by devolving more policy-making and delivery responsibility than the areas have capacity for.**

66. Building in the urban areas may involve higher costs to make industrial land suitable for housing but sites can benefit from existing infrastructure in the area. The Leaders’

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74 Ev 57

75 *Ibid.*

76 Q 11

77 Qq 114–116

78 Q 9

Board advocated developing in major urban areas because: “sustainability and sustainable communities are best delivered where a development can be concentrated to achieve critical mass and, preferably, make use of brown field sites and existing capital investment in infrastructure”.<sup>79</sup> However, Birmingham City Council stated that “Transport infrastructure is always difficult. Providing infrastructure in urban areas is also difficult to achieve, and expensive”.<sup>80</sup>

67. The Government has invested in affordable housing during the economic downturn as part of its initiatives to reduce the impact of recession on businesses and jobs. However, public spending will need to be restricted in the coming years so there is likely to be reduced public sector funding for infrastructure, including affordable housing, from 2011 onwards. Nationally the Government has committed to invest £7.5 billion over two years to deliver up to 112,000 affordable homes and 15,000 private homes. In the West Midlands additional government funding of some £130 million has been allocated to deliver housing, comprising:

- a) £21 million through the Local Authority New Build Programme to deliver 404 new homes by March 2012;
- b) £524 million under the National Affordable Housing Programme to deliver 10,997 new affordable homes between 2008 and 2011, of which £57 million for 459 homes was additional; and
- c) £53 million allocated to projects in the region under the Homes and Communities Agency’s Kickstart programme to unlock the development of 1,660 new homes by March 2012. A further 29 projects in the region have been shortlisted, which would deliver an additional 1,951 homes.<sup>81</sup>

68. The Homes and Communities Agency aligns its investment in affordable housing “within national targets in line with the regional strategies. We operate increasingly in line with sub-regional frameworks as they develop, and through what is called the Single Conversation we then work with each local authority within those frameworks to develop our investment plans”.<sup>82</sup> Wider stakeholders welcomed the role that the Homes and Communities Agency has taken to concentrate investment on areas needed for housing regeneration. Business Voice West Midlands stated “we do consider that it has played a positive and proactive role in the relatively short time it has been in existence. It has ensured that a number of housing developments that may have stalled because of the economic downturn have, in fact continued”.<sup>83</sup> They also supported the Homes and Communities Agency’s Single Conversation process with local authorities to set local priorities.

69. Paul Spooner, Regional Director for the Homes and Communities Agency in the West Midlands, said public investment in infrastructure is important to influence where

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79 Ev 40

80 Q 15

81 Ev 34

82 Q 79

83 Ev 45

developers build housing: “I think it is quite important in the current economic climate to help try and de-risk sites for development. One way of de-risking sites and making them more attractive to the private sector is to support that infrastructure particularly ... where it’s local structures to meet local needs. ... it is about aligning our investments alongside investments in infrastructure to make them more attractive to developers, particularly in brownfield areas where traditionally developers have obviously found it difficult to make a viable scheme work”.<sup>84</sup> He gave the example of improvements to the Dudley Road in Birmingham which helped to release a major site, Icknield Port Loop, for future housing development.

**70. With reduced public expenditure in the future, national and local government will have to explore alternative ways of bringing forward private sector investment where development may otherwise be postponed. Birmingham City Council gave evidence that it is exploring new ways of attracting investment for housing such as from pension funds and other institutional investments.<sup>85</sup> If successful, these approaches should be shared more widely across the region.**

**71. The implementation plan for the single Regional Strategy should track progress in the delivery of infrastructure that will enable key housing developments, particularly for the 20 Impact Investment Locations. This will highlight any gaps in funding or delays to public sector partners which may require an adjustment of regional priorities.**

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84 Q 113

85 Q 11

## 4 Consultation

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### New regional organisations

72. The West Midlands Leaders' Board was formed in response to the Sub-National Review. It brings together all 33 local authority leaders in the Region to provide leadership and direction for local government activities at the regional level and replaces the West Midlands Local Government Association. The legislative basis for the Leaders' Board is provided by the Local Democracy, Economic Development and Construction Act 2009. The Act requires each region to establish a Leaders' Board of elected members drawn from the region's district and county councils. The Board is subject to approval by the Secretary of State which can be withdrawn if they judged that the Board is not operating effectively. The Leaders' Board meets quarterly.

73. In the West Midlands, the Leaders' Board and Advantage West Midlands have established a shadow Joint Strategy and Investment Board (JSIB) to oversee the Sub-National Review agenda. It will be formalised now the West Midlands Regional Assembly has been dissolved at the end of March 2010. The Board comprises six members of the Leaders' Board and up to six members of Advantage West Midlands. Advantage West Midlands has only taken up two of its allocated places and has given a third to Business Voice West Midlands to provide representation for the business community. The Joint Strategy and Investment Board meets bimonthly. It works closely with the Regional Minister and with other key funding agencies in the West Midlands.

### Consulting with stakeholders

74. Under the new arrangements for the single Regional Strategy, the Leaders' Board and Joint Strategy and Investment Board will hold considerable policy and decision-making power in the region. Mark Middleton, Director of Policy for the West Midlands Leaders' Board, stated that the new arrangements will mean local government is central to the development of the regional strategy, a change from the previous processes under the regional assembly which: "was a bit of an arm's length relationship between the regional assembly and local government. Now, local government, through the Leaders' Board, is the region".<sup>86</sup> The Leaders' Board and Joint Strategy and Investment Board are therefore the key fora which regional stakeholders need to engage with to influence regional planning policies.

75. Witnesses stated that stakeholder consultation on policy-making in the region, including by the regional assembly, had been very good. English Heritage identified that "a challenge for the change to the single Regional Plan process will be ensuring that the regional structures for its implementation will enable a comparable level of engagement and coordination for all relevant stakeholders ... extending from the earliest stages of evidence gathering and throughout the process of the Plan's development".<sup>87</sup> One aspect that stakeholders valued under the assembly structure was that they were given direct

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86 Q 33

87 Ev 65

voting membership which allowed them to contribute to discussions without having to first justify their position.

76. An early task carried out by the shadow Joint Strategy and Investment Board was the development and submission of the West Midlands Regional Funding Advice (RFA) to Government in March 2009. This action raised criticism from regional stakeholders because they believed the process was not inclusive and they were not consulted on it. For example, Friends of the Earth stated “We have no argument with the emergence of a SRS [single Regional Strategy] as such. What worries us is the democratic accountability of the process and the emergence of the less open and transparent JSIB [Joint Strategy and Investment Board]. An early example of this was the Regional Funding Allocation process from last year which was not open and did not consider the climate implications of the road schemes which were put forward ... the real risks are that we have top-down decision-making being forced upon local people in which they feel excluded from the process”.<sup>88</sup>

77. The Committee has received evidence in the course of its work that local politicians can be distant from the citizens that they are meant to represent. There is a danger, by placing local government central in the regional strategy process, that the region will be complacent about the need to engage with local communities.<sup>89</sup> **The Joint Strategy and Investment Board, and the Leaders’ Board will make decisions on priorities on behalf of the region in which some local authorities will gain while others will be less fortunate. Both bodies will have to clearly communicate the reasons behind their strategic decisions to the region’s local authorities where they over-ride, or appear to over-ride, local preferences.**

78. There is a risk that stakeholder consultation may be diminished through the desire to streamline the process for preparing the single Regional Strategy, particularly against a backdrop of restrained public sector spending. Birmingham City Council highlighted that “effectively engaging everyone in the process is time consuming and potentially expensive. The one thing that I would identify as a potential risk is that, in the desire to streamline the consultation, involvement could almost become invisible, which would obviously be counter-productive”.<sup>90</sup>

79. For its part, the Government Office for the West Midlands believes that the new arrangements will develop robust stakeholder consultation and engagement because “There are numerous examples of policy making that has been better as a result of engagement. We cannot unlearn what we know. We know how to do it and they know how to engage, so that is one reason why I think it will continue. And there is the desire”.<sup>91</sup> Government guidance issued in February 2010 sets out its expectations for stakeholder consultation and engagement.<sup>92</sup> Stakeholders acknowledged that the legislation and

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88 Ev 80

89 West Midland Regional Committee Report, Third Report of Session 2009–10, *Making the Voice of the West Midlands heard: the Work of the Committee, and the future for the Region*, HC 528; George Morran, *Localise West Midlands*, Ev 2

90 Q 19

91 Q 117

92 Departments for Communities and Local Government, and Business, Innovation and Skills, *Policy Statement on Regional Strategies*, February 2010

guidance addressed their concerns although they remained worried that the region can decide how it implements the requirements:

The right words have come out of the sub-national reviews saying that people should engage stakeholders, but it's really up to each region, and it seems to vary considerably across the region, and we have spent quite a lot of time having to go through the processes of justifying our position. The sub-national review stuff is quite clear that it isn't just consulting us; it's about our involvement in the development of policy.<sup>93</sup>

80. In its evidence to the Committee the Leaders' Board recognised that it needs to make progress on establishing mechanisms for consultation to allay the concerns of regional stakeholders. Mark Middleton, Director of Policy for the West Midlands Leaders' Board stated "I do understand the concern [of stakeholder bodies], and I think that we and the Leaders' Board need to get a move on and develop our structures underneath the Leaders' Board itself and the Joint Strategy and Investment Board".<sup>94</sup> He believed that membership of the Joint Strategy and Investment Board was likely to expand and also identified that stakeholders could be directly involved in sub-panels which will develop policy for the Board. At sub-regional level he hoped that stakeholders would engage with local strategic partnerships.

**81. The Committee acknowledges the value that a diverse range of stakeholders has brought to regional policy making. We encourage the Joint Strategy and Investment Board to determine which other stakeholders will sit on the main board and the board's sub-panels as soon as possible, taking account of the value diverse sectors have added in the past, including through the regional assembly, to the regional agenda.**

**82. Following a recommendation we made in our first inquiry on 'The impact of the current economic and financial situation on businesses in the West Midlands Region', we recommend that a wide spectrum of stakeholders are fully consulted on future exercises to prioritise regional investment, including revisions and additions to the list of twenty regional priorities identified in the Regional Funding Advice.**

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93 Q 30

94 Q 45

## Conclusions and recommendations

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### Regional Planning

1. The Committee is convinced that strategic planning needs to take place at a regional level to agree priorities between local authorities to deliver transport infrastructure, protect the environment and achieve urban renaissance. The Campaign to Protect Rural England, the Royal Town Planning Institute and the Royal Institution of Chartered Surveyors were unanimous in their support for this policy. We encourage the region to achieve a streamlined regional process under the single Regional Strategy. To this end, the Leaders' Board and Joint Strategy and Investment Board should continue their work to identify which planning issues need to be addressed at the regional level and which areas can be devolved to a sub-regional or local level. (Paragraph 17)

### Transition to a Regional Strategy

2. The Committee supports the introduction of a single Regional Strategy as, by bringing together housing and economic development, it should facilitate sustainable development in the region. We encourage the bodies that are responsible for developing and implementing the Regional Strategy (the Leaders' Board and Advantage West Midlands) to ensure that the elements of a "total place" approach—housing, the economy, transport, the environment, communities and the public realm—are fully engaged in the single strategy process. (Paragraph 26)

### Sub-regions and housing markets

3. The Committee advocates comprehensive stakeholder engagement in establishing the region's strategic priorities. However, regional bodies need to be mindful of the demand that consultation and engagement can make on stakeholders' resources. As we raised in our second inquiry, the Committee remains concerned about the complexity of the co-ordination of activity at a regional level. In particular, the question of which body decides and drives the regional agenda, and whether there are proper lines of accountability for their decisions. The Leaders' Board needs to define how its sub-regional partnerships will engage with stakeholders to ensure it is efficient yet inclusive and fits with other arrangements for stakeholder participation in the region. (Paragraph 29)
4. Government should define a common methodology based on good practice for the preparation of Strategic Housing Market Assessments so that their evidence can be compared between housing market areas at a regional and national level. (Paragraph 33)
5. The Leaders' Board should consider how the sub-regions that it has defined fit with the region's Strategic Housing Market Areas so that the evidence SHMAs generate on how the region's housing markets operate can be most effectively used. This might mean that the sub-regions of the Leaders' Board or the SHMAs need to be amended so that the areas match. (Paragraph 34)

## Housing numbers and mix

6. There is no doubt the region must address the shortage in affordable housing. However, we acknowledge the concerns of those witnesses who expressed the view that the currently adopted housing target for the region would result in unforeseen consequences. We therefore encourage the Joint Strategy and Investment Board to adjust the overall housing target for the region if necessary, based on a thorough assessment of what types of houses need to be provided and where, in order to achieve a more appropriate balance between the sub-regions. The JSIB needs to be able to demonstrate how any target will help support policies for economic development, urban renaissance, provision of affordable housing and sustainability. (Paragraph 39)
7. The lack of affordable housing is a key concern for the region which impacts on both people and businesses. Without a significant increase in the availability of affordable housing many people will be unable to find permanent homes in the areas where they want to live, and businesses will be unable to obtain the staff they need due to unaffordable housing, particularly in rural areas. Shortages in affordable housing have the potential to stunt the region's economic growth. We recommend that the Joint Strategy and Investment Board examines, as a matter of urgency, how it can bridge the gap between the demand for affordable housing and what can be delivered, in collaboration with public and private sector partners. (Paragraph 42)
8. We commented on these issues in our report on the effect of the downturn on the people in the region. The problem is evident throughout the West Midlands. We welcome the increases in housing investment by the Government that have been announced in the last year. However, more needs to be done if the shortage of affordable homes is to be tackled. Substantial public funding will remain necessary to increase the supply of affordable housing in the region to the extent required. (Paragraph 43)
9. As part of its iterative implementation plan, the Joint Strategy and Investment Board, should review whether there is sufficient capacity in the construction sector to deliver annual housing targets. If shortages in capacity are identified it should seek to address these deficiencies by developing the required skills among local people, using mechanisms such as the regional skills strategy. (Paragraph 45)

## Regeneration and urban renaissance

10. The Committee supports the regional policy of focusing growth in the region's Major Urban Areas and encourages national, regional and local bodies to continue to work together to bring about housing market renewal in the region, particularly in Stoke-on-Trent and the Black Country. (Paragraph 50)
11. The Committee urges the region to continue to use a place-making approach to land use planning and regeneration. The single Regional Strategy should enable more explicit discussions on which brownfield sites should be kept for economic development and which should be used for new housing development as it will marry strategic planning with the region's economic strategy. However, it is vital that

the region considers which sites need to be retained for green space with equal importance to housing and economic development. (Paragraph 56)

12. If the Secretary of State agrees that a phasing policy is not required to encourage urban renaissance, the region should monitor the proportion of development on brownfield and greenfield sites to identify if developers are cherry-picking greenfield developments. If such evidence emerges the region should lobby Government for the introduction of a phasing policy to support the regeneration of the Major Urban Areas. (Paragraph 58)
13. In our first inquiry we recommended that Government, including regional bodies, could stimulate the housing and construction sectors by bringing forward plans to add environmentally friendly features to the existing housing stock. We recommend that the bodies responsible for planning in the region from 1 April 2010 examine, as a matter of urgency, if planning exerts any barriers to householders enhancing the energy efficiency of their homes through retrofitting and how they can be removed. (Paragraph 60)

## Infrastructure

14. Following a recommendation we made in our second inquiry on ‘The effect of the economic downturn on the people in the West Midlands’ the Committee remains concerned that some of the areas that are most in need of publicly-funded regeneration may not have the capacity to bid for additional funding that is available. The planning system, including funding for infrastructure, should not hinder regeneration activities in these areas through for example, levying an unrealistic charge on private sector developers or by devolving more policy-making and delivery responsibility than the areas have capacity for. (Paragraph 65)
15. With reduced public expenditure in the future, national and local government will have to explore alternative ways of bringing forward private sector investment where development may otherwise be postponed. Birmingham City Council gave evidence that it is exploring new ways of attracting investment for housing such as from pension funds and other institutional investments. If successful, these approaches should be shared more widely across the region. (Paragraph 70)
16. The implementation plan for the single Regional Strategy should track progress in the delivery of infrastructure that will enable key housing developments, particularly for the 20 Impact Investment Locations. This will highlight any gaps in funding or delays to public sector partners which may require an adjustment of regional priorities. (Paragraph 71)
17. The Joint Strategy and Investment Board, and the Leaders’ Board will make decisions on priorities on behalf of the region in which some local authorities will gain while others will be less fortunate. Both bodies will have to clearly communicate the reasons behind their strategic decisions to the region’s local authorities where they over-ride, or appear to over-ride, local preferences. (Paragraph 77)

## Consultation

18. The Committee acknowledges the value that a diverse range of stakeholders has brought to regional policy making. We encourage the Joint Strategy and Investment Board to determine which other stakeholders will sit on the main board and the board's sub-panels as soon as possible, taking account of the value diverse sectors have added in the past, including through the regional assembly, to the regional agenda. (Paragraph 81)
19. Following a recommendation we made in our first inquiry on 'The impact of the current economic and financial situation on businesses in the West Midlands Region', we recommend that a wide spectrum of stakeholders are fully consulted on future exercises to prioritise regional investment, including revisions and additions to the list of twenty regional priorities identified in the Regional Funding Advice. (Paragraph 82)

# Formal Minutes

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**Monday 29 March 20100**

Members present:

Mr Richard Burden, in the Chair

Mr Adrian Bailey  
Mrs Janet Dean

Mr James Plaskitt  
Dr Richard Taylor

Draft Report (*Planning for the future: Housing and Economic Development in the West Midlands*), proposed by the Chair, brought up and read.

*Ordered*, That the draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 82 read and agreed to.

Summary agreed to.

*Resolved*, That the Report be the Second Report of the Committee to the House.

*Ordered*, That the Chair make the Report to the House.

Several Memoranda were ordered to be reported to the House for printing with the Report.

*Ordered*, That embargoed copies of the Report be made available, in accordance with the provisions of Standing Order No. 134.

[Adjourned to a date and time to be fixed by the Chair.]

## Witnesses

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### Monday 1 March 2010

Page

**David Carter**, Head of Planning Strategy, Birmingham City Council, **Paul Williams**, National Housing Federation, **Councillor David Hughes**, Malvern Hills District Council, and **Gary Williams**, Head of Planning and Housing, Malvern Hills District Council.

Ev 1

**John Acres**, Royal Town Planning Institute, **Gerald Kells**, Campaign to Protect Rural England, and **Deborah Walsh**, Royal Institution of Chartered Surveyors.

Ev 8

### Monday 8 March 2010

**Tim Harbot**, Divisional Director for the Network Development and Delivery Division, Highways Agency, **Mark Middleton**, Director of Policy, West Midlands Leaders' Board, and **Mark Sitton-Kent**, Regional Director, Environment Agency.

Ev 15

**Trudi Elliot**, Regional Director, and **David Marr**, Deputy Regional Director, Sustainable Futures Directorate, Government Office for the West Midlands, and **Paul Spooner**, Regional Director, Homes and Communities Agency West Midlands.

Ev 23

## List of written evidence

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1	Government Office for the West Midlands	Ev 34
2	West Midlands Leaders' Board & West Midlands Regional Assembly	Ev 40
3	Business Voice West Midlands	Ev 45
4	Campaign for the Protection of Rural England (CPRE)	Ev 51; Ev 91
5	Woodland Trust	Ev 55
6	Highways Agency	Ev 57
7	Forestry Commission	Ev 59
8	English Heritage	Ev 65
9	National Housing Federation	Ev 67
10	South Worcestershire Authorities	Ev 68
11	Janet Mackinnon	Ev 71
12	South Worcestershire Housing Action Group	Ev 75
13	Friends of the Earth West Midlands	Ev 80
14	Environment Agency	Ev 82
15	Beryl Metcalf, a member of the West Midlands Regional Sustainability Forum	Ev 84
16	Harriett Baldwin	Ev 86
17	National Housing and Planning Advice Unit (NPAU)	Ev 86
18	Birmingham City Council	Ev 88
19	Advantage West Midlands	Ev 91

# List of Reports from the Committee during the current Parliament

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The reference number of the Government's response to each Report is printed in brackets after the HC printing number.

## Session 2009–10

First Report	The effect of the economic downturn on the people in the West Midlands	HC 258
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## Session 2008–09

First Report	The impact of the current economic and financial situation on businesses in the West Midlands region	HC 409 I–II
First Special Report	The impact of the current economic and financial situation on businesses in the West Midlands Region: Government response	HC 61



# Oral evidence

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## Taken before the West Midlands Regional Committee on Monday 1 March 2010

Members present:

Richard Burden (Chairman)

Mr Adrian Bailey  
Mrs Janet Dean

Dr Richard Taylor

*Witnesses:* **David Carter**, Head of Planning Strategy, Birmingham City Council, **Councillor David Hughes**, Malvern Hills District Council, representing South Worcestershire Authorities, **Paul Williams**, National Housing Federation, and **Gary Williams**, Head of Planning and Housing, Malvern Hills District Council, representing South Worcestershire Authorities, gave evidence.

**Q1 Chairman:** Thank you very much for coming. Can people at the back hear what I'm saying? It's good to know that you can, and I welcome you all to this meeting of the West Midlands Regional Select Committee. I'm Richard Burden and I chair the Committee and I'm joined by several colleagues—Dr Richard Taylor from Wyre Forest, Janet Dean from Burton and Adrian Bailey from West Bromwich, West. We're here as part of our schedule of meetings, going round the region. However, I must say that this venue is exceptional. I emphasise that I am glad you can hear what I'm saying, but I ask everybody, not least my colleagues—I'm addressing Richard, who has his back to the window, in particular—to look at and listen to the witnesses rather than let our gaze slip to the view, lovely though it is. The purpose of the inquiry is to consider regional planning, particularly the Regional Spatial Strategy as it reaches its completion. We hope to look at some of the RSS's issues, but also, on a broader canvas—given that it is soon to be replaced by a Single Integrated Regional Strategy—to get several stakeholders' views of the process, of where regional planning fits in in future and of what we can learn from the experience so far. We have two panel sessions this morning. I ask members of the first panel to introduce themselves for the record.

**David Carter:** My name is David Carter. I'm Head of Planning Strategy and in the Development Directorate of Birmingham City Council. I'm a chartered town planner with more than 30 years' experience. In my job, I'm responsible for key elements of the Local Development Framework, particularly the Birmingham Core Strategy. Also, as part of my job, I have played a key role in the RSS over the past few years, whereby city council officers lead regional work under the "Prosperity for All" topic. That means, for example, that I chair the Regional Employment Land Advisory Group and one of my colleagues chairs the Regional Role of Centres Group, and we have therefore been centrally involved in the technical work and the policy development of the RSS. In addition, I am the current Chairman of the Regional Planning Officers Group.

**David Hughes:** Good morning. I am Councillor David Hughes from Malvern Hills district council. I am the planning portfolio and housing portfolio

holder for Malvern Hills. In that role, I am currently engaged in the South Worcestershire joint core strategy. Since last summer, I have chaired the Joint Advisory Panel, which was set up to advise the three councils—Malvern Hills District Council, Wychavon district council and Worcester city district council—on the joint core strategy. We're formulating a joint response to the RSS.

**Gary Williams:** I'm Gary Williams, head of planning services for Malvern Hills District Council. I'm a chartered town planner, working with the district council. My responsibilities include the South Worcestershire responses on the RSS, and I gave evidence to the examination in public. I also have a lead responsibility in South Worcestershire for the joint core strategy. Chairman, although you've badged us as South Worcestershire authorities, the evidence we submit this morning will be consistent with that that we gave the RSS examination in public. However, it has not been formally endorsed by the three councils and it therefore represents only member and officer views at this stage on behalf of Malvern Hills district.

**Chairman:** Thank you for that clarification.

**Paul Williams:** I'm Paul Williams from the National Housing Federation. I'm the West Midlands regional manager. The federation is essentially the trade body for housing associations, and we have 175 associations operating in the West Midlands, 130 of which are based here, employing around 10,000 people across the region. We also have a significant development programme among our members, and a key interest in regional spatial issues.

**Q2 Chairman:** Obviously, today local authorities and the National Housing Federation are represented. The local authorities may have different perspectives from each other and from the NHF, so we are keen to hear all your views. The Single Integrated Regional Strategy is coming, and covers both economic development and land use planning. Is it a good idea to have a single regional strategy?

**David Carter:** In general terms, several different strategies apply across the region, so the idea of a single document is quite attractive. On the specific point about incorporating the land use dimension—

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1 March 2010 David Carter, Councillor David Hughes, Paul Williams and Gary Williams

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the spatial dimension—with the economic dimension, time will tell whether the arrangements become fit for purpose. In relation to the planning system, things tend to get protracted and challenged through public consultation and involvement, and possibly intervention through the courts. A serious question is whether the desire to streamline the decision-making processes that are being put in place will ultimately produce a decision-making framework that is robust against that legal challenge, if you follow my thinking.

**Chairman:** Let me emphasise to everybody that you shouldn't feel obliged to answer all the questions—we've got a lot to get through. If essentially you take a similar view or have nothing to add to what someone's said, we won't think you're falling down on the job if you don't chip in. Does anyone else have a view on what David said?

**David Hughes:** I agree by and large with David's comments. If we are to end up with a single regional strategy, it's absolutely imperative that that is fed democratically from the sub-regional base. If that doesn't happen, if we don't get the democratic process of feedback—not just comment but taken on board to influence the regional strategy—it's going to be almost impossible to implement and get people to buy into and commit to it.

**Chairman:** We will come a little later to the interface between the regional and sub-regional level, if that's helpful.

**Paul Williams:** From our perspective, co-ordination, particularly around infrastructure provision, is where the value of the single regional strategy would be demonstrable. That is where we see the fundamental benefit of that approach, but ultimately the key issue is about meeting the needs of the region, and that has to be the overriding objective. How that is achieved is clearly a matter of debate. It's probably a two-way process, both top and bottom derived.

**Q3 Chairman:** So far, there have been the two strategies—the Regional Spatial Strategy and the Regional Economic Strategy—and one of the ideas of the single strategy is to ensure that what were previously two strategies are more closely aligned in one. Was there a problem in aligning the two? If so, is that going to be addressed by having one strategy, or is there something else that needs to be looked at to make sure that the two areas of work are brought together more?

**Gary Williams:** From the evidence that we submitted, you'll appreciate that in terms of the RSS process, we are generally supportive of some level of regional co-ordination, and that extends to the new single regional strategy. The issue that we would have some concern about is that, as we said in evidence, the current process is relatively high level with respect to testing the implications against the sub-region, and that process could become even more removed from the sub-regional dimension and sub-regional implications with a slimmer, much more high level document.

**David Carter:** I want to emphasise that, as I was the officer leading the key economic aspects of the RSS, we went out of our way to work very closely with our colleagues in Advantage West Midlands. Although the two strategies were produced in parallel, there were clearly linkages between them. We bent over backwards to make sure there wasn't a conflict between the two. The interesting thing is the impact of the recession that we're currently in. That obviously requires a response, particularly from the economic strategy for the region. The advantage of having them as two separate things rather than a single one—bearing in mind my opening comment—is that perhaps the speed of response in dealing with the economy separately might be advantageous compared with dealing with the whole thing together.

**Q4 Chairman:** I'm going to bring in Adrian Bailey in a minute to explore a little more some of the sub-regional issues to which you've alluded. One of the things about the development of a Single Integrated Regional Strategy is whether that will have an impact on local development frameworks. We've had some suggestions that there are vastly different sizes and levels of expertise, particularly at the local authority level, between different kinds of local authorities in different places. With some of the debates going on at the moment about purse strings being tightened in the years to come, is there actually greater potential that could be exploited for more co-ordination and sharing of planning expertise between authorities? Could this process help that?

**Gary Williams:** I'm quite happy to say that one of the points that we made in evidence is that the resource issue in terms of engaging in the RSS process is very significant, particularly for relatively small district councils. My view is that the resource isn't going to get any better in the short term. I think that process will naturally drive greater sub-regional working—sub-regional coalition—in presenting and developing evidence as part of the process. Whether that could actually be met coming down the other way in terms of greater attention on the sub-region is something that, as Dave said, could be developed later. But I think resources will drive greater sub-regional work.

**Q5 Mr Bailey:** In the evidence, there were a variety of views about which was the most appropriate level to drive housing planning, or housing provision planning. Do you think a regional approach is the best basis for it?

**David Hughes:** I will kick off. My belief, and the evidence that I have seen from constituents and the consultations, is that we need to have regional planning, but it needs to take firm account of sub-regional requirements. That is very difficult under the current framework. Although the amount of feedback that we get from the public is quite strong and clear, it is very difficult to get that feedback to the regional level and make any modifications to the plan as a result. Briefly, regional planning has to happen—I share the views of other people on this table—because without it, you can't get the

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1 March 2010 David Carter, Councillor David Hughes, Paul Williams and Gary Williams

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infrastructure and achieve your long-term goals. But it must take account of the parochial requirements of the districts as well.

**David Carter:** If I can say one or two things, I'd like to make it clear that the city council will always work with whatever system is in place. As the regional capital, I think it's particularly important that we do that, as our influence extends over a much wider area than our administrative boundary. What we would like to see is the arrangements for regional and sub-regional strategies being more balanced towards strengthening and empowering the sub-regional dimension—in this case, the city region around Birmingham, too. We think that where sub-regions have the capacity and the desire to carry out more of that responsibility, they should be enabled to deliver those elements in the Single Integrated Regional Strategy. Obviously, there will be circumstances where some of those elements need to be brought together into the regional strategy, which is probably quite a slim one, perhaps dealing with some of the core levels of growth between different parts of the region—perhaps the south of the region versus the north of the region. But in principle, the reason that we are saying this is that we don't think that the West Midlands region can really be seen as a functional economic area in itself. We think that sub-regions and city regions are more functional areas. Therefore, we believe that the prospects of responding to the recession, growth and challenges that we face would probably be optimised by maximising the operation at the most appropriate level, which we believe is the sub-regional level. We would envisage a sort of evolution to a situation of almost devolved sub-regional working, or a coalition of sub-regions, with the regional tier almost being quite a slim veneer at the top, joining them together and being restricted to those few areas where genuine regional level working is required.

**Paul Williams:** From a stakeholder perspective, it is clearly simpler and easier for us to engage at a regional level. It gives a single point of contact. From that perspective, it simplifies the process, but we recognise the value of—not necessarily bodies like ourselves—our members engaging at a more local level to provide more detailed information and engagement. So from a high level, strategic point of view, the single regional strategy, or the regional contact, is easier for us, but that is by no means the end point of interaction.

**Gary Williams:** I don't want to duplicate what has been said, but we obviously endorse that in terms of regional economic co-ordination. We supported the policies and the broader objectives of the RSS as they are emerging at the moment. However, I have to say that we are concerned that the process at the moment inappropriately restricts the scope of core strategies to deal with issues within the sub-regional dimension. To pick up on the point that has just been made about engagement and involvement in the process, that may work well with high level organisations, but there's a question about whether that's working at the moment for direct public and community engagement. Simply anecdotally, from working on the joint core strategy in dealing with

public exhibitions, the public generally believe that the district councils are proposing the level of growth, not the region. The message is obviously not getting through.

**Q6 Mr Bailey:** I shall try to compress three questions into one to speed things up a bit. First, at sub-regional level, do you think that there is a danger—if that is the right word; perhaps “tendency” would be better—for the largest authority in the sub-region to dominate the process and outcomes of such an approach? Secondly, how could cross-boundary issues be resolved? You could have cross-boundary issues even within the sub-region, not just local authorities. Lastly, because of the resource implications for small local authorities, should all local planning authorities in the region have the capacity and skills to set policy at sub-regional level? David, you're the first to finish scribbling. This reminds me of my days as a teacher.

**David Carter:** To address your points as you said them, I suppose historically that Birmingham has had difficult relations with some of its neighbours, particularly if we go back to the 1950s and 1960s. I would like to think that we have moved away from those times of confrontation and that there are many examples of working closely with lots of adjoining authorities. For instance, we joined up authorities across the West Midlands when expansion was proposed for Merry Hill shopping centre. It involved a coalition of metropolitan and shire authorities almost across the region. We have moved away from such a position and, if the Birmingham City region extends beyond our boundaries, which it clearly does, our belief is that the whole of the region would be empowered and far more successful economically in the longer run by working on a sub-regional basis and being involved in that way. Hopefully, that would be done whereby one authority did not dominate and by working on the positives. On cross-boundary matters, I agree that, when sub-regional working takes place, there will still be a need for cross-boundary matters to be resolved. I do not see why that is different from the situation that we are in now. Burton-on-Trent and Stoke both have relations that go beyond the regional boundary, so working in a sub-region in those sorts of places involves sub-regions going beyond the regional boundary. As for the capacity of local planning authorities, being a big authority, it is perhaps not such a big problem for Birmingham, but authorities working together and sharing expertise has already happened in several parts of the region and must present a sensible way of moving forward.

**Mr Bailey:** What about the South Worcestershire perspective?

**David Hughes:** The collaborative working of neighbouring authorities is a very good way in which to plan for the future. It is a fact of life that the larger you are, the more you are likely to dominate. If you are talking, negotiating and forming a group that represents the interests of all the neighbouring authorities, it is in everybody's interest that you move forward and you all benefit. It has to be a win-win situation. The domination question is not a major issue. Certainly, in South Worcestershire in

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my experience it has not been a major issue. There is an element of negotiation. It is important that that involves a reiterative process because, by the nature of negotiation, you don't want to start with a given then try to work out how to do it. You want to start with some idea that is floated and then massage it so that it is acceptable to all parties. That covers the boundary issues as well. Within neighbouring authorities, the boundaries are clearly defined but they are something to which you have to be sensitive, and you have to accept the fact that there must be some give and take. It is often all take in some cases and all give in others. As far as resourcing is concerned, I agree with the comments that have been made. Collaborative working helps to resolve the resource issues.

**Q7 Dr Taylor:** You've already expressed a certain amount of agreement that regional co-ordination and regional planning are absolutely necessary. Can you give me an idea of what should be left to local determination and decision?

**David Carter:** My instant reaction to that is to say, "As much as possible." We would argue that subsidiarity principles should apply. So you would almost restrict the regional tier to that which needed to be dealt with at the regional tier, and the same with the sub-regions. At sub-regional level, particularly if you are looking at it from a conurbation perspective, it makes a lot of sense in terms of delivery planning and implementation for some of those things to be co-ordinated across boundaries, as happens at the moment with the local transport plan. Subsidiarity principles should apply.

**Dr Taylor:** As much as possible as keeps regions slim?

**David Carter:** Yes.

**Paul Williams:** I just wanted to add that, while local decision making is paramount and informative to that process, the key point has to be the outcome, which is about local needs being met, whether that be infrastructure or housing. We cannot lose sight of the fact that our local decision making still has to have an outcome, which is meeting need.

**Q8 Dr Taylor:** You made the point that it is easier for you to engage at central level, but all your members can do it locally.

**Paul Williams:** Absolutely.

**Chairman:** We'd now like to move on to look a little bit more at housing predictions, in other words some of the stuff in the existing RSS.

**Q9 Mrs. Dean:** At the moment, the RSS will require up to 397,900 houses to be delivered in the region in 20 years, up to 2026. What challenges do you see in delivering this number of houses across the West Midlands?

**Paul Williams:** There are a number of challenges, not least one that is highly topical—financing. Clearly, to deliver that number of properties in that period of time you need a significant amount of finance. If we talk specifically about affordable housing, obviously we have relied heavily on section 106 as a key delivery mechanism in the past. I think there is a

challenge around the introduction of the Community Infrastructure Levy that may reduce that provision. What housing associations do to deliver that is use finance from the open market and their own resources to offset the contributions of the Homes and Communities Agency, and other contributions from the local authority or wherever. They have experienced in the past couple of years increasing difficulty in accessing the finance markets, a difference in terms in particular, less affordable loan agreements. Equally, they have limited resources available to them from their own reserves, which has been contributed in the past, but, due to stock valuation, that can change as well. Fundamentally, and particularly in light of the fact that we are going into a period of extremely confined public expenditure, we need to consider the impact of the HCA provision and other public sources of assistance on delivering those homes. Therefore, the reality is that the demand on housing association resources in particular may actually be higher and greater than it is at the current time. If you use the limited resources more quickly, you deliver less in the long term. All that combines to a pitch which, unfortunately, sets us well behind in meeting the housing need. The delivery in the region has been good. We are again on course to meet our affordable housing target for this financial year against a market showing a significant problem. Although the region has a good track record on delivery, we will struggle to meet the pure housing need and the affordable housing need provision. Against a backdrop of potentially fewer resources coming through the section 106 route, we are certainly concerned about the target numbers and meeting them.

**David Hughes:** One of the problems from a member's perspective is that the figures we are currently working with are questioned at every level. They are based on growth targets, which are based on immigration predictions, and the evidence base for those is questionable. The planners are not allowed to use windfall allowances, which in the past formed a large proportion of development, and over 10 years that has been ruled out. That skews any figures that we are working with and brings the whole area of targets and growth into question from the people in our constituencies. With regard to expansion and growth, infrastructure is essential. Infrastructure improvements in this area, particularly transport, are absolutely essential. We are already gridlocked. The proposed expansions we are talking about, even the reduced level of expansions, are not possible without significant investment in infrastructure. Lip service, it seems, is paid to this. There is no clear commitment that any infrastructure improvements will be delivered. They need to be funded by central Government. In fact, in the current economic climate, which has emerged during the RSS process—the ground has shifted during this process—it is highly unlikely that any significant funds will be available. It may be that we are then expected to fund infrastructure purely through section 106 agreements. I believe that this puts the councils in an invidious position, because

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we are expected to ratify some form of joint core strategy that opens the door to speculative development within the preferred options, with the knowledge that the infrastructure is questionable. We could end up in a situation where we approve or endorse developments in certain areas of high numbers with the suspicion that the infrastructure will never materialise. So we are adding to our existing problems.

**David Carter:** I would like to support the comments that have already been made by fellow panel members. I have just a couple of additional points. Obviously, the household projections behind the 397,000 dwellings are trend-based, after a period of sustained economic growth. It seems to me that it is possible to question whether those housing figures really need to be so high, and there are lots of reasons for that. Of course, one thing that the Panel Report on the public examination into Phase 2 suggests is a trajectory for dealing with the house completions, with the completions rising as we go through the plan period, so there are much higher levels in the latter part of the plan period. It seems to me that there might be a risk inherent in that, which we need to be aware of: could that be fuelling, in the longer run, another boom and bust cycle? We need to be a bit careful about that. The final point is that the 397,000 dwellings include a substantial proportion of affordable dwellings. It seems to me that if the resources don't come forward to fund that provision of affordable housing, that must bring into question whether the housing figure should be so high, because building private sector housing—open-market housing—instead, at face value, will not mean building the housing that the people require.

**Q10 Mrs. Dean:** May I ask Paul Williams a question? You've talked about the problems of affordable housing at the moment. Do you agree with concerns about the 397,000 projection and how severe do you think the need for new housing in the region is? You talked about the problems, but do you see any sign of increasing supply, with the move into the economic upturn?

**Paul Williams:** In terms of the projection, we indicated an interest in having a higher level of provision in the region, in our submissions on the regional spatial strategy, due to the increasing waiting list and need. As a derivative of open-market housing, the affordable element is something that is normally capped at around 30% of the section 106 target. We would see, at the current time of delivery, about 50% of need being met. That is based on an understanding and interpretation of the figures. Clearly, from our perspective, a higher number—whether that be 397,000 or otherwise—means an increased opportunity for people to find their own solutions for housing and that therefore relieves pressure on the affordable housing stock. We are not necessarily in a position to say whether that is the right figure. Far greater people than us have studied the issue and have been more informed in that regard, but I certainly think that a higher target number gives us an opportunity to meet a greater

level of need for the region and, therefore, relieves pressure on the bottom end of the market—the more affordable side. That must be welcome.

**Q11 Dr Taylor:** I think that it was David Carter who expressed some doubt about the affordability of affordable housing. Have you any ideas of new models of how to finance affordable homes?

**David Carter:** That really is the \$64,000 question.

**Dr Taylor:** I realise that.

**David Carter:** Clearly, at the moment, with the state of the economy, there is a desire to renegotiate schemes that have already been negotiated, where section 106 agreements are looking shaky in a lot of cases. I certainly attended a seminar a few months back, which was actually looking at, “Well, we've had the recession, we need to draw a line under it and start moving again and what are the sorts of ways in which we might start to think about that by using section 106s in a different sort of way than we have hitherto?” Therefore, for example, on a large housing scheme, we might not seek the affordable element to get it under way and would perhaps phase that provision back into later phases of a scheme, so that economic viability will have improved by the time we get to that stage. That was one possible suggestion. My colleagues in the housing department are looking at other ways in which private finance might be brought into housing from, for instance, pension funds and things like that. Perhaps there are institutional investments that can be made into housing on a sort of commercial basis, which I don't think has happened in the past.

**Paul Williams:** I want to highlight the issue of renegotiating section 106 agreements. I think there is, given the market conditions, a natural desire for that consideration to be undertaken, but whenever it is being considered there has to be a very open discussion with the partners involved, whether they are the Homes and Communities Agency or the local housing associations. Ultimately, it is one thing if it is a matter of timing about the delivery of affordable housing, but it is quite another if it is about renegotiating the numbers. That is certainly something that we would be keen to avoid in all circumstances, because those section 106 agreements took a lot of time to negotiate in the first place. We don't want to lose them once they are set down.

**Gary Williams:** I want to make an additional point in respect of affordable housing provision and the wider question of viability. It has to be looked at in the round in terms of the overall demands on developments. That was one of the reasons why it was so disappointing that at the regional level, the issue of infrastructure was not bottomed out in terms of sub-regional implications. There was a debate at the RSS on what represents a regional show stopper. From my perspective, it seemed very difficult to come up with anything that would be deemed a regional show stopper, but there seemed to be no understanding or exploration of what sub-regional risks could result in the non-delivery of major aspects of the RSS itself. Infrastructure for South Worcestershire is by far the biggest challenge for, and has the biggest impact on, viability.

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**Q12 Mr Bailey:** Thanks. Councillor Hughes commented on housing targets. Strategic Housing Market Assessments are being carried out and criticised for not using consistent methodology. Do you think that they are useful and have a role?

**David Hughes:** That's a very difficult question to answer. They have a role, but it is, I suspect, a mediation role rather than an establishment of targets. I can only repeat what I said earlier, namely that the housing targets should come from the sub-regional level. I accept the fact that they get fed back to a regional body and are maybe modified or sent back for reconsideration, but I think that they should start at the sub-regional level. That is where I think the process falls down at the moment. It would be far more successful if we could change it, because you would have commitment from the bottom up, so to speak.

**David Carter:** Just to make the point again, the region is not a single housing market area, so it seems to me that sub-regional Housing Market Assessments are bound to be more reliable. To the best of my knowledge, that is how it has been carried out in the West Midlands thus far, by the assessments being carried out for the different housing market areas that have been identified. The issue perhaps is whether there needs to be some sort of commonality of methodology and so on, to make sure that they join up at the edges.

**Q13 Mr Bailey:** As far as I can gather, consistent methodology is the real issue. I use my local authorities as well as regional bodies. I will, if I may, move on. Again, this matter has been touched on. There is a disconnect between the Regional Economic Strategy and the RSS in terms of the times covered. The economic strategy forecasts to 2012, while the RSS forecasts to 2026. Do you think that the assumptions that underpin such forecasts for those periods of time are valid, and can you think of any alternative, or better, ways of doing it?

**David Carter:** Again, that is quite a difficult question. It seems to me that the experience of the past two or three years has demonstrated that it is substantially easier to predict the likely future population and, therefore, the dwelling requirements than it is to predict the likely course of the economy. I guess the answer to your question is that we have to be wise to those sorts of issues and, therefore, we have to be in a position where the regional strategy—if there is just going to be the one, and it includes the economy—is subject to regular monitoring, updating and review. You do not have to make all the decisions about where housing is going to be 20 years ahead, because you have time to review things before you get there. It is really a question of the frequency with which you carry out the reviews—if, that is, there is going to be a single strategy.

**Q14 Mr Bailey:** I don't wish to put words into your mouth, but can I summarise what you said in this way—there is not necessarily a disconnect provided that the right monitoring and reassessment are carried out?

**David Carter:** I think that's right, but vision also has to be a big part of any strategy—regional, sub-regional or local authority. It seems to me that vision is something that, by its nature, is long term and principled and should stay pretty constant, but the way you get there might have to wander a bit as time passes. I think that that is where the ups and downs of the economy might play into that.

**David Hughes:** I agree entirely with what David said. One aspect that I would strengthen up is the phasing of the plans. If we spent more time looking at the time frame up to 2026, it is an almost impossible task to predict where we are likely to be, but we are quite good at saying where we want to be in five years' time. We are quite capable of saying, "In five years' time, if that worked, we would like to be somewhere else in 10 years' time." We need a rolling plan that is constantly reviewed. We must have a system that is brave enough to be able to say at some point, "It hasn't quite worked out like that; we are going to change direction." Therefore everything that you do in early phases must stand up in its own right. If you do not roll out the full plan, you do not end up with carbuncles and silly half-developed schemes. It is a very difficult thing to do, but that is the way in which we should approach it. We are all clever enough and have enough experience to take that approach.

**Q15 Dr Taylor:** Very quickly, transport infrastructure is a major problem for the rural and semi-rural areas. Is it as much of a problem for Birmingham City?

**David Carter:** Transport infrastructure is always difficult. Providing infrastructure in urban areas is also difficult to achieve, and expensive. Transport is a big issue, but I think that we already tackled it on a sub-regional basis through the local transport planning process, so we have already moved quite a way in that direction.

**Q16 Dr Taylor:** Moving on, do you have sufficient brownfield sites in Birmingham and the Malvern Hills?

**David Carter:** Our position in Birmingham is that we want to accommodate as many people in dwellings in the city as we can without undermining the quality of the environment and without impinging on the green belt, so the brownfield sites are everything as far as we are concerned. Obviously it makes sense to us to have a strategic planning framework and hopefully a framework for funding which recognises the importance of delivering on brownfield sites because they might be quite expensive and more difficult to deal with in some cases.

**Q17 Dr Taylor:** Are there many in South Worcestershire?

**Gary Williams:** The short answer is no. We do not have sufficient brownfield sites to deal with the targets arising and, specifically, that was the argument underlying our case in respect of assumptions about migration and windfall. It is one thing taking a clear policy line in respect of both of those items, but it is understanding the context in which those decisions would manifest themselves at

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the sub-regional level. Our point is that if South Worcestershire takes high levels of migration and we are not allowed to take windfall allowances into account, that will lead to high levels of compensatory greenfield allocations. That is what is evident in the emerging joint core strategy for South Worcestershire.

**Dr Taylor:** One of the bits that has to be decided locally.

**Gary Williams:** Yes.

**Q18 Chairman:** A number of you mentioned the mix of housing, meeting targets for affordable housing and issues relating to top-down targets. If it is felt to be important to influence the mix of housing, both in terms of numbers and types of housing, and if there are problems with the way some things are done at the moment for the reasons you have said, how should we try to influence numbers targets and mix of housing targets, particularly to meet the demand for affordable housing, which hits a number of us in the face every day of the week in our own casework?

**Paul Williams:** Fundamentally, there is not an easy answer to that.

**Chairman:** That is why I asked you.

**Paul Williams:** Therein lies the challenge. What is important is that any decisions that are taken are informed appropriately. Certainly from our perspective changing demographics—the implications of people living longer and the demands that that will place on people within the community—make it important to talk to the NHS and professionals in that field. The environment, care and support provisions that a lot of housing associations deliver to communities is an area that is likely to grow. Supporting people in their existing homes and building homes to higher standards that make them more lifetime homes will probably be a good step in that direction and will provide some flexibility for people to remain in accommodation for a longer period of time. Certainly, coming back to the previous question, it is a matter of watching how things evolve really. Unfortunately, the housing stock we want to be constructed is very slow to change. We are all conscious of the figures—you know, if it was built today it would last 1,000 years. That key point about the flexibility of the stock and building to high thermal and space standards is critical. That is what we should be focusing on, as opposed to specifying exactly who can live in properties and what the demographic is going to be. We should make the stock more flexible.

**David Carter:** I want to make one or two points. First, if we are looking at a long-term plan, we need to remember that affordability changes over time and can change quite rapidly, as we have seen in the past couple of years. So that is one thing that we need to take into account. Delivery is best dealt with at the individual local authority level, to be quite honest, rather than at regional or sub-regional levels. The only sub-regional or regional dimension that I would want to mention is the ability of people who live in affordable housing to move house within the affordable stock across boundaries. That seems quite difficult to do, particularly in the current

economic circumstances, which might be restricting people's ability to gain new employment. People are effectively restricted to a particular area by their inability to move. That is an important point. Also, we perhaps need to be a bit smarter in how we think about delivering improvements to affordable housing stock. In Birmingham, for instance, we have a particular shortage of large family accommodation. If a development scheme comes up for apartments, for instance, we don't really want affordable apartments but would prefer a handful of large family dwellings, which we could perhaps achieve by taking a financial payment instead of dwellings on the scheme. However, the construction of a large family house is expensive, so you are not going to be building many of those on the back of a development scheme. However, if the local authority had a big stock of three-bedroom accommodation, rather than building a new four or five-bedroom house, could we consider using the lump sum to extend a number of existing properties, either to the rear or into the loft? We would not be building new properties as such, but we would be changing the nature and value of the stock to meet the needs of the area.

**Q19 Chairman:** The last question really goes back to where we started. How can we address the potential benefits and risks of the new regional strategy? It is oversimplifying it, but in a sense I can characterise the two local authorities here as saying, "Yes, there is a role for a single regional strategy as all sorts of things need to be done regionally, but we are worried that it will not be sufficiently responsive locally or responsive at the sub-regional level." Again, in an over-simplified way, I will characterise the National Housing Federation as saying, "Everything has to be locally responsive, but don't think that simply by doing things at sub-regional level you make yourself more locally responsive than when something is done at the regional level." Sometimes it is easier for non-local authority stakeholders to engage at those regional levels. If you were both to address each other's concerns, how would you do it? In other words, how would local authorities address what the National Housing Federation is saying, and how would the National Housing Federation address what the local authorities are saying?

**David Carter:** At the moment, in the current planning system as a whole, regionally and in terms of the local development framework, clearly we are having to consult at both levels anyway. The consultation and involvement of stakeholders and partners is one of the things we worked very hard on in the existing regional spatial strategy, but it is fair to say that effectively engaging everyone in the process is time consuming and potentially expensive. The one thing that I would identify as a potential risk is that, in the desire to streamline the consultation, involvement could almost become invisible, which would obviously be counter-productive.

**David Hughes:** The local authorities can listen to the National Housing Federation recommendations and feed back to it, because the federation should

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really be summarising what is required at the local level on a national basis. This has to be a two-way process, and I think that dialogue and influence are important. If we achieve dialogue and influence in both directions, we will come up with a satisfactory result.

**Paul Williams:** It is fundamental to remember that our customers are the same as the local authority customers. They are still people living in a local community. Our customers have an opportunity to feed into the local consultation processes as well and we would encourage and support that. Coming back to the point made earlier about whether there are sufficient resources, expertise and skills in local authority planning departments, the challenge for us in receiving information from our members is understanding those messages comprehensively and feeding it upwards in an effective fashion. Within our membership we do not have dedicated planning officers, so our challenge is getting that information via members, hence our difficulty. Although we would encourage members and their communities to

engage with the local authority processes, I am not sure how effective we can be in collating that at regional level. We have been quite open in saying that we value local input and processes. We would be happy to support that engagement, but we want to maintain that communication. We are probably saying the same thing in slightly different ways. We just want to maintain communication and effective consultation with members of the public.

**Chairman:** Thank you very much. To re-emphasise for you and the people who have been listening—straining sometimes to hear what has been said—the purpose of today’s hearing was to explore some of the issues that arose from the written evidence we had already received. The written and oral evidence given today have equal weight as far as the inquiry is concerned. The purpose of the hearing is to tease out some of the things that have been put to us. Based on the evidence we have received, we will produce in due course a report on the various issues we have talked about today, which will be publicly available. Today’s hearing has been helpful to us in that regard. Thanks very much.

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*Witnesses:* **John Acres**, Royal Town Planning Institute, **Gerald Kells**, Campaign to Protect Rural England, and **Deborah Walsh**, Royal Institution of Chartered Surveyors, gave evidence.

**Q20 Chairman:** Thank you for coming along. For the record, may I ask you to introduce yourselves, starting with Deborah?

**Deborah Walsh:** My name is Deborah Walsh. I am head of public policy and communications with the Royal Institution of Chartered Surveyors. I am also here as a director of Business Voice West Midlands.

**Gerald Kells:** Hello. I am Gerald Kells. I am the regional policy officer for the Campaign to Protect Rural England in the West Midlands. I am also a member of the Regional Assembly, have been a member of the Regional Planning Executive and am vice-chairman of the Regional Transport Partnership—one of my other roles.

**John Acres:** Good morning. My name is John Acres, past chairman of the Royal Town Planning Institute in the West Midlands. I work for a firm called Catesby Property Group; I used to work for Redrow Homes and, prior to that, the House Builders Federation. I sort of appear, also, as the voice of the development industry. I was previously on the West Midlands Regional Housing Group and served for a couple of years with the Affordable Rural Housing Commission.

**Q21 Chairman:** Thank you very much indeed. I hope you will forgive us if we are fairly brisk with our questions, because we have to finish this part of the hearing at 12.30 pm. Sadly, the parliamentary timetable means that a number of us have to get down to Parliament by mid-afternoon. If we appear to be rushing on, please forgive us. May I ask the first question, to Gerald, around the forecasts on housing? All the evidence we have had, from whatever source, has accepted that there is a great need for extra housing in the region. CPRE

suggested that the current approach to housing is too dependent on the kind of long-term forecasts that have come forward. What I am not clear about is if the number forecasted is being objected to, or the mechanism. If it is either—but includes the latter—what is the mechanism that you feel we should be using to try to get some idea of how we meet the housing shortage in the region?

**Gerald Kells:** First, the Government planning policy statement on this, PPS3, doesn’t put the housing numbers as the only factor that should be taken into consideration, but as one of a number. In practice, and this was certainly true in the regional spatial strategy examination, it was treated as the important factor and as an unchallengeable factor. Our view is that we do need to provide new houses. The figure we were proposing at the RSS examination was just under 300,000, a little lower than the Regional Assembly’s, but a very significant amount of new housing to be built. It was based on a concept that we should be building the houses that we know we need. We did a small piece of work for the RSS examination in which we looked at the statistical variation<sup>1</sup>—how much you could say that, even if you took this as your mean figure for housing, it was open to variation. There is a considerable level of uncertainty: immigration was mentioned, but also life expectancy at birth and the whole gamut, such as the amount of single occupancy families. The whole thing is open to variation. We argued that you should be building at a level that you are secure you need. Then, particularly in this plan, which is over 20 years, you would anticipate several reviews. If it turns out that actually we need more houses, you

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<sup>1</sup> Information provided, not printed.

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would look at increasing the level of housing. There was a risk assessment, which clearly demonstrated that over-provision was harder to address than under-provision in that sense. So, you know that you are building what you need and you are able to change that as you move forward. The biggest risk of taking a high level that turns out not to be needed is that, in doing so, you aren't providing more houses. You are giving the development industry the opportunity to get greenfield sites that, gradually, through the process, end up prioritised, rather than concentrating on what are sometimes more difficult brownfield sites. That is the position we are coming from. You would not simply ignore projections or analysis of future housing demand, but you would put much more emphasis on the demand and what we know we need now, rather than on something that might happen in 20 years' time when you don't know what will happen.

**Q22 Chairman:** Okay, thank you. It may be that Deborah and John want to come in on that, although there is no obligation to do so. By way of an introduction, I would also like to ask you a very different question about capacity within the construction industry—skills in the construction industry. If we take, for the moment, the kind of targets that are in the RSS in terms of the amount of house building and so on, particularly in the light of the recession and the aftermath of the recession, is there the capacity to do it and if not, how do we handle that?

**Deborah Walsh:** At the moment, it would probably be a clear answer to say there is not the capacity within there, because the construction industry has been somewhat decimated in certain areas by the recession. Current surveys—the latest Royal Institution of Chartered Surveyors one came out recently—show that construction capacity is down and that work is slowing down. Despite the fact that there have been some public sector funding inputs, there is still a slow-down—perhaps partly because of the political uncertainty at the moment. The difficulty we have is how quickly you can build that capacity back up again. You can decimate it quite quickly, but it is much more difficult to rebuild that capacity. There are some basic skills that you can build up quite quickly, but there are other skills—such as the professional skills—that take much longer to build back up again. We saw that prior to the recession, when we recognised that certain skills, such as those of project management and quantity surveyors, were in short supply. That is not the case at the moment. Undoubtedly, many people who have those skills do not have work or enough work at the moment, but they have been taken off the Migration Advisory Committee list, which means if we want to increase capacity substantially, we will have to fight again to get them back on to the MAC list to make sure that we've got enough capacity within the industry. That is partly because we have a demographic issue within the construction professions that dates back to the previous recession.

**John Acres:** May I come back to the point about housing numbers? People often dismiss the debate about housing numbers as being unimportant. I think it is vital, because unless you pitch that number at roughly the right level, you don't set your five-year housing land supply figures at the right level and you don't give the development industry the platform to identify sites and bring them forward. In a sense, the numbers are academic. They are academic to Regional Assemblies and local authorities, but they are not the people who deliver anything. It is the developers and house builders who have to deliver. They are the people who have to take the risk. People like myself—and I am talking obviously from a private sector standpoint—have to make massive investments into sites and take a risk on those sites to bring them forward. We are the people who are satisfying 75% of people's needs and probably 100% of people's needs, because we are also providing—through section 106—the houses that are needed. I know Gerald of old and I know the policy of the CPRE, which is that you provide housing on an incremental basis at what level it thinks is needed. You can't do it that way. If you set a very low level of housing and set your five-year land supply at that low level the sites won't come forward. So you will have a housing shortage; you will have increased prices; you will have lack of affordability and all the things that Paul Williams was talking about earlier. You have to provide enough homes because that in itself has an impact on affordability, bringing prices down to a reasonable level and bringing forward those affordable sites, through section 106, that people need.

**Q23 Chairman:** So would you see the methodology currently used for making those long-term judgments as, in essence, fairly robust? It seems to me that the CPRE was saying two things. One was in a sense looking from the other end of the telescope from the one you are. The second thing I think it was saying was that, even within the terms of the end of the telescope it would not look through, the methodology was a little flawed. From your perspective, do you think the current methodologies are robust or do they need to be tweaked or changed? If so, how would that fit the process of developing the strategies to allow that to happen?

**John Acres:** The current methodology, essentially a black box that consists of all the various components—housing growth, population growth, completions, past trends—is fairly sound. The problem is it is incredibly long-winded. The process is so long, it takes so long to introduce, that the economic cycles tend to make nonsense of figures, depending on where you are on the cycle. People are now looking and saying that those figures were over-cooked; we don't need 400,000 houses over 20 years. Maybe we don't on the basis of the current figures, but I can tell you that two years ago people were saying that those figures were well short of what was needed. The important thing is that we have a long-term figure; we take a view over 20 years, which is what regional planning is supposed to do; and we plan for the release of land on that basis. I'm sorry,

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Gerald, but it is not quite right to say that there is a risk that sites will come forward if they are not needed because they won't. House builders will not build houses if they are not needed. We have seen that over the past 12 months. When the market dropped, the house builders stopped building because they could not build houses they could not sell. Now they are building houses again and looking for land again and not finding it because people have unrealistic expectations about what land values are worth. People are not prepared to release the land at what they feel is less than it is worth. That's the problem.

**Q24 Dr Taylor:** Thank you. You have painted a picture of the huge difficulties and the contrasts between what local authorities want and what the builders and developers can do. Turning to affordable housing—and this is for Deborah—to what extent can planning influence the availability and affordability of housing?

**Deborah Walsh:** One thing is that planning needs to be seen as an enabler, not a restrictor. So you need a system that is clearly set out, with a clear framework and guidance, and that is seen to be responsive. In terms of the level of affordable housing, we also need to be looking at the mix of tenure. The recession has shown us that tenures have changed slightly. There has been more of a leaning towards private rented accommodation. We need to look at that as a much stronger part of the mix, as a potentially affordable option. I don't think that we can completely solve the problem of affordable housing through the planning system—certainly not. There are difficulties, looking at section 106 and, potentially, the community infrastructure levy, because it seems to me that there are substantial calls on those two funds for a whole range of things, whether it is looking at enabling the building of affordable housing, or at enabling the building of the infrastructure to help make that housing viable. What we need to be doing is looking at developing housing in a sustainable way. From that perspective, we need to make sure that the housing is joined up with employment land, as well. If we don't have that mix, we will not have a sustainable community, not least because if you are looking at providing affordable homes, you may well be looking substantially at people on lower incomes. They have less money to spend on transport and other things, so you don't want all the affordable homes to be put on the edge of somewhere or somewhere that does not have decent transport links.

**Dr Taylor:** So it is not only about a mix of employment land and residential land, but about the right mix of the types of homes.

**Deborah Walsh:** Absolutely.

**Q25 Dr Taylor:** You stressed the increasing need for private rented accommodation.

**Deborah Walsh:** That is certainly something that has come through. Part of it has kicked off because people have not been able to sell, so they have turned to renting. They have rented out and become

accidental landlords, but we have also seen more people looking at private rented as part of their housing options. That seems to be one way to go.

**Q26 Dr Taylor:** Are we reliant on the confidence of mortgage lenders and the market to drive new developments?

**Deborah Walsh:** We are reliant to some extent on the funders and there seems to be some difficulty. Undoubtedly, more mortgages are coming through, although the figure goes up and down month by month. What we are still hearing is that there are significant funding difficulties for the construction sector for various reasons, whether it is about the banks having to build up their balance sheets again, or about their being cautious about the value of the land and what they will loan in terms of amounts and terms. We are starting to see some of the financial institutions and private investors coming back in, but they are not coming in terribly fast at the moment.

**Dr Taylor:** I should think that, as constituency MPs, we have all had small building firms coming to us to complain that they cannot get the loans that they need from the banks.

**Deborah Walsh:** I think that is the case. Unfortunately, we have seen significant numbers of small contractors go under. That is one of the things that is decimating our capacity within the market.

**Q27 Mrs. Dean:** May I first ask a follow-on question? Is there a problem with recently built low-cost homes being brought up to rent rather than people being able to buy them?

**Deborah Walsh:** I can honestly say that I don't know.

**Mrs. Dean:** There certainly seems to be a bit of an issue. Did you want to come in on that, Mr Kells?

**Gerald Kells:** Yes. I should say that we produced a report called *Planning for Affordability*.<sup>2</sup> It has not had the attention that it might have had, but it looked at the question of whether the amount of overall housing you build is related to the affordable level of housing. We looked at various levels of that and the report looks in detail at different geographical areas to answer the question of whether that theoretical claim, which is pretty central to a lot of policy, is true. We didn't find the evidence. We didn't find that, historically, housing prices are related to supply, completion and all those various things. They are, in a very, very, small amount, but it is much more about the availability of finance, the overall stock and the economic situation. The new-build housing is a very small amount. We were also on the Matthew Taylor thing—I wasn't personally, but we were—and it is important that we should be finding as much affordable housing as we possibly can. A recent Regional Assembly report on the economy and housing is out, and I went to a very informative session by the consultants. Clearly, they saw that renting would go back to historic levels. They

<sup>2</sup> <http://www.cpre.org.uk/library/results/housing-and-urban-policy?month=0&year=0&keyword=&offer=false&format=&type=&orderby=title&campaign=&topic=101&page=3>

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suggested that we would get to a position where we had less owner-occupier housing and more renting. Clearly, there are a lot of issues about providing affordable housing, and there is the whole issue of whether there is a social stigma to renting. It is essential that we take renting on board as something that will happen; it is one of the ways in which we provide affordable housing

**Q28 Mrs. Dean:** May I turn to housing and economic development? Is housing integral to the regeneration of areas such as North Staffordshire and the Black Country? Will you remind us how long we have been using planning policy to focus development on brownfield land? Has it worked so far?

**John Acres:** I'll try to kick off on that one. On your first point, yes, housing is important in helping with regeneration, and I see regeneration in terms of not just urban areas, but rural areas. Housing is obviously important to confidence and to creating and satisfying people's needs. Clearly, there are areas of the Black Country and the Potteries that desperately need regeneration and funding, and the Royal Town Planning Institute and the private sector would warmly support that. What was your second point?

**Mrs. Dean:** It was about how long we have been focusing development on brownfield sites.

**John Acres:** How long have we been focusing on brownfield land? Almost forever, as far as I can remember. We seem to have got more and more focused as time has gone on. In the last RSS, there was almost an assumption that you could not build on greenfield sites and that you had to build on brownfield land. To put a private sector perspective for a moment, the private sector developer does not mind whether a site is brownfield or greenfield; they are concerned about their own site and whether they can bring it forward. At the end of the day, the value of that site depends on its residual land value. A brownfield site can be just as ecologically sensitive as a greenfield site, and it can sometimes be more so; if you are building on agricultural land, the ecology is probably much less rich than that of many of the brownfield sites you see in urban areas, which may also have a greater recreational use. The key issue is location and bringing forward homes that people want. Yes, the question of whether a site is brownfield is important in terms of the cost of developing it, but the cost is reflected in the land value that you pay to your original landowner. To some extent, the greenfield-brownfield debate goes on at a political level, rather than through the delivery mechanism; it really is not that important in practical terms. In our region, more and more new building has taken place on brownfield land as time has gone on—I think that it is up to 85% now. In other words, we have been restraining the overall level of development to try to accommodate more and more of our housing on brownfield land. We have to look at the other side of that. If you build on brownfield land, you are probably reducing the

amount of land for economic development. So that land does not come free, because it had some other use and it is no longer available for that use.

**Q29 Mrs. Dean:** Do you think that we have the balance right between new build and improving the existing housing stock? Which is the more likely to improve the quality of life for people living in urban areas who are considering moving? Has any of you got good examples of where the quality of life in, and the desirability of, an area have been improved through housing investment?

**Chairman:** While you think about the answer to that one, Gerald wants to come back on the brownfield-greenfield issue.

**Gerald Kells:** I will start on that one. It is essential that we look at the housing that we have and at new housing. That is one of our hopes for the single strategy that was mentioned. In my submission, I mentioned energy efficiency. We struggle in the RSS because we can talk only about new-build housing. If you are trying to get a policy that will effectively give you improvements on that particular topic, you need it across both the delivery and the planning. So I think there is a great opportunity, within a single strategy, to deliver a more holistic approach to the housing that is there and the housing that will be built. I wanted to come back on to brownfield and also the regeneration issue. I was on the steering group for the Black Country study for quite some time. The issue for the Black Country, or one of the big issues, was the variety and quality of housing, and getting aspirational people to come and live in the Black Country. One of the big challenges for us is that if you just build affordable houses to meet your social needs and then allow Lichfield and Cannock and all the places around to build five-bedroom executive houses, you will see a hollowing out of the population. Even within those sectors—and some of the black and minority ethnic sectors are more prepared to say, “We want to stay in this community” and less inclined to say, “We will leave this area”—if you have not got the properties, people are not going to stay. There is a very important issue about providing a variety of houses. In the first session you were talking about a mixture of houses as affordable houses, but it is very important to provide the right mixture and avoid a situation in which particularly the urban extensions and the areas around provide houses that are taking out that lifeblood. On the brownfield issue, the first thing to say is that we have brownfield land in rural areas. That is the difficulty with the brownfield issue. The Long Marston site was a brownfield site, whether or not it was in the right location. Brownfield sites can be in the countryside and you could question whether it has been sustainable to develop on some of them. But it is right that we concentrate on that. It is right to balance that with the economic need. We looked at that in the RSS very carefully and we have to make sure that we are not letting sites go, but it is important that we have a brownfield emphasis. There is, of course, the issue of what happens if we get a situation where back gardens are taken out of the brownfield mix. We have concerns about

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development on back gardens destroying local areas if it is the wrong case, but, for example, there is a redevelopment just going on in Walsall, where I live. They have taken out a very poor estate which they are going to replace with desperately needed new housing, much of which would have been greenfield land if the back gardens of that housing had been designated as greenfield land. We have an issue because we do not really know and we do not think anyone has done the question on that.<sup>3</sup> There is a question about rural brownfield. If the classification of brownfield sites changes, we need to do more work to see what the impact would be on our ability to meet brownfield land targets and how we approach the issue of back gardens, which provide a significant amount of brownfield land and are also, in some cases, inappropriate for development.

**Deborah Walsh:** May I just pick up on something that John said about brownfield land and the issue about making sure that we do not target all brownfield land for housing development and recognise previous use? One of the things that we are concerned about, particularly in some of the urban areas, is where there may have been economic use of land previously, but it has all been turned over into apartments or whatever sort of residential property it is. You are losing the employment opportunities in those areas which means, by virtue of what is happening, that people will have to travel further to get to a place of employment. You're not creating a mixed community in that sort of way. That can happen in the rural towns as well. We've seen the initiatives in town centres where everything is clustered so that you have all your economic activity within the town centre, but it goes dead at night and then you have social issues as well. It's plain that we need to ensure that we maintain a mix in order to keep things moving and in order to get the best built environment that we possibly can. In terms of the balance between retrofitting and new build, undoubtedly the vast majority of the built environment that we have now—housing that exists at the moment—will be what we have for moving forward. A very small percentage of the housing that we will have in future is actually being built at the moment. It's being built to higher green standards. So it is particularly important, given the amount that the built environment contributes to the carbon issue, that we look at retrofitting. There are initiatives that are happening. There is funding that

comes down from central Government for various other initiatives. But it's a slow process. As well as having the physical retrofitting, there is also an issue about culture. It's about changing people's minds and changing the way in which people think about what they do and how they do it. And, of course, what do we do about properties that are in private ownership? How do you persuade people to retrofit those as well? The only example in the region that I can think of off the top of my head, and which I've been to look at, is Summerfield in Birmingham and Edgbaston where they've been retrofitting a range of houses. That has made a lot of difference to the people who live there. It's made some of the houses particularly attractive. They've been learning from example as they go along, so that they've learnt from ones done at the beginning of the scheme and changed some of the things that they do to later ones. We're talking about new technologies, so we're learning all the time. One of the key things is to join up those schemes in terms of exemplars and actually learn from what's happening so that we move forward, rather than everyone reinventing the wheel every time they start to look at the issue.

**John Acres:** I agree with everything Debbie has said. She's taken the words out of my mouth in respect of the need to retrofit the existing stock, because new houses are built to a much higher standard, particularly in terms of energy. We have very tough standards now for improving new homes up to code level 6 by 2013—or 2016, I think it is—which is basically zero-neutral in terms of energy consumption. We are now required to build houses to code level 3 and very soon to code level 4. Those are very tough standards and they leave the existing stock really wanting. That's something we need to tackle as a matter of urgency, either through some kind of grant aid or public intervention to deal with existing stock.

**Q30 Chairman:** We touched on retrofitting and what we do about that in our first report at the beginning of the recession. We need to move on from that now. If there is anything further you'd like to add, we'll be pleased to receive a note. Before we conclude, I'm going to ask Adrian to explore some of the issues we discussed with the first panel about the regional and sub-regional issue. Before he does that, may I ask you all something? Up until now, the Regional Assembly has provided a route for stakeholders to engage in discussions on the planning process. There have been good and bad experiences. I'd just like to ask you to characterise how you see things now, as the Assembly disappears. What are the opportunities and how would you improve it, if you feel it could be improved?

**Gerald Kells:** As a member of the Assembly, I've seen this for quite a while. The concern, particularly at the moment, is the uncertainty about stakeholder engagement. The Assembly was very good. I am thinking about the West Midlands Regional Assembly, because things vary slightly across the country, so I can't speak for the other regions, but in terms of the engagement and involvement of stakeholders, as I've said on a number of occasions,

<sup>3</sup> *Note by Witness:* I also referred to the potential impact on redevelopment of making gardens brownfield. I referred to an example in Walsall of a redevelopment in a run down estate where large amounts of the land would be gardens and so greenfield if gardens were redesignated. The site I referred to is in Goscote and the plans can be viewed at: [http://www.walsall.gov.uk/index/strategic\\_regeneration\\_framework\\_1\\_programme.htm](http://www.walsall.gov.uk/index/strategic_regeneration_framework_1_programme.htm)

This is also perhaps a good example of how regeneration can be done in some of our most deprived inner city areas. It is noticeable that, this is a brown field site next to areas of green belt where redevelopment is not only delivering new and improved homes but also providing more open space. We do not accept the case that developing urban brown field land for housing means it should all be used for that. In many cases there are opportunities to build homes, improve open space and biodiversity and provide modern employment sites. A larger opportunity would, of course, be Longbridge.

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the positive benefit to the region of what stakeholders did, beyond what members could do, was very useful. We do have concerns. The right words have come out of the sub-national review saying that people should engage stakeholders, but it's really up to each region, and it seems to vary considerably across the region, and we have spent quite a lot of time having to go through the processes of justifying our position. The sub-national review stuff is quite clear that it isn't just consulting us; it's about our involvement in the development of policy. The engagement through some of the members in things like the regional planning executive gave us a clear role and meant there could be discussions—that we weren't wasting our time before we actually talked about the issues with the people who mapped them; and it was made sure that where we did have issues they were clear and we debated them properly. So I think that is the way forward. Currently, as I understand it, the Leaders Board is looking at a transport partnership but not at a planning partnership and there will be a series of six planning sub-groups, but we've yet to have confirmation and this has changed several times. Our concern at the sub-regional level has always been that, whereas the local level clearly has members who have a clear role—the local authority is under obligation to consult, to engage, and the same was true of the regional level—the sub-regions tended to be *ad hoc* arrangements that had been set up by particular groups. As a result, they often didn't have as clear a process. There often wasn't a requirement for stakeholder engagement. Sometimes they appeared to be closed shops. It wasn't clear what was being discussed and how it was being dealt with. So if sub-regions are going to become more important as the level of strategic planning—and we haven't said that the region is the only level where you can have strategic planning—it's important that they are properly set up, with proper stakeholder engagement arrangements, so that it's absolutely clear that they're doing their job and talking to stakeholders and they aren't even appearing to be acting in small groups behind closed doors, which is the question mark that has always been put on all these structures by the people we serve on the ground.

**Chairman:** In view of time, Mr Acres, I will bring you back in, and perhaps you could join your answer to your response to the question that Adrian's about to ask, as it takes up similar themes.

**Q31 Mr Bailey:** I have got to go at 12.30 so I will try and amalgamate a number of questions and issues in a fairly brief one. Basically, it's about the appropriateness of the current regional structure for planning processes. Do you feel that there is a need to review planning and the mechanisms between local authorities at one level and national Government at the other, and encompassed in that do you feel that the West Midlands region is the right structure to reconcile the different interests and issues between the rural areas, urban areas and so on?

**John Acres:** That's a huge question.

**Mr Bailey:** It is. I have incorporated half a dozen.

**John Acres:** It's all about economic geography, isn't it? The West Midlands is a classic city region. It has the Birmingham-Black Country conurbation at its core, but like every other region it has its exceptions. It's got the Potteries on the edge of the region, as somebody said in the last session. It's got Burton upon Trent at the edge, and it's got Coventry, which is a counterbalance to Birmingham. Now, there will always be tensions in any region. If you go to the East Midlands you'll see that there is no city region at its core. There are five different centres in the different counties in that region. In this region there is a city region. The influence of Birmingham and the Black Country weakens as you go out further, so that if you go to Ludlow or Hereford, people there don't really know much about Birmingham and they don't really care. However, when you get to places like Solihull, Kidderminster or whatever, Birmingham becomes very important. From the point of view of the private sector and the RTPI, it matters what the structure is, in so far as how it delivers the product. I think that we spend so much time talking about the process and how we make the different arrangements, and not enough time talking about what we are actually delivering. People like myself and Gerald spend time at examinations in public, debating all the policies and so on, but the important thing is what we are actually delivering at the end of the day. That is what really matters, and that people who are investing in that can do so with confidence, because they know what those policies actually mean and they know that, when they come to make the investment, it will yield results. That is what the good British public out there need as well. That is why I think that regional planning is so important. Sub-regional planning is just as important at its own level. That is why I feel such a worry about the alternative solution, which may or may not be around the corner, of localism, because it is actually the law of the jungle, where you have people making proposals that don't fit together. You must have a jigsaw, the pieces of which all fit together. That is the importance of the regional level—the jigsaw.

**Deborah Walsh:** The regional level is important for that reason. If you look back at various crises, whether BSE or foot and mouth, when we actually got down to it, we realised that there were different relationships and interrelationships between the urban and rural areas, which we perhaps had not recognised before. For example, there were the tanneries in the Black Country that were dependent on rural areas for the skins that they used. Various other interrelationships became very clear. When we had the first Rover taskforce, most of the funding actually landed up in Shropshire, in the businesses out there, because they were the supply chain. Those sorts of things make it absolutely crucial that we have that regional perspective on planning, which joins everything up and makes sure that the rural areas, as well as the urban areas, have a voice and can participate fully. Make sure, if you go down the route of relying on, say, multi-area agreements where

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you have various local authorities working together, that you don't get anything that falls through the loop, particularly on the edges of areas where you have a black hole, through which things can fall. You need to ensure sure that you have that overall perspective and that it can also override the political perspectives that you often get in the local authorities, because you must consider who drives some of the decisions. Is it the officers and those with expertise who drive the decisions, or is it the politics of the local authority that drives the decisions? I am not saying that happens—that politics drives the decisions—but you have to be aware that there may well be decisions that are made that may not be optimum and that may not necessarily take account of the neighbouring local authority and what happens within that individual boundary. There is also the fact that, frankly, local authority boundaries, particularly in the major conurbations, are pretty arbitrary and actually meaningless for individuals living there, because they go down the centre of the street and the boundary does not have

an impact, because it is not where people get their education or health services, and it is not where they go to work. They are moving across those boundaries all the time. They are not actually bothered about who is providing something or what it is; they are concerned about quality and how it impacts on their way of life.

**Chairman:** I am afraid that the clock has beaten us; apologies for that. Although that was somewhat truncated, it was very useful—it really was. As I have said, the comments that you have made here have all been recorded and they will help inform our report. I extend the same offer as before; if there are points that you wanted to make, or if there are issues that you think need to be amplified and that you want us to take into account when we prepare our report, the opportunity for that is still there. So, apologies for the parliamentary timetable. That is not entirely within our control, although perhaps after this Thursday it will be rather more in our control. Thank you very much indeed, and have a safe journey home.

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## Monday 8 March 2010

Members present:

Richard Burden (Chair)

Mrs Janet Dean  
Mr James Plaskitt

Dr Richard Taylor  
Joan Walley

*Witnesses:* **Tim Harbot**, Divisional Director for the Network Development and Delivery Division, Highways Agency, **Mark Middleton**, Director of Policy, West Midlands Leaders' Board, and **Mark Sitton-Kent**, Regional Director, Environment Agency, gave evidence.

**Chair:** Thank you for coming along. For the record, I ask you to introduce yourselves and say where you are from.

**Tim Harbot:** Good afternoon. My name is Tim Harbot and I am the regional director for the Highways Agency for the West Midlands.

**Mark Sitton-Kent:** I am Mark Sitton-Kent, regional director for the Environment Agency across the Midlands.

**Mark Middleton:** Good afternoon. I am Mark Middleton. I am director of policy at the West Midlands Regional Assembly.

**Q32 Chair:** Welcome to all three of you. The purpose of this inquiry is to look at the Regional Spatial Strategy and at the future of regional planning, and in particular the plan to bring the Regional Spatial Strategy and the Regional Economic Strategy together. Part of what we will be asking will be about that. We will also ask questions about specific things in the strategy, an obvious one being housing numbers and housing mix; there may be others. There will be a lot to cover. I am conscious that one would not ideally put the Highways Agency, the Environment Agency and the Leaders' Board together on the same panel, not because we think that you do not get on—perhaps you don't get on—but because each of you has specific advice and information to offer us that would justify an evidence session of your own. However, we are on a strict time scale. We will try to be as disciplined as we can be in suggesting who we are addressing a question to, but if you have something to offer on a question to someone else, do not feel inhibited. Equally, there is no necessity for all of you to answer every question, because it might be more in one person's area of expertise than another's. The first question, which is to all of you, is fairly general. How effectively do you feel the transition to a Single Regional Strategy is being managed by the Government centrally and within the region? Linked to that, where do you think there could be advantages in such a single strategy, and where are there disadvantages that we need to look out for and address?

**Tim Harbot:** From the agency's perspective, we welcome the introduction of the Single Regional Strategy, inasmuch as it will provide much better alignment of the money that is available in the region to focus on necessary requirements. Having said that, as a Government organisation, we will always

work with whatever system is available. Plainly, joining the systems together—the economic strategy and the spatial strategy—must have advantages.

**Mark Sitton-Kent:** For me, there are four things. The first is the blending of the environmental, the social and the economic into the concept of total place and total integration. I think, as a concept, that is the right thing to do, in terms of planning. The environment knows no boundaries; it certainly doesn't correspond to administrative boundaries. Unless you look at things across the piece, you are inclined to miss out quite a lot when you are looking at environmental issues. That whole notion of total place is something we are very much signed up to. The second thing for me is that it will provide a blueprint for investment planning by partners. That is important. It has a long time frame, so that people can align their investment decisions around a single strategy. I think that is ultimately a very helpful thing to do. I can illustrate that with two examples. One relates to flood risk investment. If we share our plans on flood risk investment in the region over the next 25 years, that will give a clear signal on which areas will and will not be suitable for development—I am thinking particularly of housing stock. Therefore, we will get maximum benefit for the investment we are making on behalf of UK plc, and we can achieve that through the integrated strategy. We can do that planning on our own, and we do that for things like catchment flood management plans, but having a mechanism to pull it all together is very effective. You could make the same statement about water supply development, because there are environmental limits, and you might say that water supply is one of them, but having a long-term strategy to plug into would mean that the likes of water companies could plan where to invest, so that this doesn't become a rate determining step to development. There are ways around environmental limits in some circumstances. In others, there are not, but you can plan for water supply, for example. Echoing Tim's point, we certainly sign up to the process of integration as a principle. How you actually deliver that and the mechanisms you use are, to some extent, less important, but as a concept it is very important.

**Mark Middleton:** I hope we are managing the transition from the regional assembly to the new partnership of the Leaders' Board and Advantage West Midlands thoroughly. As you know, we have already set up the Joint Strategy and Investment Board, which brings the two together. That has been

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in existence in shadow form for a year now, so the structures are in place, and we are working through them in shadow form, as it were. I will give two examples of how the JSIB is being used in shadow form. First, it gives advice to the Government on regional funding and on all the money that comes into the region for economic development, transport and housing purposes. We have given the Government advice and the priorities on which we wish to see that money spent. We have demonstrated partnership at that level. Picking up on a question you looked at in your first evidence session last week on how we will deliver the new strategy from 1 April, we have agreed through the Leaders' Board a pattern of sub-regions. We have never really had fixed sub-regions in the West Midlands, but we have agreed a pattern of six sub-regions now that will be the building blocks for our working relations with local government and its partners.

**Q33 Chair:** For the record, could you state what those six sub-regions are?

**Mark Middleton:** Yes, they are the Black Country; Birmingham; Solihull, Coventry and Warwickshire; Staffordshire; Worcestershire; Herefordshire and Shropshire, including Telford and Wrekin. Many of those are already working in sub-regional partnerships, so we are building upon existing relationships. On your second question, we think that one advantage of the new Single Regional Strategy, which we call "The Strategy for the West Midlands", is that it will remove a lot of duplication, certainly between the existing spatial and economic strategies. As you have heard before, we have brought those two closely together and aligned them closely, so it makes a lot of sense to bring them together formally in one strategy, and to integrate fully all the other regional strategies, so that we have one focus of policy to deliver. The second advantage will be in the way we are going about things. We are building what we are calling a powerful guiding coalition of all the regional partners, including those represented on my right, so that everybody is closely involved and committed to delivering the single strategy. As far as local government is concerned, we now have, through the Leaders' Board, direct ownership of regional strategy, whereas, if I am honest, the previous arrangement was a bit of an arm's length relationship between the regional assembly and local government. Now, local government, through the Leaders' Board, is the region. All those things are coming together to enable more efficient and effective delivery of regional strategy. To end on a down note, what concerns us from the practitioner level is that in trying to get a single document that is succinct and concise, a lot of the detail that is needed at the planning coal face—if I can put it that way—might get lost. What we are working on now is how to develop that succinct regional strategy and have underneath it a delivery framework that goes into a lot more useful detail.

**Q34 Chair:** This question is to you, Mr Middleton. The comment has been made to us that the Single Regional Strategy may have unintended consequences and inhibit the production of local development frameworks. Do you see that as a problem, or do you think that one has been cracked now?

**Mark Middleton:** I don't think it will inhibit. Indeed, if we can produce a strategy more speedily—the new system of continual engagement with an expert panel will help speed up delivery—I think that will help local authorities to get on with their local development frameworks. It is always a problem that the system requires us, both at regional and local level, to move along parallel tracks, rather than sequentially. As I say, our concern is that, in producing this strategy, we will not actually give enough detail or enough policy hooks for the local development frameworks to hang their more detailed policies on. I think we need to build on what we have already developed—the regional implementation framework—to say how the policies are going to be delivered at sub-regional level.

**Q35 Chair:** This is my last question before handing over to one of my colleagues. We took evidence, as you know, in Worcester last week. One of the concerns raised, off and on, was that there are different definitions of what an economic cycle is and how long it is. That is often the subject of some political disagreement, but there seems to be consensus that a lot of the time it is shorter than a planning cycle. Is there a danger that although bringing the two strategies together is good for integration, it could inhibit the region from being sufficiently fleet of foot, particularly in terms of economic strategy and being able to adjust, to change direction to suit, and to meet different and changing economic circumstances? Is that a reasonable fear, or is it something that can be easily coped with in a regional strategy?

**Mark Middleton:** It is a danger that one has to be very much alive to, but the purpose of a regional strategy is to give a 20 to 25-year vision into the future. Delivering the strategy along the way is bound to require you to adjust the delivery mechanisms, because of economic cycles and because of cycles in the housing market. It is important not to panic in the face of economic downturn, but to hold fast to the policy vision. In our case, at the moment that is one of urban and rural renaissance, rebuilding the major urban areas and meeting the needs of the rural areas in a more appropriate way. As long as we hold fast to that sort of vision, we can and must adjust, through the annual monitoring cycle, the delivery of policy.

**Q36 Mrs Dean:** Mr Sitton-Kent, you mentioned administrative boundaries earlier. Clearly, the Environment Agency boundary doesn't coincide with those of other agencies. Does that create any problems, or is it more important for you that environmental conditions are considered on a bigger scale than a local authority area?

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**Mark Sitton-Kent:** That's a very interesting question, and it's one that we as an organisation ponder from time to time. We are very used to dealing with different boundaries. At the moment, we are structured on the basis of water catchments. That, broadly, is because the environment, as I said previously, doesn't correspond to administrative boundaries and never has. It's a convenient way for us to structure ourselves. It is almost universally inconvenient for everybody else, but we are very used to dealing with that tension and, I think, handle it very well. To be candid, to us, a boundary is just a line on a map, really. The systems that we have in place now allow us to work to pretty much any boundary we want. In terms of the specifics of the West Midlands, we have always looked at the West Midlands as a single unit. For example, although Hereford isn't strictly in my operating patch—it's looked after by the Environment Agency Wales at the moment—in terms of strategic planning, we have always taken responsibility for it, so what our partner organisations see is one agency. Interestingly, incidentally, we are now addressing that more formally by realigning the administrative boundary between England and Wales. We'll be doing that at the beginning of the new financial year, so even that issue will be resolved. For me, the whole issue of integration is more about the quality of the conversations you have with partner organisations than lines on a map. We do our planning on the basis of catchments. Take flood risk, for example. We do a catchment flood management plan which, for the West Midlands, would take in all the River Severn. We then look to have conversations in the right places based on that plan, which covers the whole catchment, be it with local authority A or local authority B; it doesn't really matter. In summary, I think we approach this in an integrated way, in terms of the environmental issue we're dealing with. We then bring that to our various customers in a way that suits their needs. From my experience and knowledge, it isn't a defining problem.

**Q37 Mrs Dean:** May I ask you, and Mr Harbot of the Highways Agency, do you have a good relationship with individual local authorities, and do you find inconsistency in the skills of the various planning departments?

**Mark Sitton-Kent:** From my point of view, as I said, it's about the quality of the engagement and relationships with individuals within those organisations. Those are very good. We have no examples of where that has broken down. It helps to have a common view of what the environmental pressures and limits are, so we try to make our evidence base as compelling as possible so that people take the necessary course of action in the face of that evidence and don't actually have to wait for us to tell them what to do. That, I think, helps with the relationships that we have with local authorities, because they know where we're coming from, to put it bluntly.

**Tim Harbot:** We work actively with all local authorities in the West Midlands. As a generality, we find it's important that we explain our position—

what's in the art of the possible. We welcome early engagement with any local planning authority on the issues that are coming up. In terms of their abilities, as far as I am aware we have no reason to doubt the abilities of the planning authorities within the West Midlands. Occasionally, issues occur between organisations, but they are generally resolved through dialogue and working partnerships.

**Q38 Dr Taylor:** Mr Middleton, it is really a similar sort of question to you. In your evidence, you said: "Even the most rigorous approach to plan making can fall foul of the very stringent requirements of both the Environmental Assessment and Habitats Regulations Assessments and be found 'unsound'". You have rather suggested that there is not enough specialist expertise in local authorities. You were wondering if pooled teams would improve things.

**Mark Middleton:** Certainly, a very high level of evidence is required in plan making under the existing system. No one local planning authority will have all of that expertise within its boundaries. As far as the regional assembly is concerned, we certainly do encourage partnerships to try to deliver joint core strategies so that planning expertise can be pooled. It was something that came up in your inquiry in Worcester last week as to how effective cross-boundary working is. In some cases it is very effective. The South Worcestershire joint core strategy is an example where three sets of planning policy officers have been pooled together and their individual expertise can be used to the greater good. However, all of that depends on political willingness to bring officers together. There are other cases across the region where cross-boundary co-operation is not so well developed even though the logic on the ground suggests that it should be, so that is a problem. I do worry, as we go into a period of local government stringency and cutbacks, that the planning expertise will become even thinner on the ground. I think that it will force more partnerships along the way. Again, taking the Worcestershire example, Redditch and Bromsgrove have now merged their secretariats, which possibly leaves your own constituency authority out on a limb. It is delivering a very good service at the moment, but will it be able to continue to do that? The expertise is there but it has to be carefully managed, and it really needs sub-regional partnerships to make it as effective as it can be. Hopefully, the Leaders' Board, having defined six sub-regions, can start to build on those and get the political will for more sub-regional co-operation.

**Q39 Dr Taylor:** Does the long time scale of 20 years help infrastructure providers to plan where they need to invest in the future?

**Mark Middleton:** Yes, I am sure that it does. The regional funding advice process that I described earlier means that on the transport side, there will be a lot of schemes that just cannot be brought forward in the short term, and we really have to prioritise. I am afraid that a lot of pet schemes and schemes that are really going to deliver benefit to local communities will have to go on the backburner while

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we concentrate on ones that we know can deliver in the short to medium term. So, yes, having a 20-year view of transport is essential.

**Q40 Dr Taylor:** Mr Harbot, I think that you suggest that more could be done to secure involvement with transport providers. Is that so? Does the private sector prefer to interact at a regional level?

**Tim Harbot:** From our comment in our statement to you, we were talking about issues around relieving congestion on our network. We see opportunities for local transport providers to work with us on our smarter choices agenda, which is basically around influencing travel behaviour to make people think about how they use the resource of the road network. There is a limited resource in that regard within the region, or the country for that matter, and it is important we make the best use of it.

**Q41 Dr Taylor:** When you have several relatively small firms providing transport in the same area, can you do anything about them all turning up at the same time, other than staggering their timetables?

**Tim Harbot:** We try to work with Centro on those sorts of initiatives, so that the scheduling of services can be delivered for the overall benefit of either individual developments or areas to make the best use of the available capacity. Plainly if you can take 1 or 2% of the capacity out of the road network, that will make the whole thing flow a little bit easier with a bit more reliability.

**Dr Taylor:** Sadly, it is not only London buses that turn up three at a time.

**Q42 Mrs Dean:** May I ask Mr Middleton how much devolution of policy making and delivery you think there will be to the sub-regional partnerships? What will be the risks in this?

**Mark Middleton:** We hope there will be as much devolution as possible. The secretariat that the Leaders' Board will be able to support from 1 April will be smaller than the existing secretariat of the regional assembly. We know that the budget will be cut 10% year on year, so it is not going to get any larger. We must continue the existing arrangements we have for relying heavily on partners to give us expert advice and to develop policy with us. That reliance will just have to increase in the future. Hence my earlier points that now we are one. We are the Leaders' Board; we are the 33 local authorities operating together. That should make that process easier. That's the principle. The risks of it are the risks that I alluded to a moment ago. The effectiveness of working at sub-regional level does depend on being able to pool expert resources, which requires a political will that isn't always there.

**Q43 Mrs Dean:** How will the Joint Strategy and Investment Board and Leaders' Board work across the regional boundary to ensure joined-up policy for areas at the edge of the region, such as mine?

**Mark Middleton:** We have to have regard to what happens around our boundaries, because we are the crossroads of the country. In terms of our relationship westwards with Wales, we have already

secured agreement of the Joint Strategy and Investment Board to continue to take responsibility for the memorandum of understanding with the Welsh Assembly Government, which governs cross-boundary alignment of policy in mid-Wales. Just as we have arrangements that we have to carry forward under the new Act to give an opinion to local authorities as to whether their planning applications are in alignment with regional strategy, so we have to—and want to—continue to consult with the Leaders' Boards adjacent to us to make sure at regional level there are no policy dislocations that will cause difficulties to communities such as your own. We are very alive to that.

**Mrs Dean:** You'll be looking east, north and south as well.

**Mark Middleton:** Yes, and trying not to spin too rapidly in the process.

**Q44 Chair:** Mr Middleton, when you were saying things a little earlier about the benefits of the new system, particularly the role of local government within it, you said that one of the good things is that local government is the region. What message do you think that sends out to other stakeholders?

**Mark Middleton:** It hopefully sends the message to other stakeholders that it is important for them to get engaged both at regional level and sub-regional level. To take sub-regional level first, I hope it will give an impetus to develop even further the engagement of stakeholders in the local strategic partnerships. Those are clearly local-government led. At regional level, we still have to work out the arrangements to formally involve other stakeholders. I think the Joint Strategy and Investment Board will expand and have other members. It already has a representative of Business Voice West Midlands representing all the business organisations in the region, and I think it will expand to have direct representation of others. Underneath the Joint Strategy and Investment Board, there will be panels—or whatever you like to call them—at senior elected-member level, where other equivalent partners and their directors can be members and have a direct influence on the development of policy. We have already agreed that we will establish a skills panel, for example, and a transport panel, which clearly involves the Highways Agency and other partners. It is still work in progress at regional level as to how stakeholders are directly involved. At sub-regional level, it will be an impetus for more active engagement in the local strategic partnerships.

**Q45 Chair:** Are you aware that we have had evidence and submissions from some parts of other stakeholder bodies who are a little worried about whether their voice will be valued and involved as much as they would like? There is some concern, for example, that some of the practical experience of some of the sub-regional partnerships so far, has not necessarily been as involving of other stakeholders as, for instance, the regional assembly has been. Do you think they have that wrong, or is there

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something that local governments, as well as other institutions, need to do to think about whether they are listening to those concerns?

**Mark Middleton:** I do understand the concern, and I think that we in the Leaders' Board need to get a move on and develop our structures underneath the Leaders' Board itself and the Joint Strategy and Investment Board. As you rightly say, the position with the regional assembly is that the other stakeholder groups, and the business council, have direct voting membership. I know that is something that they value highly, hence the evidence they have put to you. But the legislation is what it is. It says that we have to have a local government Leaders' Board, made up of the leaders of the local authorities, and that's what we've done. Now we must, as I say, move quickly to develop the structures underneath that and give proper advice to the Leaders' Board. I also think that the overarching Joint Strategy and Investment Board will expand its membership to have direct involvement with the other stakeholders as well.

**Q46 Chair:** The working arrangements go the other way between the Joint Strategy and Investment Board and the Leaders' Board on the one hand, and the central Government funding bodies on the other. How effective do you see the working arrangements being there?

**Mark Middleton:** I think they will be effective. It will be easier with this new simplified structure to focus efforts and to remove a lot of duplication. We are trying to build a coalition at regional level to give everybody who has a stake in the West Midlands a direct voice in policy development, and we can now make that work. It's early days yet. The structures haven't been developed, so I can't really go into too much detail to advise you on that.

**Q47 Dr Taylor:** This question is to Mr Harbot and Mr Sitton-Kent. Do you think you were involved early enough in the preparation of the RSS for your views to be taken into account?

**Tim Harbot:** From the agency's perspective, yes I do. I think that we have been involved right from the early days of the first thoughts around the RSS. We fed into the RSS and some of the issues that we have raised have been taken on board in the various revisions. We present evidence through officer engagement but we also produce something that we call our regional network reports, which produce a picture of what the road network is doing within the region. The reports that we have that are current at the moment were produced primarily around the planning agenda. They were produced in 2008 and in the next month we are about to produce a 2010 update. Again, that will feed into the development of the single strategy.

**Q48 Dr Taylor:** Excellent. So that is a yes? Is it the same for you, Mr Sitton-Kent?

**Mark Sitton-Kent:** A very simple answer—yes. We were involved right from day one. In fact, we seconded staff to help with it. So, yes, we have been right there from day one.

**Q49 Dr Taylor:** I have another question, which I think will prompt an equally quick answer. Am I right in assuming that merging the RSS and the RES will improve the balance between social, economic and environmental considerations in the planning process?

**Mark Sitton-Kent:** Absolutely.

**Tim Harbot:** Yes.

**Q50 Dr Taylor:** This is good. I will move on to address Mr Sitton-Kent directly. You have already mentioned flood risk. Do you have particular concerns that mitigating flood risk may not have been given appropriate weight in the past, and could it be better dealt with by having an integrated strategy?

**Mark Sitton-Kent:** If you look back into the dim, dark and distant past, there will be examples of situations where our advice has not been taken on board by planning authorities, but I hasten to add that there are very few examples of that now, certainly across the patch that I am accountable for. Across the country, there are very few examples now of situations where that type of advice is being overturned. I think that has a lot to do with the way that we look at flood risk and the way that we integrate that analysis with other plans at a strategic level. So, to answer your question, it may have been a problem in the past but I think that it is much less of a problem going forward.

**Q51 Dr Taylor:** So you have more power to suggest that people do not build on floodplains, have you?

**Mark Sitton-Kent:** I don't think that our power has changed, but I think that the cognisance that the relevant organisations have of our advice and our evidence base has changed. If you look at recent events, such as flooding in our own region in 2007 and more recently in Cumbria, it is difficult to ignore the extent of the damage that flooding causes. So I think that our advice is taken on board now much more comprehensively than perhaps it once was. Part of that change is to do with the way that we have done our planning with partner organisations.

**Q52 Dr Taylor:** I want to go back to Mr Harbot. We seem to have got a bit of a conflict. Local authorities have told us that they cannot support additional housing without improvements in transport and you have said that you will not build any additional roads. How do we balance those views?

**Tim Harbot:** The Highways Agency is responsible for the national network, the motorway network and the trunk road network. The modelling that we have done suggests that the additional development within the West Midlands is unlikely to impact on the network on a link basis.

**Q53 Dr Taylor:** Is it more on local roads?

**Tim Harbot:** Yes, it is more on local roads. There may be specific issues for us around the access points to the network—motorway junctions and that type of thing. However, as a generality, the modelling is showing that the factors that we put in for general growth will subsume the regional growth

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expectations on the links. Of course, we already have quite a congested motorway network within the conurbation. At the moment, we are trying to deal with that through the managed motorways process.

**Q54 Dr Taylor:** What makes you suddenly decide to de-trunk roads? Is that for economies, and to get rid of them and pass them on to somebody else? Or is there a better reason?

**Tim Harbot:** De-trunking is predominantly a ministerial decision. [*Laughter.*] I am sure there are a lot of issues to consider when thinking about the network that you want to describe as the strategic road network.

**Q55 Dr Taylor:** You've mentioned the current network and, obviously, the M6/M5 area. Is there room to expand in view of capacity?

**Tim Harbot:** Yes, there is. At the moment we are rolling out our managed motorways programme, which is an extension of the hard shoulder running scheme that we operate currently on the M42. We've extended that through phase 1 to the north and south of the M42. We're currently building the phase 2 works which go from junction 8 to junction 10A. We have proposals in the pipeline to link those up between junction 5 and junction 8 on the M6 and we also have a long-term scheme to extend that hard shoulder running concept from junction 10A up towards Manchester. Work is already being done on the first stage of that, from junctions 10A to 13. That will enable us to have control of the traffic and provide additional capacity when it's needed.

**Q56 Dr Taylor:** Great. That is encouraging. Are you engaged sufficiently with private sector developers to manage their expectations about infrastructure?

**Tim Harbot:** I think the answer is yes. Plainly, there will always be developers who think we should be doing more, but as a generality I think that we find we operate well with developers, especially those that come and consult us early and talk to us through the development of their proposals.

**Chair:** I am now going to ask Joan Walley to explore some sustainability issues associated with regional planning.

**Q57 Joan Walley:** I want first to go back to the question whether the balance between social, economic and environmental considerations in the planning process is being introduced in respect of the advice of the new planning guidance, specifically its sustainability aspects. I am not sure that that planning guidance is in force at the moment. I am interested to know, particularly from the Environment Agency, how that new planning guidance on environmental issues is guiding these new arrangements that you now have for the whole planning infrastructure.

**Mark Sitton-Kent:** I would have to come back to you on the specifics of that, but broadly speaking we're happy with the way that things operate and the way in which our advice is taken on board. The big issues are around flood risk, as you will know—I've talked about that a great deal—water supply, waste

planning and water quality issues, including the capacity of rivers to take discharge. Those are the big four, but there are others as well. Our advice, broadly, is taken into account within the existing mode of operation. I can't see that we're going to enter into a situation where planning authorities will start ignoring some of those important issues. They've come up the agenda over recent years and I think that's only going to increase.

**Q58 Joan Walley:** One of my concerns is that where new developments or a change of use is being looked at, it still is not possible for there to be an environmental agenda that links planning to economic development to housing development. Just to give you an example, where a site is turned into a big waste disposal site without proper consultation and liaison in terms of formal consultation between the Environment Agency and the local planners, do you think that this new guidance, when it comes in, should be making it much easier to get the air quality controls over residential developments?

**Mark Sitton-Kent:** I think it will provide that opportunity. I can think of examples from your own constituency where this has happened recently.

**Joan Walley:** I can, too, but I don't think the Chairman will let me go there.

**Mark Sitton-Kent:** I understand where your question is coming from. We've had to nip in and catch those. I think the new process will make that an easier task for us.

**Joan Walley:** Did you want to come in on that, Mr Middleton?

**Mark Middleton:** Yes, if I may. Yes, the regional guidance you're referring to is newly published, but it is close to the draft guidance that we saw anyway, and we were encouraged to plan along the lines of this. It gives each region the scope to develop its own policies and priorities, and the important point to note is that all policy development must, as I said earlier, abide by sustainability appraisal and habitat regulation assessments. Those requirements are in separate legislation, so the process that we must go through is rigorous. It is important that, following the line of your questioning through to local level, under the Act we are producing at the moment a statutory plan that will be part of the top half of the development plan along with your council's local development framework. It will carry a lot of weight, so the development of environmental policies at regional level in a statutory regional plan is very important, which is why we have always valued the involvement of the Environment Agency. I think you've seen the degree to which it was involved in the phase 2 revision examination in public, for example, to develop our policy on habitat regulation assessment and protecting sites of European importance.

**Q59 Joan Walley:** What I was coming to was the meeting that I understand is taking place today to look at the sand and gravel plan for the whole of the West Midlands. In view of what you have just said, Mr Middleton, about the new planning guidance

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that is coming in but is not yet quite there, we have the regional assembly taking long-term decisions that will be there for the next 10 years. For example, Staffordshire county council does not want Staffordshire to continue to be the highest extractor of sand and gravel, not just in the West Midlands, but in the whole country. Is the Environment Agency satisfied that whatever sustainability appraisals there are will apply to those sustainability question marks and come up with a proper sustainable policy, which people such as Staffordshire county council and Friends of the Earth are saying is not right as far as sand and gravel extraction is concerned? Is there not a danger that we will have a long-term policy before your new arrangements have had a chance to come in with all the sustainability appraisals that there should be?

**Mark Sitton-Kent:** There is a danger, but that will be dealt with on a site-by-site basis. Our advice is taken into account. I think there is sufficient information to allow us to input and offer advice on the applicability and sustainability of those individual developments, whatever they are.

**Q60 Joan Walley:** I have concerns about the sand and gravel policy, which I believe is being set in stone on 17 March. Surely the new arrangements should apply to that policy in advance.

**Mark Middleton:** If I may contribute, yes, we are taking forward advice that the Minister asked us to bring forward on how to divvy up sand and gravel targets at a sub-regional level, and the work we've been doing has had to be subject to sustainability appraisal. There is that level of safeguard in trying to come up with targets down to county and unitary level, but as my colleague said, when we get to individual planning applications, the process must be gone through again with another sustainability appraisal at detailed level.

**Q61 Joan Walley:** It would be interesting for the Committee to have that appraisal that you referred to concerning sand and gravel. How do you think the bringing together of housing, economic development and environmental sustainability is working out in terms of the projections for housing?

**Mark Middleton:** I'm sorry, could you repeat that?

**Joan Walley:** How do the long-term projections for housing fit comfortably with the need to have economic development side-by-side with housing when it comes to urban renaissance?

**Mark Middleton:** We believe that the strategy we put forward for examination in the regional spatial strategy made the proper connections between housing and employment, and the targets for both housing and employment land were recommended down to local planning authority level. In response to that, the panel report was satisfied that we had broadly the right approach to marrying up those two important elements of place making, although clearly it is recommending to the Minister some increase in housing targets. None the less, the relationship between housing and employment land is still there, and taking that broader view of setting

that pattern of relationship and enabling local authorities to release the appropriate sites, demonstrates the importance of regional planning.

**Q62 Joan Walley:** Where there are conflicts, how are they being resolved—for example, whether there is the funding for the transport infrastructure, or whether it would be better to have jobs or housing on a site?

**Mark Middleton:** The conflict is resolved through policy. We know that in places such as the Black Country there will have to be a lot of release of employment land for housing. The balance of land use will have to alter if we are going to achieve urban renaissance. None the less, the policies are there to make that process of release rigorous, and that is being followed through now in the Black Country joint core strategy, which builds on our strategic policies. That whole process can now even more directly involve Advantage West Midlands, with its expertise in advising local authorities as to which are the best sites for employment purposes and therefore ought to stay in employment use rather than switch to residential.

**Q63 Joan Walley:** Do you think there will be equal weight between local government representatives from the Leaders' Board and the regional development agency under the new arrangements?

**Mark Middleton:** On the Joint Strategy and Investment Board at the moment there are six places for the Leaders' Board and six for Advantage West Midlands. I understand that AWM has taken up only two of them but has given a third, as I said earlier, to Business Voice WM. At the moment, the preponderance of membership is with local government, but as I said earlier, I expect the membership to expand.

**Q64 Joan Walley:** Moving on to the energy efficiency agenda, do you think that there is scope within the new arrangements to retrofit existing housing stock to make it more energy-efficient?

**Mark Middleton:** Again, it is important to have a statutory regional plan with policies that say, "These are the energy efficiency standards to which we need to aspire". Those policies can then be fleshed out, and applied, at local level. It worries me that if in the future we were not to have a statutory plan, it would not carry so much force. That advice would not be available so strongly for local authorities, to help them in their negotiations with developers.

**Q65 Joan Walley:** So you think it is helpful?

**Mark Middleton:** It's very helpful.

**Q66 Joan Walley:** Mr Middleton, in your written evidence you raised the issue that the independent panel review overturned the phasing policy that the region proposed to prioritise development in the major urban areas and on brownfield sites. This is a pet subject of mine, because in north Staffordshire we have the RENEW housing market programme, and it is absolutely essential that we get the priority given to the urban brownfield sites that we need to

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get developed. If there is not the priority and there are not the local arrangements to enable that to happen, the housing market targets will be met across the West Midlands as a whole and it will be very easy for developers to come in and build on greenfield sites. That will undermine the whole thrust of Government policy, which is being directed in a very integrated, joined-up way, combining housing and economic development, towards areas such as Stoke-on-Trent where it is most needed. Are we not in danger of seeing that phased development and opportunities for investment in the housing market renewal jeopardised? I have just come from Middleport, which is why I was a few minutes late.

**Mark Middleton:** It is something that worries us, and that is why I referred to it in my evidence to you. In your next session, colleagues from the Government office will be able to explain more fully the limitations that we work within as far as planning policy statement 3 on housing is concerned.

**Q67 Joan Walley:** Just to interrupt, surely if it is important to concentrate on areas where we need to bring in structural changes, if Government policy does not allow that it will completely undermine the investments that it is making?

**Mark Middleton:** There is a danger of that, yes.

**Q68 Joan Walley:** So what can we do about it?

**Mark Middleton:** What we can do about it is try to bring forward brownfield sites as early as we can. At a strategic level, what we can certainly do about it—the expert panel have accepted our policy approach—is not allocate lots of housing sites near areas such as Stoke-on-Trent or the Black Country, so that there isn't that direct close-in competition. The panel report suggests that that is sufficient because the need for housing is so great now in the region that we need to bring forward both brown and greenfield sites.

**Q69 Joan Walley:** But you can't do it unless it's phased, because one will undermine the other.

**Mark Middleton:** As long as the large-scale greenfield site releases are not urban extensions to the major urban areas—not close in—they feel that direct conflict is not there. I have to say we're not entirely convinced by that argument, but as I say, there are limitations on how far we can phase housing or propose phasing policies. You might like to ask the Government office whether they think we can go any further.

**Q70 Joan Walley:** So your recommendation to us would be that we should not accept it either?

**Mark Middleton:** Yes.

**Q71 Mr Plaskitt:** Let us continue with the housing issues for a moment. In your evidence to us, you say that in respect of regional growth figures, the Leaders' Board has established consensus, and yet you go on to say that some authorities did not express support for it. Can you clarify that?

**Mark Middleton:** We developed the preferred option for the phase 2 revision and I think nearly all local authorities in the region, with or without caveats, said they would support it. When we got to the examination in public, some individual authorities actually wanted slightly more housing in their area, so they were not disagreeing with the overall thrust of strategy, but on mature reflection they wanted slightly more. But the important point is that we actually managed to get away from a situation, which I think has been historically true in the West Midlands, of a great resistance to any sort of growth of any magnitude at all. To my knowledge, there were no local authorities that directly said, "We don't want any growth at all". Everyone recognised, however reluctantly, however willingly, that more housing was required.

**Q72 Mr Plaskitt:** And no one was trying to scale down the growth figures for their area?

**Mark Middleton:** No one.

**Q73 Mr Plaskitt:** That is important for us to know. You then go on to say that six strategic housing market assessments were performed in the region, but only one was ready to inform the RSS update process. How did those things get out of gear like that?

**Mark Middleton:** They are complicated studies to undertake. They were conducted by the housing market area partnerships themselves, so they weren't under our direct control, and they did have a life of their own. As for the actual signing-off process, I think at the end some of them held them up. But when we got to the examination in public itself—we had commissioned consultants to look across at all of them as they were at that stage, to benchmark them against each other—the advice we got was that they were reasonably comparable, and they were a basis on which the expert panel could draw conclusions.

**Q74 Mr Plaskitt:** You see, it is possible to look at this and have the concern that decisions have been reached on numbers. And yet, to some extent they are divorced from some of the essential research and analysis that you would expect to be there to inform that decision. There is a sense that a lot of that work is still going on and that, furthermore, some of the crucial numbers decisions have been reached before some of the integration of the different parts of the regional strategies has taken place. Is it not crucial to have that in place in order to determine whether those numbers are really deliverable?

**Mark Middleton:** All of this work is continual and iterative. We will never reach the point of perfect knowledge where we have all the facts with absolute certainty. The real world doesn't wait for planners so we have to make a reasoned judgment and proceed with policy to the best of our knowledge. We must bear in mind all the time that these policies just aren't set in stone, but are continually monitored. We see year on year whether or not we are successfully delivering them and adjust policy as a result. In a sense, the target numbers of houses that have been

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set over a 20-year horizon are less important than the annual targets we are hoping to deliver now, at the front end of the plan period, because through the new strategy for the West Midlands we will review those policies and targets. This is an iterative process. Government produce new household forecasts and we take all of this information into account and continually update it. A very important point, where again it is important that we have the regional level of decision making, is that we try to reconcile all of this theoretical work with local knowledge and with what the local authorities think they have the capacity for. This is where theory comes hard up against reality.

**Q75 Mr Plaskitt:** That often happens, doesn't it? I think it is important to be clear about this. Because this exercise is based on a 20-year horizon and talks about numbers through to 2026, there is a perception that the decision has been made now and will be applied without variance through to 2026. It is important for us to understand that that is not what you are saying. If you like, there is a global number

involved, but as we go through the period leading up to 2026, there are any number of opportunities to tweak, adjust, alter and revise the number. Are you saying that the overall total is not negotiable, just how you reach it, or is it conceivable that as time progresses through this period, the process could lead to alterations in the total number?

**Mark Middleton:** I am sure it will lead to the alteration of the total number. To take a specific example, we have set targets for the provision of affordable housing, which we know won't meet the totality of need. You will be hearing from the Homes and Communities Agency following this session and we know that with its active involvement in the regional strategy, we can bring its resources to bear on that delivery. If we fail or if we find that we are delivering more affordable houses than we anticipated, we can and will alter the target.

**Chair:** That brings us to the end of our questions for this panel. Thank you very much for your attendance. We will explore some of the issues that we have explored with you with the next panel, particularly some of the housing issues.

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*Witnesses:* **Trudi Elliot**, Regional Director, and **David Marr**, Deputy Regional Director, Sustainable Futures Directorate, Government Office for the West Midlands; and **Paul Spooner**, Regional Director, West Midlands, Homes and Communities Agency, gave evidence.

**Chair:** Thank you very much for coming along for the second session. I think that you were probably here at the start of the first one. In an ideal world, we would not have the combinations exactly as they are, but time constraints are beating us. Again, we will try to be disciplined in saying who we are addressing particular questions to. Do feel free to chip in on other questions, but don't feel obliged to, if it's not something on which you feel you have something to contribute. Again, for the record, I ask you all to introduce yourselves.

**Paul Spooner:** I'm Paul Spooner, the Regional Director of the Homes and Communities Agency.

**Trudi Elliot:** I'm Trudi Elliott, Regional Director of the Government Office for the West Midlands.

**David Marr:** I'm Dave Marr, Deputy Regional Director of the Government Office for the West Midlands.

**Q76 Chair:** The first question is probably relevant to all of you. One of the things that has come up throughout the evidence has been that everybody agrees that bringing the two strategies together has to be good in theory—integrating and joining up policies has to be good in theory. There can be downsides to it, either in terms of slowing processes up or getting them out of kilter with each other. How do we ensure, and how do you feel the Government can best ensure, that a single regional strategy is both concise enough to be understandable—to the general public, as well as to professionals—but also detailed and robust enough to cover the things that it needs to cover, and to stand up to a number of the legal challenges that could come, particularly on planning decisions?

**David Marr:** Only last month the Government produced a policy statement on regional strategies which sets out what regional strategies should deal with and what the relationships are between the parties that deal with regional strategies. It also sets out in some detail the Government's expectations about stakeholder engagement, and you might want me to talk a bit more about that later. We obviously expect that regional strategies will be concise, but there are some givens about the issues that need to be dealt with. Some of them will need to be dealt with in a bit more detail than others. For example, the housing numbers will be quite a bit more detailed than some other aspects. We will need to work very closely with the regional authority and local authorities to ensure that the strategy is not so high-level that it does not actually deal with the business that needs to be dealt with. I think most of the people do understand it because we have gone through a lot of detail in the regional spatial strategy process and the regional economic strategy process. A lot of people do understand the issues. I think it's a matter of our getting them right. Not everything has to be dealt with in that document. There will be an implementation plan as well, and it can contain a lot more detail than the strategy itself. To some extent, it is about building up relationships, ensuring that the evidence base is there, getting the overall strategy right, because it is something that we would expect to stay in place for some time and not have to be changed, and then getting the delivery—the implementation and action plans that follow from that—in place as well. Those documents can be changed from time to time, so they are a bit more iterative.

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**Q77 Chair:** In the evidence that we just heard, reasonable confidence came forward from the representative of the Leaders' Board that the regional and sub-regional tiers of planning can mesh together relatively effectively. He seemed very confident about that. Some of the evidence we had when we met in Worcester last week from some local authorities suggested that more policy making and spatial planning really needed to be located at sub-regional, local level, and as I indicated earlier, there was some evidence from some of the other stakeholders that questioned whether sub-regional meant more involving, and whether things at the sub-regional level could sometimes be more opaque than some of the arrangements at regional level. What is your take on that sort of thing?

**David Marr:** I was at the Worcester session, so I heard what Birmingham representatives in particular were saying about sub-regional issues. The strategy guidance makes it quite clear that we are expecting, where appropriate, sub-regions and sub-regional issues to be set out in the regional strategy. As a rule of thumb, we should expect issues and policies to be dealt with at the lowest appropriate level. So it is right that local authorities should deal with issues that are locally based. For example, the regional strategy wouldn't look at identifying specific sites. That ought to be left quite properly for local authorities. It is right that sub-regional issues are set out in the regional strategy within sub-regions. There will be some issues that can't be dealt with at sub-regional level and ought to be dealt with across the whole region. At the moment, those regional and sub-regional issues will be set out in the regional strategy. We would expect them both to be set out there and we will have to ensure that they are described properly in the regional strategy.

**Q78 Chair:** Those things need to mesh together and some question marks have been raised about whether all local planning authorities have the capacity and skills to input and sort things out effectively at sub-regional or local level. Is that overlapped or is there an issue there that needs to be addressed?

**David Marr:** There is a slight difference in what the Birmingham people were talking about, which was basically that the region could organise itself sub-regionally and develop a series of sub-regional plans. That is not the current proposal. The current proposal is not to have separate sub-regional plans; there would be sub-regional components of a regional plan. Can local authorities organise themselves to make that sort of input? There are some examples of where they have. The Black Country is one example, where the Black Country Consortium and authorities have effectively contributed towards a sub-regional component of the existing RSS. The four Black Country boroughs are also undertaking a joint core strategy. So at both the regional/sub-regional level and the local level, those authorities are quite capable of interacting together. Where I see more difficulties is with the smaller local authorities that don't necessarily have

the capacity for dealing with that sort of issue at the moment. The expectation, through the regional strategy guidance, is that there will be help for them to do that from the regional level. For example, the region is expected to have an implementation plan, through the guidance, and the responsible regional authority is to help local authorities in implementing that at a local level, to help them through some of the difficulties that they might have through lack of capacity at a local level. I should add that a lot of the work we are doing with the Department for Communities and Local Government is about supporting local authorities that don't have the right capacity. For example, we have been putting help into local authorities via the Planning Inspectorate, through the Planning Advisory Service and the advisory team on large applications, which is operated through the Homes and Communities Agency at the moment. A lot of capacity support is available for local authorities. I can talk a bit more about that if you want.

**Trudi Elliot:** There's also capacity within local government, based on the way that the existing regional assembly has operated its business. It has tended to have a small central planning team and commission planning expertise in local authorities to do work on behalf of the whole region, and that capacity remains.

**Paul Spooner:** Do you want me to add to that point about capacity in particular?

**Q79 Chair:** Perhaps you could include it in your answer. I was going to ask you how influential even existing regional, spatial and economic strategies are on HCA's funding priorities for the region. Obviously, theoretically there is a link, but in terms of the guidance and authorities that are handed down from on high, how eventually are things at the regional level? Perhaps you could cover that as well.

**Paul Spooner:** The HCA, as well as being a national agency, is focused on delivering locally, so we work at three levels. We do work at the regional level, we continue to be closely involved in the development and implementation of regional strategies, and we have been involved for years in the development of the regional housing strategy and, of course, its implementation. In terms of our own investments and our own planning for investment, we operate within the framework of the regional housing strategy—and, indeed, the regional economic strategy and the regional planning strategy. We take the regional spatial strategy and its targets in terms of housing numbers as, obviously, the clear direction in which we need to invest. So we operate closely at the regional level with our regional partners. At the sub-regional level, it is interesting that, as colleagues from the local authority Leaders' Board have already said this afternoon, there is an almost universal appetite for growth. The creation of these six new sub-regions is not only a representation of a willingness to come together and work towards delivering, as David said, at the local level wherever possible, but it is also a commitment to growth. We are finding at the sub-regional level that, within those sub-regions, the local authorities are working

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closely together to develop their own housing market area analysis and to develop their own planning and investment proposals. For example, in Coventry, Solihull and Warwickshire, one of the six sub-regions, the chief executives, which we, the Government office and the RDA meet with regularly, have appointed one of their senior officers to lead on housing strategy for that sub-region. In Worcestershire, the chief executives and accounting districts have appointed two of their housing officers to lead on the development of a sub-regional housing input, as David said, to the new strategy. The Black Country has already been mentioned, and Birmingham, as you know, is well advanced in this work. There are many other examples where, sub-regionally, we are finding that the HCA can develop its own approach through the Single Conversation in line with those arrangements being made by the local authority. To answer your specific point about how we are able to influence the existing strategies or how we are being directed, we clearly operate within national targets in line with the regional strategies. We operate increasingly in line with sub-regional frameworks as they develop, and through what is called the Single Conversation we then work with each local authority within those frameworks to develop our investment plans. For example, with Birmingham we have a local investment plan in draft which shows how we will support them in delivering 10,300 new homes over the next four years. Those 10,300 homes are a proportion of the 57,000 that the RSS inspectors' report proposes for Birmingham, so we are showing how, incrementally, we are moving towards those targets.

**Chair:** As you may have predicted, we would like to explore a little bit more around the RSS targets on housing. Richard, you can start.

**Q80 Dr Taylor:** We touched on housing numbers and mix in the first session. It is a specific. Is the target of 397,900 houses by 2026 realistic, thinking of the economic recession and the firms, large and small, that are in difficulties? As constituency MPs, we have probably all been approached by firms that cannot get the loans that they need to keep in business. Are we going to have sufficient skills and capacity in the industry to deliver that number of houses?

**David Marr:** The figure of 397,900 that you refer to is the recommendation of the panel report, so it is not a target at the moment. It is just a recommendation of the panel that looked at the RSS.

**Dr Taylor:** We have heard slightly lower figures.

**David Marr:** I can give you figures if you like. The figure that the regional assembly submitted was 365,600; that was in their preferred option. The figures that the Government's national housing and planning advice unit were looking at—I will explain these because they need explanation—is a range between 392,000 and 464,000. The reason why that needs some explanation is because the lower end of that range is what you would need to deliver the 2006 household projections. It is projection-based. The national housing planning advice unit then looks at what the circumstances are within the region that

might alter those projections. One of the things that it was particularly cautious about was migration, because although the household projections are very robust—and again, I can go into the reasoning behind that if you like—probably the area where there is most discussion, as it were, is around migration figures. NHPAU was very cautious about migration. It reduced the amount of migration. The upper end of that range is not just delivering the population that we understand will be living in the West Midlands—the new population, the new households that will be forming—it also aims to deal with the backlog. It is quite important to understand that the under-delivery of housing over the past 10 years or so has effectively led to three things: overcrowding, people living in overcrowded accommodation; people living with family and friends; and what we call concealed demand. Concealed demand is households that are prevented from forming at all—people who want to get married and buy a house but cannot, either because the housing is not available, or it is too expensive. That backlog will continue to exist regardless of current house prices, or the recession.

**Q81 Dr Taylor:** So you are confident that that is the level of need?

**David Marr:** No. The reason I say this is complicated. The NHPAU figures look at a range, which is what you would need to provide to cater for those two ends: at one end, the household projections; at the other end, the household projections plus that backlog of demand. The panel was answering a slightly different question—what is realistic for us to deliver within the 20-year period? That is a different question. The lower figure, 397,900, is realistically what we might be able to build within that 20-year period given that we know, at the moment, it is difficult to build houses because of the recession. That 397,900 will deliver what is necessary for the household projections; it will not deliver enough housing to deal with the backlog. That backlog will continue. It would not get any worse, but it would continue to be in place. It is that backlog that is responsible for the high level of affordability. If I could just say one other thing, which I think is necessary to make things a bit simpler. I know that you have heard, from people such as the Campaign to Protect Rural England, that the proposal is to build a lot of houses to bring down affordability. That is not the case in the West Midlands. What we are talking about is building enough houses for the people who are already alive at the moment and who we expect to need housing in the region. So it is what we call a demographic-based assessment, not an affordability one. It is quite important, because we are not talking about building more houses than are needed, we are talking about building the houses that are needed for the people who are actually here in the West Midlands.

**Q82 Dr Taylor:** And you think that slightly lower figure of 397,900 is possible with the capacity in the construction industry?

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**David Marr:** The panel went into that in some detail and that is its assessment of what it would be practicable to build within the West Midlands given the circumstances of the recession.

**Q83 Dr Taylor:** I had an optimistic morning this morning visiting an industrial waste recycling centre that has just opened up in Kidderminster—absolutely huge—and it is already stockpiling vast amounts of hard core that they have recycled. So, some people are looking for it anyway. Moving on, Strategic Housing Market Assessments were mentioned in the last session, so this is a very simple question. Why don't the Government prescribe a consistent methodology for the preparation of SHMAs?

**David Marr:** We haven't prescribed the housing market assessments. They have been doing a slightly different job. A lot of the housing market assessments have been dealing with affordable housing need within the housing market. They have not been done on a consistent basis. One of the things that we might need to look at is whether it would be better to have them done on a consistent basis. The evidence that we have already submitted suggests that we think the process would be improved if they were done on a consistent basis.

**Q84 Dr Taylor:** Should that be one of our recommendations?

**David Marr:** It could be, but you need to understand, at the moment, the limitations of that process. If you look at the numbers suggested in the housing market assessments that have been produced, you will see that 11 of them recommend, just for affordable housing, higher figures than those proposed for the total affordable and market housing in the regional assembly's preferred option. They are very high figures. You can draw two conclusions from that. One might be that these are not robust documents. The other is that there is a very high level of affordable housing need within localities, and that illustrates why we have affordability difficulties in those areas. The figures may not be robust, but they certainly illustrate where the pressure points are in terms of affordability.

**Q85 Dr Taylor:** I should perhaps know this, but do these six strategic housing market assessments tie up with other areas? Do they fit in with sub-regional areas?

**David Marr:** At the moment, the assessments are based on four broad housing market areas. In fact, the central one is split into two component parts.

**Q86 Dr Taylor:** Even though there are six, they are based on four areas?

**David Marr:** Yes, they are based on four broad housing market areas, which are very large. The housing market area is based on evidence that underpins the regional housing strategy. It is based on issues such as travel-to-work areas. It is supposed to look at the way in which the housing market operates over quite a large area.

**Q87 Dr Taylor:** Is there any way that housing demand can be better balanced with the available land?

**David Marr:** One of the purposes of the Regional Spatial Strategy and, indeed, the new regional strategy is to look at the broad areas where land is available. For example, in Stoke-on-Trent, there is no difficulty with land availability. A lot of the demand is coming in the south and the west of the region, so there is very high demand in the Warwick and Kenilworth area, but not a lot of land. The strategy is to try to reconcile that by bringing about an urban renaissance in the areas where there is low market demand and plenty of land, and to make those areas more attractive. This strays into one of the other areas that you are looking at. One of the areas in which the RSS has been particularly successful is in trying to reverse the decentralisation of population from the West Midlands conurbation. Previous strategies have been to accept that that decentralisation was going to take place. We continued to get a hollowing out of the West Midlands conurbation and we would accommodate population beyond the green belt in a series of towns that would grow as a result. A lot of that development would be on greenfield land. The current strategy is to undertake an urban renaissance in the West Midlands conurbation to make it more attractive, to focus much more development and much more housing development into that area, and to concentrate on previously developed land, rather than greenfield in the shires. There is quite a lot of evidence that that is being successful. If you look at the levels of housing development on previously developed land, you will see that it has been increasing, year on year, in the West Midlands.

**Q88 Dr Taylor:** So you are going to be able to find the space to build the houses that are needed without moving people around?

**David Marr:** Obviously it's not quite that simple. It is quite a long process to undertake an urban renaissance. You can't do it overnight, but we are moving in the right direction.

**Paul Spooner:** That is absolutely right in two senses. The first is having a policy direction that is consistent and enforced, which is the point that David has made, and that is not only contained at the regional level within the regional housing strategy, but is embodied in the local development frameworks and the core strategies at the local level. The second is that those of us that are agencies that invest in housing follow that through with the way in which we invest with our local partners in those urban areas. David was talking about 87% of development now on previously developed land, and one of the reasons why we have had a very successful record on the amount of previously developed land that has been made available for housing—

**David Marr:** It depends on where you are looking. It has been up to 100% in some places.

**Paul Spooner:** But across the region as a whole, it is a significantly higher achievement than the national target. One of the reasons for that is that all the

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agencies worked together to invest in those brownfield locations. I think there has to be credit given to the process of the regional funding advice, which has brought together the agencies and local authorities to commit to, for example, the 20 impact locations identified within the regional funding allocation as priority areas for growth and investment. Within those 20 areas, 16 have significant housing content in brownfield areas. At least 60,000 of the RSS panel recommendation for housing numbers will be in those 15 or 16 locations, which would be in urban areas. Going back to an earlier question, if I may, the tie-up there is between housing and economic investment. You mentioned that local companies are struggling. The fact that the Regional Development Agency is equally committed to those areas means that support for business, skills and enterprise sits alongside investment, infrastructure and housing.

**Trudi Elliot:** The existing plan has worked. Since 2001, the percentage of new housing in major urban areas has gone up from 38% to 50%.

**Chair:** We have had notice that we may have to go and vote in a short while. If that happens, we will take a short adjournment and come back.

**Q89 Mr Plaskitt:** Mr Marr, you mentioned a moment ago that one of the areas where there was a bit of a question mark in the analysis underlying all the numbers was migration. How big a question mark is that?

**David Marr:** The NHPAU advice is that it is being very cautious about the migration figures. It has not included, in its range of figures that I gave you earlier, the full extent of the migration that would have been included in the Government's 2006 household projections. I don't have at my fingertips what that migration component is.

**Q90 Mr Plaskitt:** The problem is that this element is volatile, isn't it?

**David Marr:** Yes.

**Q91 Mr Plaskitt:** Is that one of the reasons why it is sensible not to try to include it?

**David Marr:** That element has to be included because we have to accept that migration is taking place, both into and out of the region. It is the international migration figures that we need to be cautious about. It doesn't mean to say that we need to ignore them. However, we need to be sure that the assumptions we make are sufficiently cautious and that we do not overly rely on them.

**Trudi Elliot:** If you look at the statistics from the Office for National Statistics, based on the 2006 projections, the population in the West Midlands is predicted to grow from 5.4 million in 2006 to 6 million in 2026, which is an 11% increase. During that period, we expect the national increase to be 16%. That, broken up, shows that 70% of the increase in the West Midlands will be related to fertility and life expectancy. International migration will be 32%, and internal migration is minus 3%—we are losing people to other parts of the country. Nationally, international migration will be 45%.

**Q92 Mr Plaskitt:** Are these projections or forecasts?

**Trudi Elliot:** Projections.

**Mr Plaskitt:** That is a problem. It depends which years you base your projections on. You can move along another three years, have another projection and get a completely different figure.

**Trudi Elliot:** What we know is that historically, the non-migration projections are very robust, and the migration ones are not.

**Mr Plaskitt:** We should note that caution about the numbers. It's worth having that.

**David Marr:** I need to add that the numbers I gave you earlier—the ones in the NHPAU range—already incorporate that element of caution. The household projections are quite a bit higher.

**Q93 Mr Plaskitt:** I think you said a moment ago that the proportion of development across the West Midlands region as a whole that was going to brownfield was 87%—did I hear you say that?

**David Marr:** It was 87% in 2008–09. It rose from 71% in 2001–02 to 87% in 2008–09.

**Q94 Mr Plaskitt:** It is a difficult question, but what degree of variation is there across sub-regions and in the West Midlands?

**David Marr:** An awful lot. The highest is 100%. Stoke-on-Trent, for example, has 100%. Birmingham has had 99% for the last three years; actually, it dropped down to 88% this year. Looking at the 2008–09 figures, I think that the lowest is 43%, which is the combined figure for Shropshire.

**Q95 Mr Plaskitt:** May I indulge myself and ask what the figure is for Warwickshire?

**David Marr:** For Warwick, it is 79%. But that has increased from 55% in 2001–02. So the trend across all local authorities has been for an increasing percentage. Where the proportions have really increased, however, is in those major urban areas where the regional strategy has tried to target development. The other thing that is important to remember is that the national target is 60%, so we have consistently exceeded that target in the West Midlands region. But there was never any expectation that we would achieve 100% across the whole region—that would be unrealistic.

**Paul Spooner:** In some small rural areas, if you can imagine a situation where there is very little land that has been developed previously, planning exception policies will allow a certain amount of local affordable housing, on the edge of hamlets for example, which is probably the only way that you will meet local needs.

**Mr Plaskitt:** To some extent, that is the flip side of the de-industrialisation in our region. De-industrialisation has thrown up the opportunity to do more of this work than in other parts of the country. I can see that.

**Q96 Chair:** Just staying on the figures for a moment, and partly to indulge me, would you put the drop in Birmingham's percentage entirely down to the economic situation?

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**David Marr:** It is probably site-based and I cannot remember what the reason for that is.

**Paul Spooner:** I am just trying to recall. As far as I'm aware, there may be one or two elements of brownfield sites that adjoin greenfield sites. I am just trying to think of a specific example, as we speak. Probably it would be in the east of the city. Would you say that, David?

**David Marr:** Yes. The circumstances in Birmingham are that there is not a massive amount of greenfield land to develop on. So you would expect the figure to be higher. The interesting thing is the relative proportion that you would get in Birmingham. There will be some greenfield sites that will then skew the assessment.

**Paul Spooner:** I just want to say that those sites are not greenfield as in green belt. It is quite an important distinction. It may be that there is previously developed land, alongside which there is some former open space that, perhaps for many years, has never been developed. In taking that open space, the planning authority would have required a re-provision within the local area. So, David, I think that is probably where the calculation has been adjusted.

**Q97 Joan Walley:** I will ask a question very quickly, because I want to be indulged as well. Regarding the figure that you gave for Stoke-on-Trent—I think that it was 100%—could you just say some more about that? Given the huge variation across the region, could you say what the implications are for your policy in respect of that 100% figure for Stoke-on-Trent?

**Paul Spooner:** First, Joan, the regional housing strategy has been a significant driver of urban renaissance, as we have said earlier. Indeed, it has not only supported urban renaissance but strongly supported the housing market in all pathfinder areas. So what we have seen in Stoke-on-Trent is a commitment by all the agencies and the local authority to invest in the urban area, as a pre-requisite of housing market renewal. Clearly, that is because you have to bring together housing, economic, infrastructure and transport skills and business investment—we heard about transport earlier—in those urban areas, to support not only housing market renewal of the physical fabric but the economic restructuring as well, as you yourself referred to. So what you will see is regional strategy, sub-regional strategy—in terms of the housing market area analysis and the strategic housing land assessments—and the housing market in all pathfinder areas and the local authority's plans reinforcing each other to invest in the brownfield areas of Stoke. That has been a priority for the HCA, because, as you know, we continue to invest in the housing market in all pathfinder areas, directly in housing renewal and housing growth. Indeed, that has been the priority for our national former housing programme and it is increasingly the priority for our private finance initiative programme, which has recently given an amber light to £100 million of investment in housing stock on

previously developed land in Stoke. So we continue to reinforce those regional, national and local policies.

**David Marr:** From my perspective, the other thing to say about North Staffordshire is that there is a lot of co-operation between local authorities in a joint core strategy, so there is a joint approach to housing. For example, one of the things that I noticed in these figures is that, if you look at the amount of previously developed land developed by Staffordshire Moorlands, it has increased from 41% in 2001–02 to 91% in 2008–09. One of the things that I would pick out from that would be that we have been quite successful in getting a combined or joint approach to development in North Staffordshire, such that we are not seeing a lot of greenfield development where you get the ordinary Stoke-on-Trent boundary.

*Sitting suspended for a Division in the House.*

*On resuming—*

**Chairman:** With a minute to spare, we are back in session. James, you had the floor.

**Q98 Mr Plaskitt:** I was about to come on to subsidiarity, in a way. We discussed it earlier in relation to decisions being made as locally as possible. I remember we had evidence to the effect that site selection was obviously the business of local authorities. I just wondered whether any guidance is given to local authorities on how they might set about that process.

**David Marr:** Yes, there is guidance. There is a lot of planning policy guidance that looks at what local authorities are supposed to be doing in their local development frameworks—how they undertake site selection and how many sites they need. So, for example, they need to have a five-year supply of effectively readily available sites—deliverable sites. That is probably one of the most important things that local authorities can do—to keep in their plan that rolling stock of sites that are identified as deliverable in the short to medium term.

**Q99 Mr Plaskitt:** Is any guidance given to authorities beyond an amount that is equivalent to five years? In other words, is there guidance on what process they should go through in order to determine the sites that then go into that five-year bank?

**David Marr:** There is, yes. There is both policy guidance and good practice guidance, so there is a whole range of policy around what would be a sustainable and suitable site—for example, a site that is well connected to transport links. I suppose a good example would be a brownfield site in a rural location that is unconnected to other local infrastructure, does not have the right degree of local shops, is not connected to employment land and does not have good public transport. Under those circumstances, it would not be suitable to develop a brownfield site just because it is a brownfield site. That is one example of the sort of guidance there is. There is guidance on the process, and guidance on

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the sort of issues that local authorities would need to take into account in looking at whether sites are suitable in the first place.

**Paul Spooner:** There are also incentives, in the sense that if local authorities, using the guidance that David referred to, can identify land, and it is previously developed land, the chances are that agencies like our own will be able to come along and help invest in that site. It's a matter of giving guidance—policy and best practice guidance. We also use what we call the single conversation, which I mentioned earlier, where we sit down with local authorities through the local sub-regional arrangements to identify those sites. We will identify clearly where we believe we can help invest on those sites. So we effectively incentivise the local authorities. In some cases, we encourage local authorities to make their own land more readily available for housing development, which I think has been a trend over recent years that we will see more of. Not just district councils, but unitary councils and county councils have identified their strategic role in making more land available for housing.

**David Marr:** You asked about process as well. The other thing is that local authorities should be undertaking a core strategy, which is just one of the documents in their local development framework. The core strategy should have the vision for their area, and it ought to set out the plans for the whole area, in terms of where it is expecting to go in the longer term and what sort of direction the development might take. You would expect that core strategy to identify the key strategic sites as well. It ought to set out which sites are key to that vision. There might then be other sites that come along that are not so critical to the vision, but that will be guided by the general policy and the plan.

**Q100 Mr Plaskitt:** May I put a hypothetical example to you to test this advice? If a local authority simply invited any local landowner or any developer to say, "Where do you want to build?" and turned that into the core strategy, would that be consistent with best practice?

**David Marr:** That would be a curious way of going about it. I can see that a local authority might ask where land was available. They might need to ask the development industry or landowners where there was land that is available and likely to be developable. There would have to be quite a heavy filter to that process before it could be converted into the plan, because you would need to know whether the sites were suitable and sustainable.

**Paul Spooner:** The other thing to add to that, if I may, David, is that one of the development partners we might all be working with is a housing association, which may well have stock and land around it where there is existing housing development that would be consistent with those local development framework policies. So it is not just about local authorities defining sites. I think it is about development partners identifying opportunities that fit within the planning framework.

**Q101 Joan Walley:** I think all three of you were in for our session with the previous witnesses, who talked about their disappointments and the fact that they would like to see a change to the independent review, which overturned the previous position on wanting phased housing development in the areas of most need, so that that was not jeopardised by development on greenbelt sites elsewhere. They said that that would be something we would have to ask the Homes and Communities Agency and the local Government Office for the West Midlands about. I wondered what your response was to the fact that that previous policy was overturned by the independent review.

**David Marr:** I think what Mr Middleton was referring to was effectively the relationship between development in the shires, particularly greenfield development, and the urban renaissance that's taking place in the major urban areas. There's been some suggestion—indeed, there was a lot of discussion at the examination in public about this—that if you have development outside the major urban areas or on the periphery, that will impede urban renaissance and somehow suck development and developers away from urban regeneration and into developing on greenfield sites. The debate was around what the evidence was and effectively what the thresholds might be. There is little evidence to suggest that developing in the shires will necessarily impact on urban regeneration, or that the level that the regional assembly was proposing was the right one. So the debate was around what the impact actually is, how much development we need to have before it started to have an impact, and whether it is right in the current circumstances to have those sorts of restrictions. The panel have come out with a figure and a distribution of housing that they feel reflects all those issues. So the panel believe that the level and distribution of housing that they have recommended wouldn't—

**Q102 Joan Walley:** But Mr Middleton had concerns about that threshold, didn't he? So I suppose, really, the bottom line is this: what safeguards are there for somewhere like North Staffordshire, where we want to ensure that what is being invested in is not being undermined?

**David Marr:** The evidence that the Regional Assembly submitted to the EIP suggested what Mr Middleton was saying—that it had concerns—but it did not have any concrete evidence. The panel recommendation was based on what it believed to be the totality of the evidence submitted to the examination.

**Paul Spooner:** If I can add three points, David. First of all, we've already said today that the policy is working, because the existing housing strategy is concentrating housing on previously developed land. There is an extraordinary figure for 2008–09, and it shows the level of commitment there is across the piece to using brownfield land as a priority. The second thing is that the two policies aren't necessarily mutually exclusive. There will need to be housing development in the shires, but principally that is to meet local need. My earlier point about

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Shropshire, for example, and rural housing, was that you can't provide urban housing solutions to meet rural affordability needs. You do need some rural housing. The third thing we should say is that all the regional partners are committed to investing first in the urban areas. In Staffordshire, East Staffordshire is a growth point, and Stafford is a growth point. The levels of housing development that may take place in those areas—again, primarily to meet local needs—will be in later phases of the RSS, whereas the priority for the next period is to continue the successful policy of investing in the urban areas.

**Q103 Joan Walley:** May I ask about the balance between investment and green belt, and how you make sure that a housing development is linked in with the fact that, if it is on a brownfield site, it might be taking away some of the green land that was there previously? At the core of the question is the fact that before the setting up of the Homes and Communities Agency, there was a sense that the money that was programmed would be almost equally for housing investment and for the general public realm. That money came from English Partnerships. At the moment, there is a sense that because of the economic imperative, much of the investment—all of it, really—is going on housing, without looking at the parks, the public open spaces, English Heritage and the Forestry Commission. Various people who have given evidence say that we should be about whole place making. It is a matter of how to achieve the balance, and how to make sure that funding is coming in to make the whole place attractive for people, so that they have communities in which they want to live.

**Paul Spooner:** Let me start by saying that it is absolutely true that the HCA in the West Midlands has invested substantially in affordable homes. In 2009-10, we will deliver 6,200 affordable home completions. That is a record and exceeds the current requirement set out in the regional strategies of 6,000 new homes; that, by itself, is important to note. We are meeting the affordable housing target, even though those targets will increase in due course. To answer you specifically, Joan, the HCA's remit is not just to provide housing, but to support place making, and particularly to align housing investment with other investment. For example, we bring together 17 different programmes through the HCA, one of which is the affordable housing programme. We also bring in a suite of other programmes that can help improve infrastructure and provide an improved public realm and other resources. Not only do we do that, but we insist, when we invest in place making, that we align that investment with other agencies in the way that the RFA suggested.

**Q104 Joan Walley:** On that process of alignment with the other agencies, do you have confidence that the new arrangements for the Regional Spatial Strategy will bring all the other agencies to the table to make sure that place making is supporting and enhancing the housing investment?

**Trudi Elliot:** That's one of the priorities for the integrated regional strategy. That's the driver behind it.

**Paul Spooner:** I'll say two things: the evidence even before the new integrated regional strategy was that the local authorities and the regional partners were starting to work in that way. The regional funding advice about the 20 impact locations—of which Stoke is one—is a good example. The other thing is that it goes without saying that investment in housing and place making requires a total place approach, as we call it. At their recent away day, the 33 local authority leaders—representatives of the six—agreed that they wanted to roll out the total place approach to all areas of the region. That is an enormous step forward in the commitment to aligning not only housing and economic investment, but health, investment in education and investment in all the elements that make up a total place. I am convinced—and through our local investment planning, we are requiring it—that there is a strong will to do just that. Many of those 20 impact locations identify that it is actually happening now. Trudi is right: the integrated regional strategy really does reinforce it.

**Q105 Joan Walley:** Is Stoke-on-Trent at the leaders' meeting and taking a full part in it?

**Paul Spooner:** It is fully representative and fully engaged.

**Q106 Mr Plaskitt:** On a point of clarification, Mr Spooner, you said that there would be 6,200 affordable homes.

**Paul Spooner:** This year.

**Q107 Mr Plaskitt:** Are those fully funded by the HCA or partly funded?

**Paul Spooner:** Partly funded.

**Q108 Mr Plaskitt:** What is the scale of HCA investment?

**Paul Spooner:** It can vary. In some cases, it might be as significant as 60% of the costs of a housing unit. In other cases, it might be as small as 15%.

**Q109 Mr Plaskitt:** How much, globally, are you investing next year for that 6,200?

**Paul Spooner:** In 2009-10, we are investing just over £400 million, which will help to create 6,200 completions, and in 2010-11, with our existing levels of commitment and with just slightly more money, we will achieve 6,700 completions. I am indicating to you that we are working very hard to get good value for money, but also to leverage other resources—including the resources of development partners themselves. If a house builder or a housing association comes to us with a proposal that fits with local planning policy for new housing, we look for value for money in a very rigorous way to ensure that we get the maximum advantage for the public money we are using.

**Chair:** It would be useful if you could send a note on those things.

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**Paul Spooner:** I will provide you with that information directly.

**Q110 Joan Walley:** With a breakdown?

**Paul Spooner:** Yes. We report monthly now to each local authority on our performance in every local authority, so I will give you that information.

**Q111 Mrs Dean:** If I can be parochial before I nip off to infrastructure questions, Mr Marr, do you have the figure percentage for brownfield development in East Staffordshire? You have them for everywhere else.

**David Marr:** Yes. We have a pan-regional perspective on this. It was 98% in 2008–09, which has risen from 47% in 2001–02. That's 98% for the last two years.

**Mrs Dean:** Quite impressive.

**Paul Spooner:** I know that area very well. It is partly as a result of the work that has been done with the local authority and the housing association partners in Burton town centre, as you know, on a number of sites where we have invested.

**Q112 Mrs Dean:** As others have said, we need to watch what is left for industry there. If I may turn to infrastructure, in your opinion is there a disconnect between infrastructure provision and allocation of housing? Was detailed transport modelling done as part of a revised housing projection?

**David Marr:** Not as part of the projections, but transport was a major consideration in the development of proposals and in the discussions linked to the examination in public. Quite a bit of detailed work is also currently taking place. The Department for Transport is delivering a sustainable transport system, which has the acronym DaSTS. It is looking at investment needed over the medium to long term, so 2014 plus. Among other things, that looks at the investment in transport infrastructure that is necessary to support growth. It is looking at the growth points and the Coventry north-south corridor, which has been a particular pressure point, and it is looking at north Staffordshire.

**Q113 Mrs Dean:** Is that investment in regional transport infrastructure one of the strongest influences in getting developers to build houses where the Government want them to be built?

**David Marr:** Well, it's an issue when you're looking at the locations for growth and whether the transport infrastructure is suitable or can be made suitable. The issue is what infrastructure is actually necessary, and sometimes when we talk about transport infrastructure we're not talking about building new roads; we're talking about trying to improve public transport and look at some of the softer issues like walking and cycling.

**Paul Spooner:** I think it is quite important in the current economic climate to help try and de-risk sites for development. One way of de-risking sites and making them more attractive to the private sector is to support that infrastructure particularly, as David

says, where it's local structures to meet local needs. For example, the regional partners in the RFA prioritise the regional infrastructure fund, which has already identified a number of schemes in the West Midlands to invest in local and sub-regional infrastructure to help bring forward housing sites. For example, improvements to the Dudley road in Birmingham help to release a major site, Icknield Port Loop, for future housing development. Again, it is about aligning our investments alongside investments in infrastructure to make them more attractive to developers, particularly in brownfield areas where traditionally developers have obviously found it difficult to make a viable scheme work. In the economic recession it is even tougher, so the more we can do to help, the better it is.

**Q114 Mrs Dean:** Obviously, with the recession, getting funding through section 106 agreements is more difficult. Do you think that the community infrastructure levy is the answer for the future, or do we have to think of new ways to try to lever in planning and development?

**David Marr:** In my view, the community infrastructure levy, which is just about to come into effect, will make a difference. It relies on local authorities operating the system. It relies on them looking very strategically at what infrastructure is needed within their areas and then effectively setting a charging system. That charging system will then need to be tested before it is put in place. I believe that that will be quite a major step forward because it is not just looking at the infrastructure that is directly connected with the development in question. There are policy reasons why a section 106 agreement has to be directly related to the development in question. The idea of the community infrastructure levy is that it applies or can apply to all development within an area which will have a call on infrastructure. So it is more wide-ranging. It is also important to understand that affordable housing will still be dealt with by section 106 agreements. So affordable housing won't come under the remit of the community infrastructure levy.

**Q115 Mrs Dean:** Is there a difference between greenfield and brownfield sites as far as the community infrastructure funding is concerned?

**David Marr:** No. They are both treated the same.

**Paul Spooner:** It is also fair to say that as the market slowly improves in parts of the region we are starting to see section 106 requirements in terms of affordable housing coming back into play. For a period of two years we effectively saw very little affordable housing on the back of section 106 agreements. We are starting to see some improvement, which means that the public sector investment that we make can be diverted even more to those brownfield areas to bring forward more difficult sites. But I agree with David: one thing that the community infrastructure levy will give is some certainty to developers. They can be absolutely clear as to the amount that they

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will need to contribute towards infrastructure rather than seeing each scheme being negotiated on an individual basis.

**Q116 Chair:** As well as bringing certainty, is there a danger that the community infrastructure levy may also bring inflexibility in some places? Originally when it was being talked about there were concerns in some quarters that it could act as a disincentive for some of the very things we have been talking about, such as investment on brownfield sites and so on.

**David Marr:** The local authority will have to develop what is called a charging schedule. That charging schedule will have to be independently examined. One of the reasons for that is to ensure that it is not imposing unrealistic burdens on developers. The charge imposed on individual developers would have to be realistic. The regulations will set out some exceptions so there can be some exemptions, but by and large it is expected that all developments would need to pay it. But it is expected that that independent examination would look at issues such as the impact on development within an area and whether that would make an area less attractive to development.

**Paul Spooner:** I think that traditionally developers prefer to have that certainty rather than to find themselves in a position where they are not certain as to how much they will have to contribute on each scheme. Provided that it is properly evaluated in the way that David describes, and the viable development is allowed to proceed, we will see confidence returning to the market more easily.

**Q117 Chair:** We are coming to the end. Thank you very much for your patience, and apologies for the interruption of democracy in the middle of the hearing. You probably will have heard earlier on in the previous panel the discussion that took place around the involvement of other stakeholders. While it is possible to have an overly rosy view of the regional assembly and how many people are involved, the other stakeholder involvement there for those that were involved was seen to be relatively positive. We have certainly had some evidence to that effect to this inquiry. Are you satisfied that other stakeholders beyond local authorities and statutory agencies will be able to effectively engage in the process of drawing up a Single Regional Strategy? If so, how? David, you mentioned that there had been Government guidance on this that you were going add to a bit later.

**Trudi Elliot:** My answer to the question is yes, but I can't quite tell you how yet. I am confident that the answer to your question is yes for two reasons. First, you can't unlearn what you've already learnt as a region. It is fair to say that the West Midlands, historically, has delivered best practice, both in consultation and in engagement. By any objective measure, the region has benefited from the engagement of business and wider third sector stakeholders in our plan-making up until now. That is in terms of not just the RSS, but the RES. There

are numerous examples of policy making that has been better as a result of engagement. We cannot unlearn what we know. We know how to do it and they know how to engage, so that is one reason why I think it will continue. And there is the desire. The guidance makes it clear that there has to be meaningful and early engagement—engagement, not consultation. It has to be proportionate to the regional strategy and it has to be cross-sectoral. Even if we didn't, as a region, fancy it and the leaders went off on a frolic and decided that they could forget all that they had learnt—which they won't—the guidance is absolutely clear.

**Paul Spooner:** That's our experience as well. I would add that the six sub-regions proposed by the local authority Leaders' Board are seen as the building blocks for the new integrated regional strategy. Those six sub-regions will obviously ensure that there is engagement at that level. We're finding, through our Single Conversation work with local authorities, that very early in the process we're working with local authorities to engage other stakeholders in the development of the housing investment plans for their areas. For example, recently we had a meeting with Walsall local authority, its LSP and developers, investors, housing associations and tenants to talk about investment in Walsall, which will feed in turn into the sub-regional plan, which will feed into the new integrated regional strategy. The same is true in Coventry, Warwickshire and Solihull, where we are going through the same process, and we are planning the same in Worcestershire and in four areas of Birmingham through the area boards.

**Q118 Joan Walley:** What about the other two areas?

**Paul Spooner:** In the other two areas, I think the same applies. If these sub-regions are going to be the building blocks, it is quite clear that the discussions that we are having with the local authorities around the Single Conversation require the engagement of other partners and stakeholders in the process, so I see no difference in Staffordshire, and we are planning the same thing in Hereford and Shropshire now. I see it proceeding the same way.

**Trudi Elliot:** There's going to have to be a statement on policies for community involvement. I think you have seen through all your other inquiries that even in areas of activity in the West Midlands where there is not a statutory requirement to engage the business community and wider stakeholders in the third sector, for example in our response to the economic downturn, they as of right are at the table and we are all the richer for it.

**Q119 Chair:** Thank you. One final question about time scales. The Regional Economic Strategy covers the period up to 2012 and the spatial strategy goes up to 2026. The single strategy is looking at a 15 to 20-year time scale. Is that about right?

**David Marr:** It is right for all sorts of reasons. The local authority is expected to plan for housing for a

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15-year period so it needs to cover at least that. It is right because it gives the economic strategy the same time scale as the spatial strategy. It also gives the same time scale to the housing strategy and transport strategy components. All the components of a regional strategy are aimed at the same time scale, which seems to me to make sense.

**Paul Spooner:** It also makes sense because, as we said earlier in answer to your questions, infrastructure planning is not a short-term fix, but a long-term commitment that supports both housing and economic development.

**Chair:** That concludes the session. Thank you for your attendance and your forbearance.

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# Written evidence

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## Memorandum from Government Office for the West Midlands (WM4-01)

### EXECUTIVE SUMMARY

The West Midlands has a long history of regional planning. Successive informal and formal regional partnerships have recognised the importance of ensuring a consistent approach to land-use decisions which have more than local impact. Following the Sub-National Review the region has enthusiastically moved towards new regional structures which will deliver the Single Regional Strategy (SRS).

Regional planning is a long-term activity and development outcomes are often slower than we would like. However, there is evidence that regional planning has influenced development across the region, and this will increase as more core strategies are adopted. The Regional Funding Advice is a particularly tangible example of how investment can be influenced by a widely supported regional strategy.

National policy and guidance have been followed to determine the level of housing to be provided in the region, although the SRS is an opportunity to further develop the methods used. A more consistent approach to Strategic Housing Market Assessments and regional economic/demographic modelling could potentially improve the process.

Local authorities in the region follow national policy and guidance in delivering homes within their areas in accordance with the RSS. Recently Government interventions to support economic recovery have provided substantial investment for the construction industry which has helped to retain skills and un-block stalled sites.

Regional planning will never be a “short-term fix”, but by setting a clear strategy for the region which embraces environmental, social and economic priorities the SRS will provide a framework to deliver sustainable growth over the coming decades.

*1. What the change from the RSS/RES to the Single Regional Strategy (SRS) will mean for planning authorities at regional and local level. Are there any benefits or risks for the single Regional Plan process*

1.1 The current draft revision of the RSS (WMRA, December 2007) has been prepared by the West Midlands Regional Assembly, in partnership with a wide range of regional stakeholders. Similarly the WMES (WMRA/AWM, June 2007) was prepared by Advantage West Midlands (AWM), also in partnership with a wide range of regional stakeholders. The revision programmes for both strategies were aligned as far as possible to ensure consistency and complementarity, and the success of this was recognised by the RSS Examination Panel. Joint working groups advised on aspects of emerging policy, shared evidence bases were prepared, and regular reports on each Strategy were made to both of the steering groups.

1.2 The SRS will be the joint responsibility of the Leaders’ Board (LB) and AWM. The Joint Strategy and Investment Board (JSIB) is the forum where the Leaders’ Board and AWM will work jointly towards the preparation of the SRS and working arrangements to support the JSIB in this role are currently under discussion. There will be significant benefits to this for all who have an interest in regional development issues. The RSS/WMES have been prepared with extensive stakeholder involvement; the preparation of a single strategy should significantly reduce the resource demands on stakeholders who wish to participate in the development of the SRS. This will maximise the value of inputs from local, sub-regional, regional, and national groups who each have a role in influencing the Strategy, and maintain their ownership of the plan.

1.3 The new regional structures should increase local politicians’ engagement and influence in the regional planning process through the new Leaders’ Board, compared with the current Regional Assembly where the representatives are often not the local authority Leader.

1.4 Although the Strategies are currently well aligned the integration will ensure that where spatial issues are critical to economic development they will be addressed in a holistic manner in the SRS. It will ensure economic growth policies reflect and embrace the wider social and environmental issues and opportunities across the region.

1.5 The SRS should be a strategic document which deals only with issues which need to be addressed at the regional level. Policies will have a genuine regional or sub-regional distinctiveness and be based on robust evidence and a deliverable implementation plan. This will also have the benefit of enabling reviews of the SRS to be undertaken quickly where changes are necessary to respond to circumstances.

1.6 The most significant risk in moving to the SRS is that in attempting to deliver policies which are acceptable to all stakeholders they become too high level and lack a clear focus. Strong leadership will be required to ensure that difficult decisions are made to provide a clear framework for the resurgence of the region over the period of the SRS. However, once these difficult decisions have been made the strategic development plans will be clearly aligned with realistic resource availability estimates which will provide an excellent basis for implementation of the plan.

2. *Whether strategic planning in the West Midlands should continue to be set at the regional level, and whether it has an appreciable influence over development in the region*

2.1 Strategic planning at the regional level has been widely supported and influenced development in the West Midlands for several decades, the strong history is summarised in Annex A. We consider there is a continuing role for strategic planning at the regional level.

2.2 The influence of the RSS can be seen through monitoring trends, the effect on local plans and the allocation of investment and infrastructure, and in specific developments.

2.3 Monitoring shows that the new strategy has stabilised and grown the population in the region's Major Urban Areas (MUAs) (by 1.3% between 2001 and 2008). Statistics on intra-regional migration still show an outflow from the West Midlands conurbation to the rest of the region, with a net out-flow in 2006–07 of 10,350 people from the conurbation. This compares favourably with earlier data; net outflows from the conurbation had increased for the fourth consecutive year to 12,500 in 2002–03.

2.4 The 2008 RSS Annual Monitoring Report (AMR) (WMRA, Feb 2009) concluded that whilst out-migration from the MUAs had slowed the trend continues. However, the Strategy represents a significant shift from previous policies and will inevitably take time to make a clear impact. There has been a significant increase in housing completions within the MUAs, with developers rising to the challenge of "difficult" brownfield sites. Overall RSS house building completions within the MUAs have increased by more than 13% from 2001–02 levels clearly demonstrating the influence of the RSS in directing housing growth.

2.5 The influence on local plans is evident as local authorities continue to bring forward their Core Strategies which are required to be in general conformity with the RSS. Hence the RSS provides the framework for the visions shaped by individual authorities. It also addresses important cross-boundary issues which arise, particularly where administrative boundaries are very close to the edge of built-up areas, for example in Coventry, Redditch, and Tamworth.

2.6 The RSS, together with the WMES, was a key input to the development of the Regional Funding Advice (RFA) (JSIB, February 2009) which will guide housing, transport, and economic investment over the next 10 years. The impact investment locations identified within the RFA flow from the policies and proposals in the aligned draft RSS and WMES.

2.7 The Area Action Plan for Longbridge (AAP) (Birmingham City Council and Bromsgrove District Council, April 2009) was found to be sound in the absence of Core Strategies in either of the administrative areas it covers. The RSS formed the policy framework for the AAP, and provided the basis for allocating 700+ dwellings in Bromsgrove as a sustainable urban extension to the MUA (Birmingham). The RSS and, to a lesser extent, WMES played a key role in delivering this against difficult cross-boundary issues.

2.8 The RSS Phase I revision (GOWM, January 2008) provided the confirmation that the strategic centre for this part of the Black Country was Merry Hill/Brierley Hill rather than Dudley. This was an important step in providing strategic focus and support to this centre and resolved a long standing issue. The local planning and investment frameworks can now be prepared on the basis of clear regionally-led strategic prioritisation in the Black Country.

3. *Is the method used to derive the overall number of houses to be provided in the region still appropriate, or are there any potentially better alternatives? Could a better Strategic Housing Market Assessment (SHMA) process in the region lead to better regional estimates*

3.1 PPS3 (CLG, November 2006) sets the national policy context for determining regional housing provision. It requires Regional Planning Bodies (RPBs) to take into account:

- advice from the NHPAU;
- the Government's latest published household projections;
- the needs of the regional economy;
- local and sub-regional evidence of housing need and demand (including SHMAs); and
- housing land supply.

3.2 RPBs should also take account of housing land supply, the findings of the Sustainability Appraisal, infrastructure implications, and the Government's ambitions to increase housing supply and improve affordability. The process used to determine the overall housing numbers in the draft RSS was broadly in line with PPS3 and is described in a background paper submitted by the RPB to the RSS EiP (WMRA, March 2009).

ADVICE FROM THE NHPAU

3.3 The NHPAU first issued indicative advice in October 2007 (NHPAU, October 2007), and in June 2008 (NHPAU, June 2008) recommended a regional housing supply range of between 19,000 and 22,600 net additions *per annum* by 2026 for the West Midlands. This advice emerged after the RPB had finalised the draft RSS Revision and therefore wasn't considered at that time, but it was considered by the Panel during the examination of the draft RSS.

3.4 In July 2009, the NHPAU (NHPAU, July 2009) published updated advice for the region indicating a 3% increase in the recommended regional housing supply range to between 19,600 and 23,200. The bottom of the range would be sufficient to meet the 2006-based household projections and the Government's target of 240,000 additional homes by 2016. The upper end of the range is the number of net additions considered necessary to meet the backlog of demand, second homes and vacancy rates and this would also stabilise affordability. The latest available NHPAU advice should inform the SRS as it is developed.

#### HOUSEHOLD PROJECTIONS

3.5 The 2004-based revised household projections identified a need for 368,000 additional homes in the West Midlands between 2006 and 2026. The latest 2006-based projections (CLG, March 2009) are an increase of 19% in the number of households by 2026, or an average of 21,500 additional households forming annually. This is an increase of 3,100 over the 2004-based projections.

3.6 The 2004-based Household Projections formed the starting point for the draft RSS. Other regions undertake their own demographic modelling to inform decisions on the range of new housing to be provided. For example, the East of England Regional Assembly utilised the Chelmer Econometric model (EERA, 2009) when developing the evidence base to test the scale of housing provision required during the review of the East of England Plan. A sub-regional modelling exercise could support informed debates on the regional housing policies and would be a key part of the evidence base for the SRS.

#### HOUSING LAND SUPPLY

3.7 Development of the draft RSS was informed by a refreshed 2004 survey of housing land supply in the region, with a particular emphasis on capacity within Birmingham and the Black Country. Following consultation with local authorities, capacity was defined as 365,600 homes for 2006–26 for the draft RSS. However, all local authorities are now completing Strategic Housing Land Availability Studies (SHLAAs). They will provide a much more detailed assessment of capacity than has previously been available and will form part of the evidence base for the SRS.

#### EVIDENCE OF HOUSING NEED AND DEMAND

3.8 Strategic Housing Market Assessments (SHMAs) are a key part of the evidence base on housing. The focus on market areas, which are not determined by administrative boundaries, ensures a strategic view of the need and demand for housing.

3.9 SHMAs do not provide definitive estimates of housing need, demand and market conditions, they must be considered in conjunction with the wider evidence base on housing, such as capacity and economic viability of affordable housing targets. However, they provide valuable insights into how housing markets operate and provide a basis upon which to develop planning and housing policies.

3.10 SHMAs have been completed for the region's four Housing Market Areas defined through the Regional Housing Strategy. Whilst the first (South) SHMA was promoted as good practice, there was no requirement for all of the SHMAs in the region to be completed on the same basis. Therefore it is not possible to simply total the identified needs to form a regional estimate.

3.11 In principle, improved specification of SHMAs and a consistent approach across all HMAs would provide a good basis for the local/sub-regional evidence of need for both affordable and market housing, as suggested by PPS3. However, the SHMAs will also tend to provide outputs which assume the continuation of current policies. Regional Strategies which do not perpetuate historic policy directions, such as the West Midlands RSS which seeks to reverse the long term out-migration of population from the conurbation, would need to amend SHMA outputs to reflect these policy aims.

3.12 In summary, the method used is appropriate, but improved estimates of regional housing requirements could be obtained by following the PPS3 advice, and in particular:

- developing a regional economic/demographic model to produce “top-down” estimates;
- adopting a consistent approach to SHMAs to produce “bottom-up” estimates; and
- establishing governance processes which support the difficult decisions and ensure they are implemented.

#### 4. *How local authorities will approach the task of providing different types of housing for their own areas within the broad quantities they are allocated*

4.1 PPS12 (CLG, June 2008) requires local authorities to set out a clear vision for the development of their area over a 15–20 year period in their core strategy, which has strong links to the sustainable community strategy. Housing needs should be one factor in the preparation of the vision, along with other social, economic and environmental issues, all in the context of the broader sub-regional and regional priorities.

4.2 PSS3 states that regions and local authorities should plan to deliver an appropriate mix of housing in their local area. The RSS should set out the strategic requirement and a broad approach to achieving a mix of housing. At the local authority level the detailed housing requirements should be evidence based and

informed by a SHMA. Each authority will have different needs according to its particular circumstances, but issues which might need to be covered include tenure, size/type, and mix of housing. Affordable housing needs must also be justified through an economic viability assessment.

4.3 Annex B is an example of a core strategy policy which strives to ensure the appropriate types/tenure of housing is provided across parts of their geographical area. Authorities can use evidence from SHMAs to justify such policy approaches which then guide developers in preparing planning applications for sites.

#### 5. *Whether central government is providing adequate guidance and support to bodies involved in housing delivery, and what role the Homes and Communities Agency plays in the strategic planning process*

5.1 Nationally, Government has committed to invest £7.5 billion (CLG, September 2009) over two years to deliver up to 112,000 affordable homes, and around 15,000 private homes. This includes £1.5 billion through the Housing Pledge (CLG, July 2009) which will be delivered through:

- Expanding the role of local authorities in delivering new homes – in the West Midlands £21 million has been allocated through the LA New Build Programme which will deliver 404 new homes by March 2012.
- Expanding the HCA’s existing National Affordable Housing Programme—in the West Midlands, expenditure during 2008–11 is now forecast to be over £524 million, delivering 10,997 new affordable homes. The additional £57 million from the Housing Pledge will deliver an extra 459 affordable homes.
- The HCA’s Kickstart housing delivery programme which aims to unlock stalled housing sites—in the West Midlands £53 million has already been allocated to 24 projects, unlocking the development of 1,660 new homes. A further 29 projects (1,951 homes) in the region have also been shortlisted. All homes will be completed by March 2012.
- Investing in the development of public sector land—a New Deal for the construction industry. Government and public agencies will provide land, removing the upfront costs and risks involved in site purchase and preparation, in return developers will take lower profits.

Annex C provides more detail on the support provided in the West Midlands.

5.2 Local authorities have a key role in ensuring an increase in housing supply is delivered through the planning system. GOWM plays a pro-active role in the region advising and supporting local authorities in bringing forward their Local Development Frameworks. Support can be provided directly by GOWM, or through calling on the services of CLG, the Planning Inspectorate (PINS), the Planning Advisory Service (PAS), and the Commission for Architecture and the Built Environment (CABE). Authorities in the region have benefited from independent assessments of their organisation and processes, dedicated training for officers and members, document reviews by experienced Planning Inspectors, and short-term peer support.

5.3 The Homes and Communities Agency (HCA) is involved at all levels of the strategic planning process to ensure that housing and regeneration investment is aligned with support for business, skills and infrastructure to maximize local economic and social benefits and deliver regional housing targets. This includes advising Ministers on Regional Funding priorities (RFA), supporting the Shadow JSIB on developing new approaches to investment and working with local authorities on the development of their core strategies, regeneration frameworks and local housing market assessments. The HCA and its ATLAS planning team are advising several of the region’s growth points on their plans for new housing. Over the next year the HCA will be engaged in developing local investment plans for housing in all local authority areas through its Single Conversation business model.

5.4 During the housing market downturn HCA has focused its investment programmes and used new funding opportunities, such as the Housing Pledge, to unblock stalled housing schemes and enable regional housing priorities to be delivered.

#### 6. *Whether the aim of achieving urban renaissance through directing housing growth to, for example, the Black Country, is achievable, and whether it is appropriate in current economic circumstances*

6.1 The current draft RSS Revision plans for growth across the region, not just in the MUAs. However, there is a strong focus on urban renaissance of the MUAs, where environmental and other improvements are essential to reversing decentralisation and encouraging investment in new jobs. Approximately half of the housing proposed in the RSS is allocated to the MUAs, which currently have about half the region’s housing stock.

6.2 The Government is committed to the brownfield target and urban renaissance, delivering the latter is challenging but is an appropriate aim for a strategic plan which covers around 20 years. Over the plan period difficult choices will have to be made, and some greenfield land will be required to meet housing need. However, all development must be in suitable locations to create places where people want to live and work. The MUAs present significant opportunities to provide enhanced living and working environments where the wide range of services and facilities can also be efficiently provided.

6.3 The current economic circumstances have resulted in falling house prices and land values which have created viability challenges on some sites, particularly the brownfield sites which present many of the opportunities in the major urban areas. We need to ensure a consistent, proportionate and transparent approach to future regulatory requirements on housebuilders, to ensure that housing supply is not unduly impacted upon.

6.4 Government will be establishing a national baseline for regulatory costs, to manage and mitigate the cumulative impacts of any new requirements, and explore with industry the scope for reductions, whilst supporting the Zero Carbon Homes policy and exploring practical ways to reduce the costs. As a first step, the case for regulation on Lifetime Homes Standards (LHS) will be considered, focussing on a proportionate approach. Any move to make LHS mandatory would not be until 2013 at the earliest.

6.5 Over the 20 year plan period the costs/opportunities across the region will change as both local and national economic circumstances go through cycles. However, it is important for the RSS to provide a framework for that long-term delivery across all parts of the region. Implementation will then be supported by the allocation of public sector resources in particular, and also those of infrastructure providers, in support of the strategy. Examples include Growth Point funding which will support development of both the MUAs and the Settlements of Significant Development (SSD) identified in the RSS. The HCA's single conversation will also be guided by the RSS, as were the Impact Investment Locations defined in the RFA.

6.6 The Community Infrastructure Levy (CIL) will be introduced in April 2010 and this will particularly support the delivery of developments which rely on shared or sub-regional infrastructure. A scale back of section 106 requirements will also be introduced as part of CIL implementation (after a transition period), and the Government will consult early in 2010 on the appropriate usage of s106 agreements.

#### *7. How the new Single Regional Strategy might contribute to housing market renewal in the Housing Market Pathfinder Areas and elsewhere*

7.1 The new SRS will take full account of the region's priorities for housing market renewal, which are currently reflected in the HCA's pathfinder programmes for North Staffordshire, and Birmingham/Sandwell. The two pathfinder programmes (Renew and Urban Living) are investing, alongside other HCA programmes, in substantial areas of redevelopment, renewal and new house building. Whilst considerable progress has been made in terms of both physical and social renewal, there remains the need for further investment in these areas, particularly in North Staffordshire.

7.2 The SRS will provide the policy framework to ensure the regeneration policies are reflected in the plans of all bodies working in and around the Pathfinder Areas. This will ensure their plans are complementary and any potential conflicts are resolved. For example, the provision of aspirational housing close to the North Staffordshire conurbation could undermine the efforts to stem out-migration. The RSS currently guides authorities to minimise such impacts, and the SRS should also do this.

#### *8. How the RSS and the new SRS can assist sustainable growth and the development of sustainable communities (as envisaged in the Government's Sustainable Communities Plan) throughout the region*

8.1 Regional Planning is critical to the delivery of sustainable growth across the region as it ensures that economic growth objectives are considered together with wider social and environmental objectives to determine the most sustainable locations for future development. The SRS should embrace social, economic, and environmental needs and opportunities across the region, provide a deliverable means of ensuring all communities become more sustainable, whilst reducing regional disparities and boosting the overall GVA.

8.2 The partnership working which is necessary to deliver the Strategy will ensure that issues which cross local authority boundaries are addressed in a sustainable way. Regional policies will also add value by providing a consistent framework for development which encourages joint working and therefore minimises harmful competition. The SRS should be much more effective than the current RSS/RES in this respect as the spatial/economic links will be much clearer.

8.3 Much essential infrastructure has sub-regional or regional benefits/impacts. Future regional planning with a clear focus on sustainable growth should ensure that new infrastructure is used effectively and that existing infrastructure is not compromised. Examples include defining whether and where critical new transport infrastructure is necessary to support development, or identifying areas where flood risk or a shortage of potable water indicate development is undesirable. Infrastructure providers generally find it much more efficient to engage with planners at the regional level rather than the local level and can use the certainty provided by the regional plan to guide their own infrastructure investment plans.

8.4 Without a clear regional framework local authorities risk preparing plans in isolation which could inadvertently be competing for the use of limited resources or conflicting with each other.

## ABBREVIATIONS

AAP	Area Action Plan
AMR	Annual Monitoring Report
AWM	Advantage West Midlands
CIL	Community Infrastructure Levy
CLG	Communities and Local Government
EERA	East of England Regional Assembly
EiP	Examination in Public
GOWM	Government Office for the West Midlands
HCA	Homes and Communities Agency
MUA	Major Urban Areas
JSIB	Joint Strategy and Investment Board
LB	Leaders Board
LHS	Lifetime Homes Standards
NHPAU	National Housing and Planning Advice Unit
RFA	Regional Funding Advice
RPB	Regional Planning Body
RSS	Regional Spatial Strategy
SHLAA	Strategic Housing Land Availability Assessment
SHMA	Strategic Housing Market Area
SRS	Single Regional Strategy
SSD	Settlements of Significant Development
WMES	West Midlands Economic Strategy
WMRA	West Midlands Regional Assembly

## Annex A

## THE HISTORY OF REGIONAL PLANNING IN THE WEST MIDLANDS—A SUMMARY

Strategic planning at the regional level has been widely supported and influenced development in the region for several decades. In 1965, the Department of Economic Affairs published the first regional study of the West Midlands. Following this the West Midlands Planning Authorities' Conference instigated a West Midlands Study in order to provide a strategic planning framework to tackle the problems faced by the region including population growth, the changing industrial structure, rising unemployment and the development of the conurbation. The first formal regional plan was adopted in 1974. This provided strategic planning guidance to address the region's issues and the opportunity to co-ordinate environmental and economic initiatives.

Historically, towns and cities have grown through expansion around the edges. It became apparent that the continued growth of the region's conurbation in this manner threatened the region's countryside. The 1975 West Midlands Green Belt Plan was the first plan to define the extent and scope of the Region's Green Belt with the aim of containing urban sprawl from the conurbation. Therefore, alternative strategies for accommodating the conurbation's growth were needed. One of the solutions considered was a strategy of dispersing the growing population from the conurbation to the region's existing shire towns and the designated New Towns of Redditch and Telford. The regional strategy promoted the planned expansion of these towns in order to accommodate indigenous growth and growth attracted from the conurbation.

The economic recession of the late 70s and early 80s had a major impact on the region, with the dominant manufacturing sector being hard hit. Many of the industrial areas within the major urban areas, such as the Black Country, were suffering from large scale derelict land, poor quality housing, environment degradation, rising unemployment, and a declining population due to the policies which had encouraged out-migration. This resulted in a general consensus that a change of strategy was needed and in 2001 work commenced on new Regional Planning Guidance (RPG), which was finally published in 2004. RPG sought to reverse the decades of out-migration which had been supported by previous regional policies. The focus was on urban renaissance for the major urban areas, coupled with rural renaissance in the west of the region. A re-balancing of housing growth in favour of the major urban areas was a significant lever to support the wider environmental regeneration required to achieve the urban renaissance.

## Annex B

## DELIVERING HOUSING THROUGH CORE STRATEGIES

## SOUTH TYNESIDE CORE STRATEGY

[http://southtyneside.gov.uk/search/tempDocuments/tmp\\_50738.pdf](http://southtyneside.gov.uk/search/tempDocuments/tmp_50738.pdf)

## POLICY SC4 HOUSING NEEDS, MIX AND AFFORDABILITY

A range and choice of good quality, energy-efficient and affordable homes will be provided for all. Development proposals will be assessed according to how well they meet the identified needs and aspirations of the Borough's individual Housing Market Areas, as shown on the Key Diagram, by:

- A. creating a more balanced mix of tenure and housing types, focusing primarily on:

- (i) Jarrow/Hebburn urban area: two-bed starter and three and four-bed family/executive homes; semi-detached and terraced houses, bungalows and upper-floor flats; for owner-occupation;
  - (ii) South Shields urban area: two-bed starter and three and four-bed family/executive homes; detached, semi-detached and terraced houses, bungalows and upper-floor flats; for owner-occupation and social-renting; and
  - (iii) the Urban Fringe villages: two-bed starter and three and four-bed family/executive homes; detached, semi-detached and terraced houses and bungalows; for owner-occupation.
- B. requiring a minimum of 25% of all new dwellings to be genuinely affordable. This will apply to all developments of 15 dwellings or more or 0.5ha or more (whichever gives the greatest number of dwellings)—or on sites of five dwellings or more within the Urban Fringe villages. This target will, however, be negotiable within reason between sites to ensure genuine affordability and to reflect local housing needs; and
- C. ensuring that housing meets the requirements of special needs groups where there is a genuine and proven need and demand.

We will promote and facilitate opportunities for individual and community self-build housing developments, particularly where they will contribute to meeting local housing needs, including encouraging commercial house builders to set aside serviced plots for self-build housing where appropriate.

## Annex C

### HOUSING DELIVERY SUPPORT IN THE WEST MIDLANDS

#### LOCAL AUTHORITY NEW BUILD

The Government has expanded the role of Local Authorities in delivering new homes through the Local Authority New Build Programme. In the 2009 Budget it announced £100 million funding for local authorities to deliver new social housing at higher energy efficiency standards, and, as part of the Housing Pledge in Building Britain's Future, further funding for direct development by local authorities of around 3,000 new homes was announced.

Under the first bidding round, 1,217 projects in England have been successful with grant funding totalling £140.7 million to build 2,174 new homes. Of this, over £8 million has been allocated to Sandwell and Birmingham which will deliver 157 homes by 31 March 2011.

The second round announced on 11th January allocated 73 councils £122.6 million. Councils will match this grant bringing total investment in this round to £246 million. In the West Midlands, £13 million was allocated to six local authorities—Birmingham, Dudley, North Warwickshire, Rugby, Sandwell and Stoke on Trent. This will deliver 247 new affordable homes in the region by 31 March 2012.

#### NATIONAL AFFORDABLE HOUSING PROGRAMME (NAHP)

Nationally Government help for housebuilding through the National Affordable Housing Programme (NAHP) reached £1.5 billion between June and November 2009. In the West Midlands, expenditure during 2008–11 is forecast to be over £524 million, delivering 10,997 new affordable homes. This is made up of £467 million original NAHP allocation, plus an additional £57 million through the Government's Housing Pledge—delivering an extra 459 new affordable homes.

#### THE KICKSTART PROGRAMME

The Kickstart programme is a key part of the Government's investment to help combat the recession for the Construction Industry by stimulating housing delivery. It is designed to unlock housebuilding sites currently unable to proceed and support construction of high quality mixed tenure housing development.

Nationally, through Kickstart round 1, so far 136 stalled development projects have been approved with a funding allocation of £359.9 million, delivering some 10,300 homes. This has got work back on track and builders back on site. In the region £53.370 million has been allocated to 24 projects, unlocking the development of 1,660 new homes by 31 March 2011.

A second round of Kickstart has shortlisted over 260 additional development projects, 29 of them in the West Midlands. These are currently going through HCA's due-diligence process, if successful they will unlock the development of a 1,951 new homes in the region by 31 March 2012.

25 January 2010

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#### Memorandum from The West Midlands Leaders Board (WM4-02)

The transition to the new Regional Strategy system is a real opportunity to streamline and update our policies to guide the West Midlands out of recession. We are comprised of the leaders of all 33 of the West Midlands' councils; and we are managing that transition to ensure the benefits of the existing arrangements—especially partnership working—are not lost.

The following submission follows the structure of eight issues set out in the Select Committee's invitation to give evidence. Against each issue, we have suggested some key points for the Select Committee to consider in your recommendations to Government.

References are to the Planning and Compulsory Purchase Act ("The 2004 Act") and to the Local Democracy, Economic Development and Construction Act ("The 2009 Act").

### 1. *The implications, benefits and risks of the change from RSS/RES to RS for local authorities*

1.1 The WMLB responded positively to the Sub National Review throughout its consultation stages. We expressed support for the proposed single Regional Strategy system because it offers the chance to integrate spatial planning with the non-spatial economic policies previously promoted in the Regional Economic Strategy (RES) prepared by Advantage West Midlands, notably those relating to skills. The RSS and RES are closely aligned in their policy approach and evidence base and it makes sense to fully merge them, with other relevant regional strategies, into one comprehensive and focussed document.

#### 1.2 Other benefits include the opportunity to:

- Review regional policies in a radically changed economic environment.
- Develop further our policy response to tackling climate change.
- Harness the detailed knowledge of our housing markets (developed for the Examination in Public into the RSS Phase 2 Revision) and the resources of the newly-created Homes and Communities Agency (HCA) to tackle housing need.

1.3 It is clear that simply increasing the numbers of houses built will not in itself address need, or the requirements of new employment locations. A more sophisticated set of policies needs to be developed to respond to the differing needs of our Strategic Housing Market Areas.

#### 1.4 The risks for our local authorities include:

- The transition to the new RS system will slow the momentum in the preparation of Local Development Frameworks (LDF).
- In developing policy options, local authorities have to anticipate a decision by the Secretary of State on such matters as future Regional Strategy housing and employment land targets (which are set to individual local authority level). Any LDF that fails to explore all reasonable options before submitting its Preferred Strategy for public examination is likely to be judged "unsound" by an Inspector.
- Even the most rigorous approach to plan making can fall foul of the very stringent requirements of both the Environmental Assessment and Habitats Regulations Assessments and be found "unsound". These processes require specialist expertise which is increasingly unavailable within local authorities as establishments are reduced in the current economic climate. Associated financial constraints hamper the ability to hire consultancy advice. The net result is to again delay plan preparation processes.
- An attitude of caution by planning authorities has been reinforced by the uncertainty caused by the imminence of the General Election and party political pronouncements associated with it.

1.5 One solution is for local authorities to group together, pool planning policy teams and prepare joint LDFs. This can deliver substantial process-related economies of scale. However, co-operation requires local political will and pre-supposes that the amalgamated plan area makes geographic and economic sense.

1.6 The benefits of forming sub-regional plan-making partnerships are reinforced under the 2009 Act by the new duty (on County and Unitary authorities) to prepare Local Economic Assessments. LEAs are intended to inform both regional and local policy decisions.

#### 1.7 Key Points for the Select Committee to consider:

- (a) The Minister for Housing and Planning be pressed to issue Guidance on Regional Strategy preparation as early as possible to reduce transitional uncertainties.
- (b) The Minister for Housing and Planning be pressed to finalise his changes to the RSS Phase 2 revision as soon as possible in order to give confidence to local authorities' LDF preparations.

### 2. *Whether strategic planning should continue to be set at regional level and what influence does it have over development?*

2.1 In the absence of a national spatial strategy for England (unlike for Wales and Scotland), the regional level is the most strategic level of spatial policy decision making available. There does need to be a strategic level in planning to give spatial expression to the will of Parliament in such key policy areas as meeting housing need; growing the economy; protecting the environment; and achieving modal shift in transport. Local considerations and concerns about development and planning are central to the planning system and find expression through the LDF process. Such considerations must, however, be weighed and tested against national priorities (and indeed international concerns regarding climate change).

2.2 People commute across local authority boundaries for work; visit large centres to access higher order services (like theatres and airports) not available locally and explore a wide range of recreational and cultural facilities in town and country. Planning for these needs requires cross boundary co-operation.

2.3 Regional working is needed to bridge the gap between national requirements and local priorities. It is this level of cooperation and the expertise upon which it draws that is currently driving the West Midlands response to Government's request for Regional Funding Advice. This process is the opportunity to agree regional priorities for spending the £1 billion that comes from Government into the region annually for transport, housing and economic development. The WMLB believes that as far as possible decisions which affect the West Midlands should be taken in the West Midlands and that this principle should apply to the way in which project assessment and authorisation is given.

2.4 Key Point for the Select Committee to consider:

- (a) Ask the relevant Government departments (CLG, Transport and BIS) to accelerate the Regional Funding Advice project approval and funding release processes to expedite delivery of key RSS/Regional Strategy priorities.
- (b) Ask for more decisions relating to project management to be devolved to regional arrangements.

### 3. *The appropriateness of existing methods of deriving housing numbers and the relevance of a better Strategic Housing Market Assessment process*

3.1 The RSS approach to developing housing target figures adopted in the Phase 2 Revision brought together national, regional sub regional and local analysis. It combined national guidance, especially the 2004-based ONS household statistics, through a regional housing land capacity study with local knowledge of site availability and market conditions. The evolving numbers were distributed according to the policy priorities of focussing development in the Major Urban Areas and achieving urban and rural renaissance.

3.2 The significance of the above approach is two-fold:

- It combines developing theory and data based policy with detailed local knowledge, thus reconciling economic and demographic forecasting with local realities.
- Our inclusive process of deriving the preferred option regional figure produced a regional consensus in favour of growth. Nearly every local planning authority in the region expressed support for the submitted RSS Preferred Option, which itself represented a 50% increase above the Minister's previous target in Regional Planning Guidance (2004). (The now published independent Panel report found the approach and the strategy upon which it was based to be sound and commended it.)

3.3 The RSS Phase 2 revision process had benefit of a complete regional coverage of Strategic Housing Market Area market assessments produced by the SHMA partnerships themselves. The WMRA commissioned independent research to benchmark these separate studies. This research was able to conclude that the assessments provided a robust basis for policy forecasting.

3.4 The proposed involvement of the Government's National Housing and Planning Advice Unit (NHPAU) in sub-regional housing modelling work could provide a basis for deriving an England-wide basis for benchmarking and the identification of good practice. The SHMA partnerships (of which there are four in the West Midlands) should, however, be allowed to focus on delivery of housing to need in accordance with agreed regional and sub-regional strategy.

3.5 Key Point for the Select Committee to consider:

- (a) How the Government's remit for the NHPAU could avoid duplication of effort and emphasise the Unit's role in providing objective housing supply and demand analysis as an input to regionally-derived housing policy in the new Regional Strategy.

### 4. *The local authorities approach to providing different types of housing for their own areas*

4.1 Local authorities will continue to match their regionally-derived target for housing with the most suitable sites revealed through their Strategic Land Availability Assessments. This approach, as at regional level, seeks to reconcile policy driven targets and objective assessments of need with local spatial reality. The change from RSS to RS will not undermine the validity of this approach.

4.2 What is of more concern is the ability to deliver. Local authorities need to be able to demonstrate the deliverability of their LDF Core Strategies to inquiry inspectors to achieve a "sound" judgement. This deliverability will depend on being able to sustain a healthy housing market which is capable of delivering the overall target.

4.3 Delivery of the non-market housing will, in turn, come from a mix of Section 106 Agreements with market housing planning applications and direct funding of social housing from Government to local councils and the Homes & Communities Agency. Success will depend on access to expertise (in house or consultancy) capable of negotiating with developers and applying for public sector funding. This access will continue to be at a premium as local authorities restructure to meet reduced budgets.

#### 4.4 Key Points for the Select Committee to consider:

- (a) Ministers be asked to quickly finalise their revised guidance on the scope and content of Section 106 Agreements and its relationship with the proposed Community Infrastructure Levy.
- (b) How best to ensure the availability of qualified staff in local authorities with the capacity to negotiate housing schemes and funding arrangements for them.

#### 5. *Adequacy of Central Government guidance and support and the role of the HCA*

5.1 The current recession has demonstrated that the level of market housing supply is much more sensitive to availability of funds than it is to land availability. If people cannot get or afford mortgages to buy, developers will not build, even though they own sites, have site options and banked planning permissions. Within the overall total housing target, the sub-targets identified for affordable housing through the RSS process explicitly do not meet the totality of need identified. These sub-targets are based on an estimate of what might actually be deliverable within the resources available.

5.2 In current market circumstances, regional agencies must co-operate fully to align their resources with a single strategy, particularly the WMLB and the Homes and Communities Agency (HCA). Between us, we control or influence the major funding streams for non-market housing coming into the region from Government. The HCA has confirmed its willingness to work within the new support arrangements under the JS&IB. These structures, and the HCA's role in them, need to be clarified quickly.

#### 5.3 Key Point for the Select Committee to consider:

- (a) Central government should encourage all of its regionally based agencies to work within local arrangements and deliver against regionally agreed targets.

#### 6. *The achievability and appropriateness of Urban Renaissance in current economic circumstances*

6.1 Urban Renaissance is a long term strategy that seeks to reverse decades of migration from the cities to the shires. Our strategy has been endorsed in the recent RSS Phase 2 Revision Panel report to the Minister which said, "*the principles and the essential spatial strategy of the RSS remain sound and do not need changing in order to meet the housing and other challenges now confronting the region*" (Para 2.51).

6.2 Urban Renaissance needs a "total place" approach to regeneration, which seeks to tackle environmental, economic and social issues in a joined-up way. It is much more than simply increasing housing numbers. In this context, the current economic circumstances only serve to slow down this policy step change, not to invalidate it.

#### 6.3 Without this policy drive, a simple increase in regional housing targets will:

- Increase the take-up of green field land, continuing the historic process of decentralisation and further hollowing-out the major urban areas.
- Any gross increase in the regional housing stock will be off-set by the sort of urban housing market failure and abandonment of housing that has been experienced in the past in Stoke on Trent and the Black Country.
- This approach will therefore be not only socially and environmentally damaging but, in the medium term, partially self-defeating.
- It would replicate the laissez-faire approach to housing seen in the United States where extensive low-density suburbanisation has led to widespread urban decay and social unrest in the major cities.

6.4 Our Urban Renaissance policy approach goes against the grain of market forces to some extent; but it maximises the use and re-use of the existing housing stock and investment in urban infrastructure. We again would endorse the conclusion of the RSS Phase 2 Panel that it will be essential to maintain, "*a sustained focus on investment and regeneration in the Major Urban Areas, and a continued emphasis on the use and re-use of previously developed land and buildings*" (p 2 of the Panel report).

#### 6.5 Key Point for the Select Committee to consider:

- (a) To endorse the West Midland's Urban Renaissance strategy in recognition of the social, economic and environmental benefits it can bring to the region's major urban areas.

#### 7. *The Regional Strategy contribution to housing market renewal*

7.1 RSS policy recognises the fragility of the North Staffordshire and Black Country housing markets. In the submitted strategy, housing targets in the surrounding areas were deliberately restrained to minimise market competition which would draw investment away. The Panel accepted this overall approach.

7.2 The Panel report has nonetheless, in our view, weakened the proposed phasing policy which sought to give priority to Major Urban Area/brown field development and to restrain green field development in the shires. The Panel took the view that it was more important to accelerate the delivery of housing in all

parts of the region to achieving the “challenging” target they were recommending to the Minister. They did however accept the importance of ensuring that, “*the viability of previously developed sites in urban areas is not undermined by liberal green field availability nearby*”. They concluded that it was sufficient to set appropriate housing targets (higher in the MUAs) supported by infrastructure investment to achieve Urban Renaissance. It is now open to review this policy approach in the preparation of the new Regional Strategy.

7.3 The operation of Green Belt policy will have an important role to play in ensuring that there is indeed no liberal availability of green field sites nearby. The Panel has accepted the RSS case that Green Belt land release is required to achieve a higher level of housing provision in a sustainable way; but they are clear that this release should be by geographically specific exception only. No such releases are proposed or recommended near to the two Pathfinder locations. It is open to the new Regional Strategy to re-address the detailed application of Green Belt policy (within the limitations imposed by national Planning Policy Statement 2 “Green Belt”).

7.4 Key Points for the Select Committee to consider:

- (a) Phasing policies in order to hold back green field development and prioritise urban area/brown field sites.

## 8. *The Regional Strategy’s role in promoting sustainable growth and communities*

8.1 Sustainability has three legs—economic, social and environmental. It therefore underpins the “total place” approach to development. The Panel report has endorsed our strategy of concentrating development in the MUAs and surrounding Settlements of Significant Development where the necessary range of supporting facilities is available. The entire strategy-making process was scrutinised by an independent Environmental Assessment process and was also subject to Habitat Regulations Assessment. These are processes required by separate legislation applying to all development plans and proposals. They will equally apply to the new Regional Strategy process.

8.2 Two so-called eco-town proposals were advanced during the RSS Phase 2 revision process and at the Examination in Public. Both had been promoted by developer interests in response to the Government invitation for eco-town proposals, although one of them was withdrawn. The EiP Panel conclusion in respect of the remaining proposal (in southern Warwickshire) was that, “*the location of this proposed eco-town would render it of very doubtful sustainability*” (p. 190). This conclusion underlines our view that sustainability and sustainable communities are best delivered where development can be concentrated to achieve critical mass and, preferably, make use of brown field sites and existing capital investment in infrastructure.

8.3 The new Regional Strategy will be able to revisit the role that new settlements can play in an overall strategy. However, all new development needs to meet much higher environmental standards if national and international targets for carbon reduction are to be met. The economic and social “legs” of the sustainability stool must also be taken through in policy revisions, particularly in renewing communities where social polarisation and economic disadvantage are concentrated. It is highly unlikely that a laissez-faire approach based on decentralisation across the region can deliver sustainable development.

8.4 Key Point for the Select Committee to consider:

- (a) Free-standing eco-towns are of less use in delivering environmentally sustainable communities than developed policy set out at a regional level.

3 March 2010

## INDEX OF ABBREVIATIONS

BIS Department of Business, Innovation and Skills  
CLG Department of Communities and Local Government  
EIP Examination in Public  
HCA Homes and Communities Agency  
LEA Local Economic Assessment  
LDF Local Development Framework  
MUA Major Urban Area  
NHPAU National Housing and Planning Advice Unit  
ONS Office of National Statistics  
RES Regional Economic Strategy  
RSS Regional Spatial Strategy  
SHMA Strategic Housing Market Area

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### Memorandum from Business Voice West Midlands (WM4-03)

RICS is a member of Business Voice WM.

#### EXECUTIVE SUMMARY

Business Voice WM comprises of over 20 business representative organisations across the West Midlands representing—via these organisations, approximately 200,000 businesses.

Further details regarding Business Voice WM can be found in Annex A.

This submission addresses each of the questions raised by the Select Committee in its calling notice of 15 December. However, the overall stance of Business Voice WM towards regional planning is that the needs of new housing and the needs of economic development must go together hand in hand.

The lessons of the past—when land for housing seemed to take very little cognisance of the need for land for local jobs—meant these new housing areas became economically unsustainable in the medium to long term. This led to negative life chances for people living on these estates and—economically speaking—as a drag on the whole regional economy—holding back greater prosperity for all families in the West Midlands region.

The business community's bottom line is that these mistakes of the past should not be allowed to be repeated in the future.

*What the change from the RSS/RES to the Single Regional Strategy (SRS) will mean for planning authorities at regional and local level. Are there any benefits or risks for the single Regional Plan process?*

1.1 The business community warmly welcomes the decision to dispense with two regional strategies and two sets of public agencies dealing with separate economic development plans.

1.2 This duplication of activity did not make economic sense and led—on occasions—to conflicts between the West Midlands Regional Assembly and the Regional Development Agency on issues such as the location of offices when both the Regional Spatial Strategy and the Regional Economic Strategy were both intended to share the same goal of regional economic development.

1.3 The Examination in Public process of Spring 2009 into the Regional Spatial Strategy Phase Two review demonstrated how the confusion between the role of the RSS and the RES led to developers rightly questioning how the two strategies can be linked when divergent interpretations of economic objectives were perceived in the RSS and the RES.

1.4 Therefore the market needed confidence with a clear and streamlined single integrated strategy that demonstrates clearly how planning is critical to sustainable economic development in every part of the region—leading to an evidence based approach for the Regional Development Agency and local authorities to act upon.

1.5 While risks can occur in any transition process to the Single Integrated Strategy, business believes that the risks associated with remaining with the seemingly conflicting strategies of the RSS and the RES undermined market confidence—as the long term planning for economic development was undermined by this confusion.

*Whether strategic planning in the West Midlands should continue to be set at the regional level, and whether it has an appreciable influence over development in the region*

2.1 Business Voice WM has continually advocated the stance that regional planning exists to provide added value to the work of local authorities—and regional planning should not be a top down approach that ignores the needs and sensitivities of local communities.

2.2 However, we do consider that there is still a role for regional planning—particularly in the West Midlands region. For supply chain patterns, travel to work and travel to study patterns are largely self contained across the West Midlands region. Therefore developments in one locality will have an impact on other localities in the West Midlands region—even though they may be many miles away because of these close economic synergies across the West Midlands region.

2.3 It may be useful for the Committee to consider the evidence, outside of the region, for why regional planning is beneficial for local economic development.

2.4 The inspiration for the current Regional Spatial Strategy came in 1994 when Ministers from across the European Union called for the:

*“development of a balanced and polycentric urban system and a new urban-rural relationship”*

2.5 This eventually led to Ministers across the European Union agreeing at a summit in Potsdam, in May 1999, to the European Spatial Development Perspective (ESDP).

2.6 The ESDP is a non binding document with no legal force—but it has directly influenced the development of planning regimes across Europe—including the West Midlands Regional Spatial Strategy.

2.7 What is distinctive about the ESDP is that sustainable economic growth is at the heart of its approach.

2.8 The ESDP policy framework calls for the:

*Development of a polycentric and balanced urban system and strengthening of the partnership between urban and rural areas*

2.9 It noted that while, in 1999, most economic activity in the European Union was around “the pentagon defined by the metropolises of London, Paris, Milan, Munich and Hamburg” other areas in the European Union fared less well.

Therefore:

*The creation of several dynamic zones of global economic integration, well distributed throughout the European Union territory and comprising a network of internationally accessible metropolitan regimes and their linked hinterland—towns, cities and rural areas of varying sizes—will play a key role in improving spatial balance in Europe*

2.10 This vision mirrors the aims of the current RSS—the development of the Major Urban Areas (West Midlands conurbation and North Staffordshire conurbation) as two economic development centres with complementary, but not competing, areas of economic development activity.

2.11 For business such an approach makes sense for cities are now seen as drivers of economic growth but the needs of rural areas should not be neglected as a direct consequence of this conclusion.

2.12 The new integrated single strategy, while correct in attempting to shape and encourage the revival of cities in the West Midlands region, needs to consider, as the ESDP states, that it is the economic life of these urban areas as well as locations for housing that enable these centres to flourish.

2.13 That is why the integrated strategy should not just be linked to two policies of the Regional Development Agency, Advantage West Midlands (AWM), with Regeneration Zones and High Technology Corridors, but also to its policy of clusters.

2.14 The concept of clusters, developed by Porter, identifies the need for firms in particular business sectors to come together to improve their competitive advantage. While the Regional Development Agency policy of clusters is, rightly, not spatially defined there is no doubt that a successful realisation of a clusters strategy can have spatial implications.

2.15 Porter himself states that clusters can lead to competitive regionally based activity. Porter emphasises the links of supply chain dynamics that particularly helps SMEs to develop. Krugman made a similar point emphasising how the development of good regional supply chains in urban areas helps to drive the regional economy in accessing international markets.

*Is the method used to derive the overall number of houses to be provided in the region still appropriate, or are there any potentially better alternatives? Could a better Strategic Housing Market Assessment (SHMA) process in the region lead to better regional estimates?*

3.1 Two issues have collided that require a reassessment of the policy of the RSS in respect of where economic activity takes place. Under the current Regional Spatial Strategy (RSS) most major developments are ear-marked for the West Midlands conurbation and North Staffordshire conurbation.

3.2 However, the Government has signalled that an increase in house building is required across the West Midlands region while research work undertaken by the University of Birmingham has indicated that while the major urban areas (MUAs) have developed this has had unintended consequences in the location of growth industries outside the MUAs.

3.3 Ecotec identified five reasons why the Government has considered that housing pressures across the West Midlands region are so distinct. These are:

- Demographic Change—The number of households is expected to be higher than originally expected. By 2026, it is anticipated that one third of all households will be single person households.
- International Migration—Migration, especially to the major urban areas, from eastern Europe, Middle East and Africa, may have an impact on the number of households in the region.
- Black and Minority Ethnic (BME) Housing Aspirations—Expected to be increased demand for housing in the core urban area of the region from black and minority ethnic communities.
- Changing Aspirations—Rising aspirations for a better quality of life may lead to old housing stock being in the least demand.
- Economic Structure—As there is a strong link between the housing market and employment there is likely to be high housing demand in the south and south east of the region and lower housing demand in the north and west of the region.

3.4 Business Voice WM also considers there is also a strong link between the strength of the housing market, provision of nearby employment land and the provision of good local schools and this must also be considered when considering housing market pressures in the region.

3.5 For the business community house price inflation is a major economic determinate in setting the economic climate. The Bank of England, for instance, has stated that:

*House price increases can stimulate spending in ways that other assets cannot contribute to*

3.6 However, business growth is also held back by the lack of affordable homes across the region.

3.7 Herefordshire and Worcestershire Chamber of Commerce have stated “the availability and affordability of housing of all sizes and scale is a high area of concern which has an impact on the quality and availability of staff” while the Country Land and Business Association (CLA) have declared “the inadequate provision of rural housing is making it difficult for rural people to afford to stay in the communities where they grew up and is frustrating the ability of the rural economy to serve the needs of the countryside and the country as a whole”.

3.8 There have been rising concerns across the rural business community that the current Regional Spatial Strategy militates against the need to develop affordable rural housing. With the leadership of the CLA, within Business Voice WM, the West Midlands Regional Assembly’s Regional Housing Strategy was amended to enable support for an expansion of affordable housing in rural areas— and this is reflected in the draft RSS that is now before Ministers.

3.9 Regional Housing Strategy specifically stated:

*In some circumstances, it will also be appropriate to consider meeting identified local housing needs in smaller settlements provided this can be shown to contribute directly towards regenerating the rural economy or to sustaining a local community by meeting proven housing needs and where the impact on the environment and the landscape is acceptable.*

3.10 This principle needs to be firmly taken into account as there is now a large affordability gap for housing in rural areas and this does not seem to receive the consistent attention that this urgent issue requires, despite of the recommendations of the Taylor Report to the Government on the rural affordability housing crisis. Regional and local planners need to focus on the steps they can positively take to close this gap if the rural economy—and its need for key workers—is to be addressed.

3.11 This principle must also be taken forward into the single integrated strategy. However, it can not end there. Local authorities and the Regional Development Agency—working with the business sector—must develop a clear framework for what allocation of proposed new housing needs to be classed as affordable.

3.12 To leave such decisions to occasional S106 agreements—a procedure where a council can oblige a developer to develop a proportion of affordable housing within a specific development—is against the interests, aims and point of establishing a long term regional approach to planning.

3.13 However, the housing scenarios that are currently being envisaged as a consequence of Government signals for a significant increase in house building go beyond the issue of the availability of affordable homes to the issue of where these new homes for all income groups will be built.

3.14 If the Government is determined to go down this track then it needs to be considered whether the new homes could be linked to areas which act as centres for economic activity.

3.15 Such matters must also consider the link to the skills agenda. Training provision must be part of the services provided to new housing developments so that local sustainable job opportunities can be accessed. Housing needs to be available for key workers in growing sectors if the economy is to grow and be robust.

3.16 It is at this point that we need to consider the work undertaken by the University of Birmingham that has shown that new economic centres have emerged in the West Midlands region.

3.17 Work undertaken by the University of Birmingham for the development of the Regional Economic Strategy identified a distinctive economic growth area known as the E3I belt. This is a doughnut shaped belt around the West Midlands conurbation reaching towards the edge of the North Staffordshire conurbation.

3.18 The term E3I stands for Economic, Entrepreneurial and Innovative dynamism combined with Environmental attributes—in other words a nice place to live—hence E3I.

3.19 This research states:

*From the analysis it is apparent that the spatial patterning of economic activity in the West Midlands region is shifting away or expanding from Birmingham and the Black Country to a belt that encircles the conurbation*

It added:

*This belt lies between 20 km and 40 km from the conurbation and includes Stratford upon Avon, Warwick, Lichfield, Cannock, Bridgnorth and Bromsgrove. Within the belt there is an important differentiation of activities from centre to centre. This means that the region has developed an increasingly polycentric structure. This structure is being extended by innovative activity that is occurring in centres beyond the belt including Newcastle under Lyme, Stafford, Telford, Malvern and Worcester.*

3.20 The authors of this report noted that part of the belt was first identified in 2002 and it seems that the revival of the West Midlands conurbation had a role to play in the development of the belt—alongside the strong influence of London:

*The E3I belt is perhaps partially driven by the conurbation, but equally its drivers are elsewhere. Some of the drivers are outside the West Midlands and perhaps reflect the on-going incorporation of the West Midlands into the economy of London and the South East. For example, some London commuters living in the south east of the region eventually establish local firms. These firms form around or even in homes and would not be established in the conurbation*

3.21 The concept of the E3I belt also seems to have been, in part, confirmed by work undertaken by the West Midlands Regional Assembly. It stated that:

*During 2003–04, the amount of (employment land) completions within the Major Urban Areas (MUAs) declined while the number of completions outside of the hierarchy increased. The MUAs, therefore, did not act as the main focus for development, contrary to the policy objectives of the RSS.*

3.22 It added that this trend changed in 2004–05 but:

*Development within sub regional foci and other large settlements also increased as compared to 2003–04, with the sub regional foci of Telford and Wrekin a significant source of completions.*

3.23 How, then, does the business community respond to the challenges set by the RSS Partial Review on housing and the emergence of evidence of new economic centres?

3.24 If the housing projection figures for the Government are to be accommodated without establishing a new settlement then some towns may have to be expanded and classed as part of the MUAs. This may then address the need to support the E3I belt by integrating it more into the RSS and the Regional Economic Strategy and meeting housing demands as set out by the Government.

3.25 This cannot be achieved without three key matters being addressed. First, that the infrastructure development—from water to transport to energy—can meet these new demands.

3.26 Second, that such developments are planned in recognition that these plans can only be sustainable in the short to long term if business economic developments are factored in. This necessity was recognised with the planning for the North West RSS, for instance, with the need for:

*More informed anticipation and modelling of sub regional economic growth scenarios and better assessment of the implications for the level, composition and potential location of future household growth.*

3.27 Third, the construction industry has to be consulted to find out if, in practice, such an increase in house building can be met.

3.28 Business Voice WM would not urge a rush to judgement on this issue—but nor should we shy away from the consequences that the twin challenges that the evidence of the E3I belt and the Government's possible intentions for a large house building programme within the region could lead to. Therefore a regional housing market assessment may be beneficial in this regard,

3.29 In addition, when housing on employment land is proposed, decision makers must be clear in their assessment of the impact this will have on the economy. Impact economic assessments must be taken in this regard if short term pressures are not to cause hazards to economic development.

*How local authorities will approach the task of providing different types of housing for their own areas within the broad quantities they are allocated*

4.1 Business believes that the silo approach to addressing housing and economic development must end. For, as stated above, the lack of affordable housing does not only cause social problems but also leads to problems for businesses trying to attract key workers for their firms when there is a corresponding lack of affordable housing for these key workers.

4.2 We therefore propose that the obligation on local authorities to develop Local Economic Assessments should assess—amongst other matters—how the lack of affordable homes is having an impact on recruitment of skilled workers and how this will relate to the overall economic performance of a locality. By adopting such an analysis, the economic role of housing can be viewed holistically rather than considering the role of housing in addressing short term social pressures alone.

4.3 The issue of whether regional strategy and Local Development Frameworks are fully aligned is a matter that has not been satisfactorily addressed in the region for some time. The regular monitoring reports from the West Midlands Regional Assembly shows that alignment between Local Development Frameworks and the Regional Spatial Strategy is far from ideal in all planning categories. We believe, as a direct consequence, that local authorities need to ensure these problems are not repeated with the introduction of the Single Integrated Strategy—especially when local government will be playing a more active role in setting regional strategy under the new arrangements.

4.4 The development of the Total Place agenda is helping to bring services and the development of sustainable mixed neighbourhoods together. This is an aim that business shares and we recognise the leadership role of local authorities to achieve these objectives.

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*Whether central government is providing adequate guidance and support to bodies involved in housing delivery, and what role the Homes and Communities Agency plays in the strategic planning process*

5.1 Government guidance on housing has been confusing as there seems to have been a shift from a focus on the major urban areas to the rural/urban fringe. This was complicated by Government guidance on eco towns which did not seem to correspond to Government guidance on developing sustainable transport solutions. This was best exemplified by the process that led to Long Marston in Warwickshire being considered for some considerable time as a location for an eco town even though robust transport links to this area are very poor.

5.2 It is this confusion in Government guidance which has contributed to confusion in respect of long term spatial planning. Business believes that this confusion in aims and objectives from Government over a relatively short period of time has been detrimental in giving market confidence to developers and other market participants as to the levels of investment that should be devoted to new housing developments.

5.3 As stated earlier in this paper, business has been particularly concerned that the link between housing and land for employment has not been given sufficient weight and attention either via Government guidance or, to some extent, at the regional level. This disjointed approach is not practical from an economic perspective and can lead to social problems in the future if housing developments are some distance from local employment opportunities.

5.4 However, one of our concerns has been that existing Government guidance was not fully taken on board during the Phase Two review of the Regional Spatial Strategy. As Business Voice WM pointed at the Examination in Public of this review in Spring 2009, neither the Phase Two housing options nor the Government Office for the West Midlands commissioned evidence on housing took cognisance of the requirements of the Government's Planning Policy Statement (PPS 11). PPS 11 focuses on how Regional Spatial Strategies should be developed. It specifically refers to the need for transport planning to be undertaken when housing numbers are being considered. Regrettably, no such detailed transport modeling has taken place in respect of these housing projections for the region—and this has led to tangible business concerns that short term pressures are not addressing medium and long term needs for the wider region.

5.5 As recorded by the Office of National Statistics, there has been a sharp rise in repair and maintenance activity, which is partly a reflection of the collapse in new build, with owners of property increasingly looking to make good and extend the life of existing buildings. The lack of new starts suggests that the onus on improving the existing stock will continue to be a key feature of the construction market for some time to come.

5.6 To encourage this further, we support the call of the Royal Institution of Chartered Surveyors for reducing VAT to 5% for repair and maintenance work. Without this additional support, and with finance still in short supply, the risk is that the construction industry will continue to languish and good quality property will become increasing hard to find.

5.7 In respect of the Homes and Communities Agency (HCA), we do consider that it has played a positive and proactive role in the relatively short time it has been in existence. It has ensured that a number of housing developments that may have stalled because of the economic downturn have, in fact, continued. In addition, it has, from reports we have received, began to have positive discussions with developers which seem to us a good omen for future developments.

5.8 In respect of the HCA, we would make the following recommendations to further improve its good work. These are that the HCA adopt procedures that would make it easier for housing associations to initiate new build projects. For instance, when grants are being made to housing associations, more can be paid up front therefore enabling the more extensive use of funding facilities that housing associations already have in place.

5.9 Currently housing associations pay around 60% of the costs of building new social homes through raising cash from private lenders and selling homes on the private market with government grants covering the remaining 40% cost.

5.10 However, the credit crunch has badly hit the ability of housing associations both to raise money privately and sell homes on the open market. This means that, the new money that the Government is bringing forward to pay for the building of new social homes must be used for increased grants otherwise housing associations simply will find it very difficult to afford to build any homes in 2010.

5.11 The days when cross subsidy of developments by housing associations selling housing to subsidise rented housing is over for the time being. This needs to be recognised, therefore, in the grant levels awarded to housing associations.

5.12 In addition, the HCA can itself continue to invest in projects by meeting land and infrastructure costs.

5.13 Housing associations are adapting with the development of the intermediate rent market in response to the economic pressures the housing sector is facing. This is having the positive outcome of creating mixed neighbourhoods and therefore meeting the objectives of social cohesion.

5.14 We welcome the decision of the HCA to enter into Single Conversations with local authorities to set local priorities. That is right and proper and we would encourage both the HCA and local authorities to consider the role of the local economy in their considerations.

*Whether the aim of achieving urban renaissance through directing housing growth to, for example, the Black Country, is achievable, and whether it is appropriate in current economic circumstances*

6.1 We share the view of the National Housing Federation that there is an undersupply of affordable housing in the West Midlands region that needs to be addressed. We are concerned that the continuing economic downturn may mean that the approach taken in the recent past of affordable housing being developed via the “S106” approach of factoring in affordable housing in existing housing developments by developers may no longer suffice.

6.2 Business Voice WM has been active in working with Government to ensure that there is some kind of much needed public support to keep the construction sector going which led, in December, to the Minister for the West Midlands launching our West Midlands Regional Construction Action Plan.

6.3 It is these kinds of public sector interventions that will be required in the near future so that the housing need in areas such as the Black Country can be addressed. In response to the previous question, we outlined how the HCA can play an even greater role in such developments.

*How the new Single Regional Strategy might contribute to housing market renewal in the Housing Market Pathfinder Areas and elsewhere*

*How the RSS and the new SRS can assist sustainable growth and the development of sustainable communities (as envisaged in the Government’s Sustainable Communities Plan) throughout the region*

7.1 As we stated in answer to the first question, the fact that conflicting regional strategies will end with the creation of the single regional strategy can only mean more focused action for deprived areas in particular.

7.2 Housing and its role in the wider economic development agenda can now be properly considered and we hope the formation of the single regional strategy will end the silo approach that has hamstrung housing and economic developments for far too long in the Midlands.

7.3 Housing can help drive the regeneration of local centres. For instance, Accord Housing Association are developing housing in partnership with Sandwell Metropolitan Borough Council and the Homes and Communities Agency in the Birmingham Road area—next to West Bromwich town centre. This development should help provide new customers that will contribute to the revitalisation of the town centre.

7.4 Therefore the SRS should heed these examples of best practice so that housing and economic development is planned in order for the beneficiaries to be the families of the West Midlands region.

20 January 2010

## Annex A

### BUSINESS VOICE WM

Business Voice WM is an umbrella organisation for the whole West Midlands region—covering Herefordshire, Shropshire, Staffordshire, Warwickshire, & Worcestershire together with Birmingham/Coventry/Wolverhampton and the West Midlands conurbation.

The member organisations of BVWM are:

- Asian Business Forum
- Association of Colleges
- Birmingham Law Society
- British Ceramic Confederation
- Business in the Community
- Chartered Institute of Building
- Civil Engineering Contractors Association
- Confederation of British Industry
- Co-operatives West Midlands
- Country Land and Business Association
- Engineering Employers’ Federation
- Federation of Small Businesses
- Institute of Chartered Accountants in England and Wales
- Institute of Directors
- Institution of Civil Engineers
- Midland Association of Restaurants, Caterers and Entertainment
- National Farmers’ Union
- National Federation of Retail Newsagents
- National Housing Federation
- Royal Institution of Chartered Surveyors

UK IT Association  
 West Midlands Chambers of Commerce  
 West Midlands Developers Alliance  
 West Midlands Higher Education Association  
 West Midlands Minority Ethnic Business Forum

### Memorandum from the Campaign to Protect Rural England (CPRE) (WM4-04)

#### INTRODUCTION

1. CPRE in the West Midlands has been involved in all stages of the review of the Regional Spatial Strategy (RSS) (as well as previous Regional Planning Guidance processes). We produced extensive responses to the options for all three phases of the review. In particular we were invited to attend all the sessions at the recent Phase 2 Public Examination. We have also been involved in officer groups working on preparing the strategy (including housing, employment land, transport and centres) and our Regional Policy Officer is a member of the Regional Planning and Environment Executive. We were heavily involved in the Black Country Study which informed Phase 1 of the review. We have also submitted views to Advantage West Midlands with other environmental NGOs on the key environmental issues for a Single Strategy.

#### EXECUTIVE SUMMARY

2. CPRE believes a Single Strategy, if developed, needs to balance economic, environmental and social policies, be adequately detailed, take account of long term issues, such as Climate Change and be developed with strong stakeholder engagement.

3. We support the need for strategic planning between national and local level, provided it is transparent and has broad, sustainable goals.

4. The current approach to housing numbers is too dependent on uncertain long term forecasts. Housing provision needs to be managed to ensure emphasis on urban regeneration and previously developed land.

5. Local Authorities need to build a mix of housing types and tenures, with a strong emphasis on good design and reasonable densities. The current high housing numbers make this harder to achieve without green field releases.

6. Urban renaissance is achievable with positive action but depends to some degree on restraint in adjoining areas.

7. Achieving sustainable development requires a balance of investment and is easiest to achieve in existing towns. The current RSS housing figures make sustainable options more difficult and expensive to achieve.

*What the change from the RSS/RES to the Single Regional Strategy (SRS) will mean for planning authorities at regional and local level. Are there any benefits or risks for the single Regional Plan process?*

8. CPRE has welcomed the principle of a single regional strategy. It allows issues where planning, delivery and economic development need to work together to be dealt with holistically. Examples would range from the delivery of rural services, improving energy efficiency levels in new and existing housing to aligning funding and planning for housing renewal. However, we have four specific concerns about how a future Single Strategy might be developed.

9. The level of detail in the strategy may not be adequate to provide proper guidance. Specifically there is a danger that environmental and other policies will be too vague to have effective weight in debating where development should go.

10. There is a danger that the Single Strategy will be too dominated by economic objectives to the exclusion of wider social and quality of life/sustainability objectives. We believe it is vital that we have a successful economy but that needs to be achieved in ways that are neither socially divisive nor environmentally negligent.

11. Given the longer term issues that face us such as climate change, farming and food security and the potential impacts of issues such as fuel price rises, it is essential that any strategy is “future proofed” for its sustainability,

12. While there has been some progress since the Sub-National Review in terms of Stakeholder Engagement, we still have concerns that the decision making process will be much less open to non-business and non-local authority Stakeholders than under the inclusive Regional Assembly approach. This could lead to unbalanced strategy development and a democratic deficit. Guidance must be rooted in broad inclusiveness and a sound evidence base.

*Whether strategic planning in the West Midlands should continue to be set at the regional level, and whether it has an appreciable influence over development in the region*

13. CPRE supports the need for strategic planning to influence local planning and provide some consistency and direction. The main achievement of the RSS in 2004 was to provide a framework for urban and rural development, and to identify the need to reduce outward migration into the shires, currently running at some 12,500 (net) *per annum*. The result of this out-migration has been unsustainable housing pressure in rural areas and market towns around the conurbations, increased social polarization and under-achievement in terms of urban regeneration. Monitoring evidence suggests that the constraints on development in the RSS have begun to militate against this, resulting in more development on previously developed land and in our urban areas.

14. While we have concerns that the current RSS review is undermining this process by increasing housing and other development on greenfield land (including in the Green Belt), we do not believe that a consistent policy direction can be established without some form of strategic planning which sits between the national and local tiers of Government.

15. This has been carried out at regional level and if that continues we would want to be reassured it was open to all stakeholders. While the need to engage stakeholders is acknowledged by Government nationally it is up to regions to decide how they do it. In the West Midlands it is important to build on current stakeholder relationships with the Regional Assembly. If strategic planning does not continue at this level it will be important not to create a vacuum between national and local and to address any deficits that result. In particular, we would have concerns about relying on informal sub-regional partnerships which in the past have often failed to properly engage widely.

16. One example of the potential strategic deficit would be the debate at the recent RSS Examination in Public about office development in Walsall and Cannock. Cannock Chase District Council were arguing for a relaxation of policy which would have allowed increased green field development for offices, potentially along the M6 Toll. This would be in direct competition with Walsall Council's aspiration to develop a gigaport quarter next to its town centre, contributing to the goals of the Black Country.

17. One could also consider the impact of new housing in areas around the North Staffordshire conurbation, the debate about where logistics sites should be sited, retail competition issues or waste management.

18. Without regional strategic planning it is unclear how such debates would be resolved in a way that supported the overall social, environmental and economic goals identified for the West Midlands.

19. There would be likely to be a great deal of inconsistency between local authorities (or groups of local authorities) clustered in sub-regions behaving in their own interests and not necessarily in the most sustainable way.

20. The current work on developing Interim Statements has shown how important it is to have a strategic layer giving consistency of approach and ensuring the actions of individual authorities add up to a consistent plan. In the case of gypsy and traveler provision the consultation has shown that left to themselves local authorities would underallocate leading to further unauthorized sites. In the other example of Minerals, there is a need to address the sustainability of a regional over-reliance on Minerals from Staffordshire, which is hard to address without a regional debate. We do not believe such discussions can effectively take place either nationally or locally.

*Is the method used to derive overall number of houses to be provided in the region still appropriate, or are there any potentially better alternatives? Could a better Strategic Housing Market Assessment (SHMA) process in the region lead to better regional estimates?*

21. In our view the chief problem with determining housing numbers remains the rigid use of 20 year predictions based on uncertain long term demographic projections (CPRE (2009) *Housing the Future*). But equally pernicious is the Government's view that the best way to reduce house prices is through increasing supply. In practice the result of attempting to apply these two axioms has not been to get more houses actually built. Instead it has allowed developers to "cherry-pick" green field housing sites and not build on the more difficult sites in urban areas where costs are higher and returns poorer. This has and will continue to lead to both the urban and rural renaissance strategies being seriously distorted.

22. There are two reasons why the impact of supply on house prices is weak. Firstly, new houses are a small part of the total stock, secondly, the cost and availability of finance is a far greater driver (CPRE (2007) *Planning for Housing Affordability*). So the Government's approach does not even provide the kind of affordable housing CPRE believes is needed in many of our rural communities.

23. At the same time choice is increased for those with higher incomes, allowing them to abandon the major urban areas and move to new developments in smaller towns and in villages, resulting in a social hollowing out of our cities. This can be seen not only in housing but consequently in retail provision and economic development.

24. It is noticeable that the Panel at both the RSS Phase 1 and RSS Phase 2 Examinations accepted that housing located adjacent to the major urban areas in the Green Belt would undermine urban regeneration. We would go further and suggest that, with the current level of public mobility, this trend will have a similar

effect over the medium term in a much wider belt around the conurbation, (although that may well not be sustainable in the longer term.) Indeed, it was a deliberate policy until the 1980s to decant housing out to places around the conurbation. The effects have been to socially hollow out the cities and make them far more difficult to regenerate.

25. CPRE has always urged decision makers to concentrate on building the houses we know we need rather than relying on long term, statistical “predict and provide” analysis. In our responses to the RSS we took a Plan, Monitor and Manage approach and argued for a more proactive approach, supplying homes as and when they were needed. We promoted a housing number slightly lower than the Regional Assembly’s original proposals at the Options stage. This would still mean some greenfield development (based on genuine need) but the more concentrated approach would reduce “cherry-picking” because developers had fewer options at any one time. Our approach also allows for housing to be increased later in the plan period if it becomes clear that this is genuinely needed. The Assembly’s own risk assessment identified over-provision as more dangerous than under-provision and pointed out that under-provision can be managed and remedied whereas over-provision cannot.

26. It is also worth commenting on the fact that PPS3, paragraph 33, suggests that meeting housing numbers should be only one among a number of factors that should be taken into account in deciding the level of house building. In reality, however, the National Housing and Planning Advice Unit’s advice has been treated as unchallengeable by Government and this has led to pressure being put on both the Assembly and Local Authorities to meet housing numbers they do not believe are sensible. It is remarkable that even the recession has not dented this approach. But because in reality fewer houses have been built in recent years, the fixed numbers approach, when applied to the period 2006-26, means that outlandish targets have had to be set for the other end of the strategy to make the sums add up.

27. We set out in our attached appendix our specific concerns about the outputs of the Public Examination into RSS2 in relation to housing and suggestions for how more realistic numbers might be arrived at but it is worth summarising the key points here:

- Excessive housing numbers and urban/rural renaissance are not compatible with one another.
- Housing need is not fixed. It depends on a range of demographic, economic, social and policy factors which are difficult to predict.
- We need to allow for existing unmet housing need, but not all of that requires additional dwellings.
- Housing land availability is important. We suffer from a lack of consistent information across the region.
- Housing Market Assessments are in their infancy and should not be given undue weight.
- Sustainability appraisals have been done but have not had enough impact on the evolving RSS. This critical weakness needs to be addressed if the Single Regional Strategy is to be sustainable.
- Availability of infrastructure (including public transport, health facilities and schools) is a crucial factor in deciding where houses should be built, in what numbers and when. The current approach is inadequate and tends to deny problems exist or improvements are too expensive.
- It is far from clear that the annual house building rates proposed for the latter part of the RSS period can be achieved in practice.
- The views of local interests were generally given little weight in the process. While we support strategic planning it must be clear and transparent and accessible to those who will feel the impacts of the development that occurs as a result.
- The impact on Green Belt would be contrary to stated Government policy.

*How local authorities will approach the task of providing different types of housing for their own areas within the broad quantities they are allocated*

28. The answer to this will depend on what the overall regional number turns out to be and at present we cannot second guess what will be in the RSS Modifications proposed by the Secretary of State for Communities and Local Government.

29. What we do know is what would happen if the figures were as high as those recommended by the RSS Panel. In the case of Birmingham’s Core Strategy the increased allocation would lead to them reluctantly proposing development on Green Belt. In authorities which are struggling with poor demand such as North Staffordshire and the Black Country they would allocate additional sites but might not get sufficient developer interest. Other local authorities such as Coventry, Bromsgrove and Redditch would release Green Belt. Around most of our market towns and cities (such as Shrewsbury, Hereford, Stafford or Worcester) we would be likely to see substantial urban extensions. In many cases this would lead to a significant need for new road-building undermining sustainable transport goals, (as the Implementation Plan for the RSS makes clear.)

30. It is already clear that many local authority numbers are aspirational and have been derived through a process of seeking out the willing. This leads to an inconsistency of approach which we see as likely to increase without regional strategic planning. Because previously developed land available for housing

development is limited, the higher the overall level of development, the higher will be the proportion on greenfield sites. In some cases, greenfield development would take place within the administrative boundaries of the Major Urban Areas. But in one notable case, Coventry, the authority is having to “export” 7,000 of its provision to Green Belt sites in neighbouring areas.

31. More directly, in terms of the types of housing, *eg* flats vs. starter homes vs. large detached homes, the RSS says very little, although Local Authorities are well aware of the need to provide the right mix of housing. They will, however, have to resist developers who want to build the dwellings that provide the highest profits rather than those that are most needed, especially in a nervous, post-recession market. Treating each dwelling as a mere statistic will continue to fail to provide the types of housing required. CPRE has also long supported the need to ensure good design of housing and control over lower density sprawl. This is essential if we are to meet genuine housing need without encroaching any more than we need to on the countryside and to ensure attractive places to live and work. We will wait to see if the more holistic Single Strategy approach helps to resolve these issues.

*Whether central government is providing adequate guidance and support to bodies involved in housing delivery, and what role the Homes and Communities Agency plays in the strategic planning process*

32. CPRE has had a productive dialogue with the HCA in the region. We have welcomed the HCA’s approach to concentrating funding on specific areas where there is a need for housing regeneration. Their role is critical. It is quite clear that we will not see the affordable and social housing we need if it is left to market forces. We have also found them to have a more practical and realistic approach to the issues than the statistically-driven NHPAU.

*Whether the aim of achieving urban renaissance through directing housing growth to, for example, the Black Country, is achievable, and whether it is appropriate in current economic circumstances*

33. The approach to urban renaissance is achievable in the Black Country and the MUA, as well as in North Staffordshire, provided we have the right planning and economic environment. However, it relies on a number of factors as elucidated above. We would include:

1. Investment in the environment: this was a key element in the Black Country Study, relatively inexpensive, and critical to addressing the social imbalances in the region. Unfortunately too little has happened since Phase 1 of the RSS was published in January 2008.
2. Investment in a mix of housing: while there is social need there is also a lack of larger attractive houses in aspirational areas of our MUAs.
3. Investment in economic regeneration: the collapse of traditional industries in North Staffordshire and the Black Country is particularly worrying and requires effort by all involved to concentrate on reinvigorating these areas.
4. Restraint of housing in adjoining areas but also a balanced approach to economic activity, office, retail and industrial opportunities on adjacent green field sites.
5. A holistic approach seed-corning regeneration, for examples, housing for young professionals in town centres which create entrepreneurial and retail opportunities.

*How the new Single Regional Strategy might contribute to housing market renewal in the Housing Market Pathfinder Areas and elsewhere*

34. A single strategy would bring together economic and planning powers which should allow for better coordination of delivery of housing renewal. It would allow issues to be dealt with more holistically which involve both planning and funding streams, for example energy efficiency in both new and existing houses.

*How the RSS and the new SRS can assist sustainable growth and the development of sustainable communities (as envisaged in the Government’s Sustainable Communities Plan) throughout the region*

35. The development of sustainable communities relies on investment in sustainable transport, provision of services, economic development, green infrastructure and a suitable mix of housing.

36. The Implementation Plan for the RSS sets out a number of schemes but is rather haphazard and tends to include proposals which are already local authority aspirations rather than addressing whether these are the right solutions or whether others are needed. Particularly in relation to transport it can end up more as a precursor to bidding than an analysis of the needs to deliver the plan. Moreover, there is still inadequate emphasis on reducing carbon emissions so that it is often unclear how the collection of proposals will achieve this goal.

37. Some of the RSS options are inherently unsustainable. They create sprawl around towns which will be hard to service by public transport and rely on major new bypasses, for example around Shrewsbury and Stafford, and will increase the need to travel, contrary to other elements of the strategy and National Policy.

38. The Single Strategy should lead to more “joined up” service delivery but only if there is the right emphasis in its vision. If it follows the current RSS’s emphasis on regeneration and controls housing numbers there is the opportunity to direct development to communities in a sustainable way, but it will be

much harder, especially given public and private spending constraint. If the approach is simply to follow the market with a growth at all costs approach. We particularly question the unsustainable approach to the settlements of significant development, and the massive decentralization of housing and jobs this approach entails.

39. And it is also important that more emphasis is placed on social cohesion and environmental improvement, particularly in areas suffering deprivation. Otherwise they will be trapped in a circle of unattractiveness.

21 January 2010

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### Memorandum from the Woodland Trust (WM4-05)

**KEY ISSUE**—“*How the RSS and the new SRS can assist sustainable growth and the development of sustainable communities (as envisaged in the Government’s Sustainable Communities Plan) throughout the region*”.

#### THE WOODLAND TRUST

1. The Woodland Trust welcomes the opportunity to submit evidence. The Trust is the UK’s leading woodland conservation charity. We have three main aims: to enable the creation of more native woods and places rich in trees; to protect native woods, trees and their wildlife for the future; to inspire everyone to enjoy and value woods and trees. We own over 1,000 sites across the UK, covering around 20,000 hectares (50,000 acres)—including 52 sites in the West Midlands—and we have some 300,000 members and supporters. The Trust is a member of the West Midlands Regional Sustainability Forum and the West Midlands Biodiversity Partnership.

#### EXECUTIVE SUMMARY

2. (a) Green infrastructure plays a significant role in sustainable growth and the development of sustainable communities.

(b) Woodland is an integral part of green infrastructure and can deliver on a wide range of quality of life indicators.

(c) It follows that woodland as a component of green infrastructure must form a crucial element of the Regional Spatial Strategy/Single Regional Strategy in order to assist sustainable growth and the development of sustainable communities in the West Midlands. This requires a commitment in the Strategies to supporting native woodland expansion and protecting the existing native and ancient woodland resource.

#### QUESTION

3. Question: *How the RSS and the new SRS can assist sustainable growth and the development of sustainable communities (as envisaged in the Government’s Sustainable Communities Plan) throughout the region.*

#### SUSTAINABLE COMMUNITIES PLAN

4. The Government’s publication *Sustainable Communities: building for the future*<sup>1</sup> asks what makes a sustainable community. As part of the answer to this question, it specifies:

- A safe and healthy local environment with well-designed public and green space.
- A “sense of place”.
- The publication also states (paragraph 4.12) that: *We will promote more and better publicly accessible green space in and around communities, for example through the creation of new country parks and networks of green spaces within towns and cities. “Green wedges” and “green corridors” will be given further protection through the planning system.*

5. The Government’s regional iteration of its sustainable communities plan *Sustainable Communities in the West Midlands*<sup>2</sup> supports this, highlighting the challenge of: *Provision of well designed and safe open spaces, close to communities, for formal and informal recreation.*

#### GREEN INFRASTRUCTURE

6. Green infrastructure is therefore an integral part of creating sustainable communities. Planning Policy Statement 12<sup>3</sup> defines green infrastructure as: *Green infrastructure is a network of multi-functional green space, both existing and new, rural and urban, which supports the natural and ecological processes and is integral to the health and quality of sustainable communities.*

7. The West Midland’s Green infrastructure Prospectus<sup>4</sup> expands on this: *It is the open spaces, waterways, gardens, woodlands, green corridors, wildlife habitats, street trees, natural heritage and open countryside.*

#### GREEN INFRASTRUCTURE AND WOODLAND

8. Government policy recognises that trees and woodland form an integral part of green infrastructure delivery. The Government's Strategy for England's Trees, Woods and Forests,<sup>5</sup> which sets out its vision for England's tree and woodland resource over the next 50 years, states that: "*Green infrastructure is a network of green spaces in and around towns, and between urban and rural areas. It may include open spaces, parks, water bodies and nature reserves as well as street trees and woodlands.... Trees and woodlands—from a country park to an urban street—are a very important element of green infrastructure for several reasons*".

9. Objective WC2 of the WM Regional Forestry Framework<sup>6</sup> contains the Action: "*Develop regional and local plans (within the new planning system) that build on the woodland opportunities map and include woodland-creation opportunities at a landscape scale for both rural and urban areas. This should include strategies for green space and increasing the stock and health of urban trees*".

10. Although now a little out of date, and currently subject to revision, the 2004 Regional Spatial Strategy for the West Midlands<sup>7</sup> also supports this in Policy QE4 on Greenery, Urban Greenspace and Public Space which proposes *increasing the overall stock of urban trees*, and Policy Q8 on Forestry and Woodlands: "*...promoting urban and community forestry, including the continuing development of the National Forest, and the Forest of Mercia and the Black Country Urban Forest*".

#### WOODLAND'S CONTRIBUTION TO SUSTAINABLE COMMUNITIES AND PLACE MAKING

11. Woodland can deliver a unique range of benefits for enhancing quality of life in sustainable communities. These benefits include:

- Landscape enhancement.
- Maintenance of biodiversity.
- Amenity and recreation provision.
- Health benefits.
- Climate change mitigation—water purity, flood amelioration, soil stabilisation, urban heat island cooling, air quality.
- Local economy—timber and woodfuel resource.
- Helping local communities create a sense of place and identity.

#### REGIONAL SPATIAL STRATEGY AND SINGLE REGIONAL STRATEGY

12. It follows that, in order to assist sustainable growth and the development of sustainable communities in the West Midlands, woodland as a component of green infrastructure must form a crucial element of the Regional Spatial Strategy/Single Regional Strategy. This requires a commitment in the Strategies to supporting native woodland expansion and protecting the existing native and ancient woodland<sup>8</sup> resource.

22 January 2010

#### REFERENCES

- <sup>1</sup> *Sustainable communities: building for the future*, Office of the Deputy Prime Minister, 2003.
  - <sup>2</sup> *Sustainable Communities in the West Midlands*, Office of the Deputy Prime Minister, 2003.
  - <sup>3</sup> Planning Policy Statement 12, *Creating strong safe and prosperous communities through local spatial planning*, Department of Communities and Local Government, 2008.
  - <sup>4</sup> *Green Infrastructure—A Prospectus for the West Midlands Region*, West Midlands Regional Assembly, 2007.
  - <sup>5</sup> *A Strategy for England's Trees, Woods and Forests*, Department for Environment, Food and Rural Affairs, 2007.
  - <sup>6</sup> *Growing Our Future—The West Midlands Regional Forestry Framework*, Forestry Commission, October 2004.
  - <sup>7</sup> *Regional Spatial Strategy for the West Midlands*, RPG11, Government Office for the West Midlands, June 2004.
  - <sup>8</sup> Ancient woodlands are irreplaceable descendants from the original natural forests, and are exceptionally rich in wildlife, including many rare species and habitats—*Keepers of time—A statement of policy for England's Ancient & Native Woodland*, Defra & Forestry Commission, 2005.
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## Memorandum from the Highways Agency (WM4-06)

### SUMMARY OF WRITTEN EVIDENCE

- The Highways Agency operates the Strategic Road Network which underpins national economic performance and supports sustainable growth and communities.
- The Highways Agency gives advice on and influences regional planning proposals under the outgoing Regional Spatial Strategy process.
- The Single Regional Strategy is welcomed. It has the potential to better align funding, planning proposals and partnerships across a range of disciplines, including infrastructure enhancement, funding and delivery.
- The Highways Agency advocates early engagement in the planning process to influence developer assumptions that providing full accessibility for their developments by road is no longer seen as appropriate. Smarter choices and demand management are crucial.
- Regional and sub regional planning and delivery structures are essential.

### INTRODUCTION

1. The Highways Agency is an executive agency of the Department for Transport (DfT) whose aim is “transport that works for everyone”. This aim is supported by a set of goals which can be summarised as:

- to support economic competitiveness and growth;
- to reduce transport’s environmental impact;
- to contribute to better safety, security and health;
- to promote greater equality of opportunity; and
- to improve quality of life and the natural environment.

2. The Highways Agency welcomes the opportunity to submit evidence to the House of Commons West Midlands Regional Select Committee. Two issues are the focus of this written submission. These are:

- Whether strategic planning in the West Midlands should continue to be set at a regional level, and whether it has appreciable influence over development in the region.
- How the Regional Spatial Strategy and the new Single Regional Strategy can assist sustainable growth and the development of sustainable communities (as envisaged in the Government’s Sustainable Communities Plan) throughout the region.

### SUBMISSION

3. The Highways Agency operates the Strategic Road Network (motorways and trunk roads) on behalf of the Secretary of State for Transport. The Network provides a vital connection between economic centres and the Agency’s aim is to support regeneration and national economic growth by minimising delays as a result of traffic congestion and providing safe roads, on which drivers can expect reliable journeys with good information. As network operator, the Agency maintains and improves a fundamental national asset in good condition and works with communities to mitigate the effects of developments which impact on the network. The network has the potential to affect every resident and business in the West Midlands and the Highways Agency strives to seek positive solutions with developers that support a safe and free flowing road system.

4. The Highways Agency plays an important role in supporting sustainable growth and facilitating thriving and sustainable communities through the spatial planning process. We have an active role within the West Midlands region, both at a strategic level through the Regional Spatial and Economic Strategies and at a more detailed level through Local Development Frameworks and in considering individual Planning Applications.

5. In relation to the West Midlands Regional Spatial Strategy, even though the Highways Agency is not a statutory consultee, we advise and influence Regional Planning Bodies about the impact of proposals on the Strategic Road Network and provide evidence at Examination-in Public. We anticipate that our role will remain the same when the Regional Spatial and Economic Strategies are formally replaced by the Single Regional Strategy in April 2010.

6. The Highways Agency welcomes the introduction of the Single Regional Strategy which provides an opportunity for the region to work towards the integration of spatial, economic, environmental, transport and infrastructure planning processes. The Single Regional Strategy will also assist in aligning employment and housing growth, together with the opportunity to improve its co-location at regional, sub-regional and local levels. Achievement of this will enable the planning for, and co-ordination of, infrastructure provision, funding and delivery.

7. We feel that this joined up approach will also be supported by DaSTS “*Delivering a Sustainable Transport System*”, which places a greater long term importance for spatial planning as a tool for managing down and reducing the need to travel. The Agency considers that the progression of DaSTS alongside the development of a Single Regional Strategy will secure better alignment between regional spatial priorities and investment in affordable and deliverable transport infrastructure.

8. We feel that infrastructure planning and subsequent delivery at the regional/sub regional level is crucial. The Agency will continue to play an active role in advising and delivering on road transport options for strategic roads within the region in relation to Regional Funding Allocations (RFA). However, we feel that the region should give further consideration to the potential benefit of introducing new forms of funding such as Regional Infrastructure Funds and the use of Community Infrastructure Levy. All can be considered at the regional/sub regional level to underpin spatial planning and infrastructure delivery. Regional planning structures are in the prime position of having an overview capable of identifying and guiding high level infrastructure interventions and priorities through RFA over the short, medium and longer-term. However, sub-regional structures may be better placed to take forward the new forms of funding highlighted above.

9. It is essential that future structures at the regional/sub regional level to address transport needs, impacts and funding are able to take a cross boundary perspective. This is to reflect the fact that strategic national/regional transport corridors and commuting patterns do not necessarily adhere to political boundaries.

10. The regional planning tier of spatial documents also provides the framework for local authority Development Plan Document (DPD) production. The Highways Agency, as a statutory consultee in DPD production, has found the framework that the Regional Spatial Strategy provides to be beneficial when engaging on specific local DPD's.

11. Whilst the Highways Agency engages in the preparation of both regional and local development plan documents, we suggest that the preparatory process needs to be underpinned by more explicit recognition of the importance of assessing transport, climate change and infrastructure impacts/needs. These considerations need to be integrated within the preparation of documents during the development, appraisal and selection of spatial options and not simply addressed at the end of the process. To assist with this, the regional transport evidence base should be better defined and updated regularly.

12. The Highways Agency considers that there may be merit in the Strategic Housing Market Assessment process. This provides a regional/sub-regional framework for the assessment of housing need, to explicitly look at climate change, transport and infrastructure issues when assessing scale, distribution and deliverability of new housing (and employment development).

13. Early engagement and coordinated joint working on infrastructure needs was found to be difficult during the Regional Spatial Strategy 2 revision process, due to the late stage at which the overall regional housing targets and their spatial distribution were agreed. In addition, the phased review adopted for the West Midlands RSS has made an integrated approach to spatial decision making difficult by forcing the consideration of economic, social and environmental policies in different parts of the review. As a result, it has not been possible to completely assess the impacts of a range of spatial alternatives, including the scale, nature and deliverability of their impacts/interventions at a regional or sub-regional level.

14. Our approach to the operation of the Strategic Road Network in supporting the development of a regional strategy is to make best use of the infrastructure we already have and not to build additional roads. Smarter Choices, softer measures and demand management initiatives are already supporting this approach within the Agency. However, we believe that this approach can be promoted and supported by a stronger regional/sub-regional policy framework to ensure better fit with transport movement patterns. As such, we feel that a more sophisticated approach to assessing infrastructure needs at the regional/sub-regional level is required.

15. Potential exists within regional planning to learn from the DaSTS approach by adopting a corridor management approach to transport assessment, which addresses all modes of transport and its needs. We also believe that more can be done to secure the involvement of the key transport providers and operators within the region. Their knowledge and expertise can assist in ensuring that future aspirations for changes to the transport networks within the region remain realistic, viable and deliverable.

16. In conclusion, the Highways Agency agrees with the need for urban renaissance as part of the wider approach of meeting regional housing and economic policy objectives. We advocate that the Single Regional Strategy has the potential to bring stakeholders together and engage early in review processes. We also emphasise that establishing appropriate and effective regional and sub regional frameworks and partnerships will be essential in driving forward coordinated infrastructure, planning, funding and delivery discussions that cross individual local authority boundaries.

### Submission from the Forestry Commission, West Midlands (WM4-07)

This submission relates particularly to the question:

*How the RSS and the new SRS can assist sustainable growth and the development of sustainable communities (as envisaged in the Government's Sustainable Communities Plan) throughout the region*

#### 1. EXECUTIVE SUMMARY

The Forestry Commission in the West Midlands works with Regional Partners seeking to ensure that the importance and relevance of trees, woods and forestry, and the wider related Green Infrastructure agenda, informs and influences the Regional Spatial Strategy (RSS) and Single Regional Strategy (SRS).

Wood and timber and the forestry industry, together with woodland related tourism, are important in their own right to the economy, sustainable growth and sustainable communities of the region.

Further and extensive benefits from trees and woodlands relate to the low carbon agenda and combating climate change.

Trees and woodlands are the most important component of Green Infrastructure, which is an overarching concept and fundamental to quality of life in the region.

Green Infrastructure is multi-functional and provides a wide range of benefits, vital to sustainable growth and sustainable communities.

Whilst there is increasing Green Infrastructure work planned and in progress across the region it is not yet embedded as a priority agenda in the region or recognised by key economic decision makers as being of fundamental importance to sustainable growth and the economy.

This is a pivotal time for Green Infrastructure in the region, for instance in respect of developing Core Strategies and SRS priorities. There are a range of actions needed, and outlined in this paper, to achieve the vision of an integrated, effective, extensive and accessible greenspace network, especially in and between major conurbations. Strong leadership is required, encompassing awareness raising, influencing, research and funding.

Both the RSS (revision near completion) and the SRS need to fully encompass key aspects of Green Infrastructure (including trees and woodlands) in the interests of sustainable growth and sustainable communities.

#### 2. THE FORESTRY COMMISSION IN ENGLAND AND THE WEST MIDLANDS

2.1 Forestry Commission England is part of the Forestry Commission and part of the Defra network. We serve as the forestry department of the Westminster Parliament, advising on and delivering England's woodland and forestry policies.

##### 2.2 Aims and Objectives

The aims and objectives of Forestry Commission England flow from the Strategy for England's Trees, Woods and Forests (ETWF) and from the wider objectives of Ministers. Our shared Aims with ETWF are to:

- provide a resource of trees, woods and forests in places where they can contribute most in terms of environmental, economic and social benefits;
- ensure that existing and newly planted trees, woods and forests are resilient to the impacts of climate change, play a role in adapting rural and urban environments to those impacts and contribute to their mitigation;
- protect and enhance the environmental resources of water, soil, air, biodiversity and landscapes;
- increase the contribution that trees, woods and forests make to the quality of life;
- improve the competitiveness of woodland businesses and promote the development of new or improved markets for sustainable woodland products;

##### 2.3 Organisation

The national team is responsible for leading the implementation of ETWF.

Nine Regions carry out our regulatory and grant support roles and also connect ETWF to the distinctive needs of the regions through the Regional Forestry Framework delivery plans.

Forest Enterprise, an Agency of the Forestry Commission, is responsible for managing the public forest estate. In the West Midlands this amounts to c14,000 hectares, 16% of the region's woodlands.

In addition, we work with Forestry Commission GB and Forest Research, a GB Agency, to support and promote sustainable forest management.

We present the Forestry Commission and all its functions as one delivery organisation in each Region. In the West Midlands our regional office is located in Worcester.

We work closely with Regional Partners, such as Natural England, on shared agendas such as Green Infrastructure and in relation to RSS and SRS.

### 3. THE IMPORTANCE OF TREES AND WOODLAND TO SUSTAINABLE GROWTH AND SUSTAINABLE COMMUNITIES

#### 3.1 *Wood and Timber*

Wood is a part of our everyday life in the region, used in our homes, workplaces and in innumerable implements and artefacts. Largely taken for granted previously, its importance is now rapidly developing, largely linked to the need and opportunities to reduce our carbon footprint.

Second only to agriculture, woodland and forestry is the most significant and economically important land use in the West Midlands, occupying some 100,000 hectares, almost 8% of land cover. 52% of the woodland is privately owned and 47% is unmanaged.

With regard to timber value of the resource, the economic value is derived from primary production and processing and the downstream secondary and tertiary industries which this timber processing supplies. The annual sustainable harvest resource is close to 400,000m<sup>3</sup> and it is estimated that the revenue generated by timber production is £11.3 million and the net output (GVA) of the combined production and processing sectors is just over £1 billion. The combined sector has approximately 12,500 employees with a further 64,000 in downstream supply chain businesses.

Wood provides a sustainable low carbon source of energy for generating heat and electricity. The Government's Woodfuel Strategy for England (2007, with Implementation Plan due 2010) proposes an additional two million tonnes of wood produced annually in England, equating to some 230,000 tonnes in the West Midlands, thereby doubling current production. This would result in provision of reliably priced, locally sourced fuel, a significant reduction in carbon emissions, creation of green jobs and an enhanced environment.

#### 3.2 *Woodland related Tourism*

Woodlands form a major component of our most attractive landscapes and are a significant reason behind the designation of the region's Areas of Outstanding Natural Beauty such as the Malverns, Shropshire Hills and Cannock Chase.

It is estimated that leisure day visits to woodlands in the West Midlands total 20.7 million annually, with a further 0.3 million as staying visits. The associated expenditure with these visits is estimated at £279 million and accounts for some 4,500 jobs.

#### 3.3 *Combating Climate Change*

Trees woodlands and forests in the West Midlands, as a segment of those in the UK and worldwide, have an important role in the response to a changing climate. This includes mitigation:—sustainable woodland management to store carbon, woodland creation to increase CO<sub>2</sub> removal, woodland products for long term carbon storage and substitution for less carbon-friendly materials; adaptation:—cooling, shelter, shade and run-off control especially in urban areas, flood plain woodlands to reduce the impact of flooding.

#### 3.4 *Quality of Life*

Non-market benefits from trees and woodlands in the West Midlands were estimated in a 2002 study to provide a value of some £350 million pounds to the region annually. These benefits are wide ranging and include health and well-being, education, recreation, landscape and biodiversity.

The West Midlands has a major urban population adjacent to some deeply rural areas, with all having significant areas and pockets of deprivation and some poor quality environments. Linked to this are extensive inequalities in education and skills attainment, physical and mental health, worklessness and poverty. There is a clear link between lack of quantity and quality of greenspace with reduced quality of life.

Trees and woodlands are the most significant component of greenspace and Green Infrastructure and are therefore fundamental to quality of life in this region.

Green infrastructure (which can be widened to include aspects of the cultural and built environment and termed Environmental Infrastructure) is an overarching concept and represents the life support system of the region, vital to sustainable growth and sustainable communities.

3.5 The next section of this submission encompasses trees and woodlands within Green Infrastructure and sets out the current situation in the region, why Green Infrastructure is so important (including to the economy) and proposes actions to take forward.

#### 4. GREEN INFRASTRUCTURE—AN ESSENTIAL COMPONENT OF SUSTAINABLE GROWTH AND SUSTAINABLE COMMUNITIES IN THE WEST MIDLANDS

4.1 Green Infrastructure and the quality of the environment are increasingly being identified as key themes within wider economic and social objectives and feature in the national framework for regeneration “Transforming Places, Changing Lives” and Government’s strategy for improving quality of place “World Class Places.

The time has come for a step change in how the West Midlands views and takes forward Green Infrastructure as key to its economic, social and environmental agendas, supporting the drive towards sustainable growth and sustainable communities.

##### 4.2 *What is Green Infrastructure?*

Recent thinking regarding planning for Eco-towns has helped to develop the concept of Green Infrastructure both in terms of its scope and position in relation to spatial planning and provides a valuable “blue print” for helping to create a vision for what successful Green Infrastructure might look like. The influential Ecotowns Green Infrastructure Worksheet contains the following definition:

“Green infrastructure refers to a strategically planned and managed network of green spaces and other environmental features vital to the sustainability of any urban area.”

In the West Midland the Green Infrastructure Prospectus published in 2006 defines it as “the network of green spaces and natural elements that intersperse and connect our cities, towns and villages. It is the open spaces, waterways, gardens, woodlands, green corridors, wildlife habitats, street trees, natural heritage and open countryside.” In other words there is something included that everyone can connect with and touches all our lives to a greater or lesser degree.

##### 4.3 *Current Perceptions*

The profile of Green Infrastructure has risen markedly in recent years and most organisations and individuals with interest in the land and environment, both urban and rural will have heard of it and take it into account in a range of ways. However, “Green Infrastructure” has many different interpretations, and awareness and views are polarised. To generalise, those organisations (and parts of organisations) with a responsibility for the environment tend to be enthusiasts and both understand and recognise the wide ranging benefits of Green Infrastructure. Those with a mainly economic remit may be aware of Green Infrastructure and recognise some benefits but may not afford a sufficient degree of priority to it in their agendas or may even tend to overlook or disregard its relevance to the regional economy. Green Infrastructure is not embedded as a priority agenda in the region to the extent it should be and we run the risk that hard-line economic views will be entrenched. This could result in the benefits of Green Infrastructure being left further behind, including omission from the SRS, with a resulting diminishment of quality of life for us all, including for the advancement of sustainable growth and development.

This is a generalisation and awareness and understanding is growing, including across Authorities, organisations and administrative boundaries. Progress is developing through the Regional Spatial Strategy work, in emerging core strategies (backed by PPS 12) and through developing Green Infrastructure Strategies. Nevertheless there is still much more to be done, especially in influencing the SRS and related economic agendas..

##### 4.4 *The Benefits of Green Infrastructure*

The benefits which can be derived from Green Infrastructure extend beyond the environment to social to economic. In many ways it overarches and reaches out to almost everything we do in the West Midlands. It crosses boundaries both spatially and in many other ways. Green Infrastructure truly is a multi-functional resource, which underpins sustainability, directly benefits the economy and improves the quality of life of communities.

The benefits of Green Infrastructure, encompassing the benefits from trees and woodlands touched on earlier, may be summarised as follows under some key headings:

###### 4.41 *Climate Change*

Green Infrastructure can assist with both mitigation of and adaptation to climate change.

- Mitigates the “urban heat island” through affording a natural cooling effect, including the provision of shade and protection from UV radiation. Reduces the need for air-conditioning.
- Ameliorates flooding, for example by strategically placed woodland planting in river catchments.
- Reduces the effects of air pollution.
- Provides corridors to allow species migration and consequent adaptation to the effects of climate change.
- Provides biomass which can be used to produce renewable heat and energy.

- Can incorporate sustainable urban drainage, which absorbs excess rainfall and provides an effective and efficient soakaway and a reservoir for water storage.
- Provides a pleasant and practical setting to encourage walking and cycling, thereby helping to reduce CO<sub>2</sub> emissions from transport.

#### 4.42 *A Green Setting for Investment*

Well connected, accessible Green Infrastructure can greatly improve “quality of place” through improving appearance and providing a range of other benefits. There is substantial evidence to show that a good network of parks, gardens, squares, street trees, woodlands and other public spaces substantially boost inward investment. Companies are attracted and in turn employees, customers and services. People want to live and work in such areas and land and property values are raised significantly.

The consequential uplift in quality of life and place cannot fail but to benefit both the economy and communities.

#### 4.43 *Regeneration*

Green Infrastructure can be a tool and a framework to assist the physical and economic regeneration of an area. The restoration and creation of appropriate forms of greenspace can transform an area and as above provide a green setting for investment. This can be on a local, eg, small town centre, or landscape scale, eg, the Newlands initiative of major areas of woodland planting on former industrial and derelict land in and around Manchester and Merseyside.

#### 4.44 *Transport Corridors*

Well designed Green Infrastructure along transport corridors can not only enhance the experience and impressions of travellers through improvement of the appearance of the areas through which transport routes pass, but also benefit these places too. This may be through helping to bring together fractured and disrupted land holdings and land use and through providing a green setting for investment.

Green Infrastructure can also provide suitable greenspace to enable and encourage forms of transport such as walking and cycling which are not only enjoyable and CO<sub>2</sub> neutral but also provide healthy activity and benefit the local economy.

#### 4.45 *Health, Well-Being and Community Benefits*

Greenspace in both urban and rural settings provides places for people to enjoy, whether this be from physical activity such as play, games, walking and cycling or from quiet activity such as gardening and watching wildlife. Often just the mental satisfaction and peace which being amongst or looking at greenery provides is enough to boost people’s well-being.

Substantial evidence has now accumulated to indicate that greenspace not only encourages healthy physical activity and reduces the incidence of major diseases such as cardiovascular and respiratory but also benefits recovery from illness and mental health. The latter can be achieved just from being able to look out of a window to trees and other greenery.

Further benefits accrue from encouraging and enabling people to become involved in supporting and managing their local green spaces whether this be from working on allotments, holding community events, improving areas for wildlife, planting trees or looking after community open spaces.

A well designed network of green spaces linking key places in a community, for example homes, schools and shops, helps to build communal spirit and morale and provides safe places for play and people movement.

#### 4.46 *Biodiversity*

Green Infrastructure provides habitats for wildlife and also can link, expand and buffer important habitats and support the migration and dispersal of species.

Creation and enhancement of Green Infrastructure can provide new habitats and link urban and rural areas, improving the value of both town and countryside for wildlife. Greenspace in urban areas can be especially valuable for wildlife and provide a range of habitats in gardens, street trees, copses, parks and ponds.

Green Infrastructure assets include semi-natural habitats, including designated areas of conservation. Protection of such areas is vital, as once lost their re-creation may not be possible.

Green Infrastructure can provide the settings and opportunities to bring people close to wildlife and enhance their enjoyment.

#### 4.5 *Realising these Benefits for the Future*

In say 10 to 20 years time (but starting now and building on existing progress) we should aim to have fully recognised the benefits to be derived from embedding Green Infrastructure (GI) economically, socially and environmentally in the West Midlands and have taken action to arrive at the position set out below:

- GI and its benefits thoroughly understood and accepted by all key organisations and authorities, regionally and locally.
- GI Strategies undertaken and resourced, wherever needed and as a matter of course.
- Strong leadership and championing of GI, with partnership working to a GI Framework and action plan.
- GI embedded into appropriate strategies and plans, an integral part of Local Development Frameworks, with GI coming about through the planning process.
- Provision made for funding of GI and for its subsequent maintenance.
- All our towns and cities either having or moving towards achieving well planned and connected GI networks, linking effectively with the surrounding countryside. GI planning accepted on an equal footing with other infrastructure planning.
- GI providing a wide range of benefits to communities throughout the region, accessible and well-used.
- GI underpinning regional and local economies and making a significant contribution to sustainable growth..
- Wildlife habitats and populations thriving, an important consequence of an effective GI network.

#### 4.6 *The Current Position*

Currently we have achieved some elements and aspects of the above but still have a long way to go. For instance:

Many West Midlands towns and cities currently have good elements of Green Infrastructure. For example Stoke on Trent has extensive areas of greenspace although there are questions around connectivity and accessibility. Birmingham has some fine trees and parks, Sutton Park in particular excelling in its size and naturalness. Redditch has a good network of urban woodland, including some important ancient semi-natural woodland amongst newer plantations and wooded road corridors.

The West Midlands faces major economic challenges and Green Infrastructure has an important role, both in bringing benefits from existing Green Infrastructure more into play and planning and incorporating an effective Green Infrastructure network as an integral part of sustainable growth and sustainable communities. The full range and extent of these benefits will not be obtained overnight; rather they can gradually gather momentum, reaching out to all corners of society.

Major housing growth is needed in planned and targeted locations in the West Midlands. There are still issues to be resolved regarding this growth over “how much and where,” and the economic slump has depressed housing starts to a fraction of what the planned growth aspires to. Much of this growth will be focused on the Growth Points located at many major cities/conurbations and shire towns. Green Infrastructure should be an accepted and vital component of this growth, planned from the outset and forming an integral part of the development. Flowing down from the direction provided in core strategies, no or too little Green Infrastructure in development plans should result in withholding of planning permission.

Green Infrastructure Strategies are essential and must provide a practical vision and framework to guide the development, including necessary arrangements for steering and consultation. Most of the Growth Points in the West Midlands have strategies in progress.

However, despite the presence of some good existing Green Infrastructure and new Green Infrastructure Strategies taking shape, there are still major issues over the acceptance and priority given to Green Infrastructure. Also highly relevant is whether adequate levels and systems of funding for creation and maintenance can be found. Green Infrastructure has yet to be embedded at the heart of planning and development in the region and the fear must be that the necessary focus on recovery from the recession will cause an entrenchment of the economy and narrowing of priorities as perceived by economic leaders.

This is a pivotal time for the Green Infrastructure agenda in the West Midlands. It is essential that leaders and decision makers understand and act upon the benefits and that Green Infrastructure truly becomes a part of sustainable communities and a recognised and understood positive element of sustainable growth.

#### 4.7 *What Needs to Be Done?*

Much has already been achieved and is in progress but more is needed and there is no time to waste if the full extent of potential benefits to the regional economy from Green Infrastructure are to be grasped. The task is challenging but the prize to be attained should be sufficient to motivate and galvanise appropriate action.

The West Midlands has some excellent existing Green Infrastructure to safeguard and enhance and to form the framework upon which further improvement can be made. There are many committed individuals and a partnership of organisations who will share the vision, together with excellent information and guidance. There is also good practice in other regions which we can build on here.

#### 4.8 *Proposed Action:*

- Local Authorities and organisations with environmental responsibilities must continue and redouble their efforts to embed Green Infrastructure in their and others work. They must co-ordinate their efforts, work more effectively in partnership and make progress both in-house and with external influencing.
- Key aspects and benefits of Green Infrastructure must be incorporated as part of the SRS, building on and prioritising the work carried out for the RSS.
- Key organisations and Authorities with economic responsibilities must be prepared to listen, debate and, where necessary, alter course to encompass Green Infrastructure in their thinking, planning and action.
- Research and planning on the economic value of Green Infrastructure and development of public benefit recording system approaches, currently led by the North West, needs to be further developed, mainstreamed and actioned in the West Midlands.
- Green Infrastructure partners in the West Midlands should develop a Green Infrastructure Framework Plan including an integral Action Plan, to help co-ordinate and drive activity.
- Green Infrastructure Strategies need to be encouraged and supported. Multi-functionality of Green Infrastructure, including connectivity, must be clearly set out and demonstrated. There needs to be a process of building up and collating consistent map based evidence of the existing resource and strategic priorities across local and sub-regional boundaries.
- The importance and value of having an extensive, appropriate, well-sited, planned and maintained urban tree network, (as part of Green Infrastructure and currently being effectively demonstrated in London by the Trees and Design Action Group), needs to be prioritised and actioned by extending this innovative partnership to the West Midlands.
- Green Infrastructure must be factored into land values and decisions on urban structure, housing densities, *etc.* This needs to be done at the outset, not part way through the process. Where necessary new funding arrangements and sources must be found and worked out to secure Green Infrastructure assets and provide for long term maintenance and improvement.
- Connection must be made between Green Infrastructure and local communities, improving accessibility, raising awareness, understanding and involvement. Green Infrastructure must enhance local character and quality of place.

#### 4.9 *In conclusion*

Green Infrastructure must sit as an equal partner with other infrastructure requirements and become recognised as an integral and vital part of the RSS and SRS, hence helping to advance sustainable communities and sustainable growth in the West Midlands. Ensuring this happens must be a priority, which will include confidence and consensus building. This requires strong leadership and robust evidence—especially with regard to the significant contribution that Green Infrastructure can make to the economy.

#### 5. REFERENCES

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- Forestry Baseline Study for the West Midlands 2002—Entec.
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22 January 2010

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## Memorandum from English Heritage (West Midlands) (WM4-08)

### EXECUTIVE SUMMARY

Our submission highlights the following key points:

- Building on the tradition and success of partnership working in the West Midlands, the single Regional plan process should enable early and active engagement for all relevant stakeholders, including English Heritage, extending from the earliest stages of evidence gathering and throughout the process of the Plan's development.
- The single Regional Plan process should fully recognise and capitalise on the role and contribution of the natural, built and historic environment in supporting the priorities of the Single Regional Strategy, and establish a positive and integrated policy and implementation framework for the environment drawing on and taking forward existing strategies, such as the West Midlands Historic Environment Strategy, and building on existing work undertaken as part of the RSS review.
- To contribute to the renewal of the Housing Market Pathfinder Areas, and elsewhere, English Heritage recommends the Single Regional Strategy, advocates a broad-based, design-led regeneration programme with place-making at its centre.
- The region's historic environment can assist sustainable growth and the development of sustainable communities by: its contribution to quality of place; the opportunities it presents for heritage-led regeneration, for the visitor economy and as part of the region's cultural offer and profile; and by providing a focus for community cohesion and social inclusion.

### INTRODUCTION

1.1 English Heritage is the Government's principal advisor on all aspects of the historic environment. Our responsibilities include the understanding and conservation of archaeology; historic buildings, sites and areas; designed landscapes and the historic aspects of the wider landscape. In planning terms this role includes the need to ensure that statute and planning policy guidance (principally PPG 15, PPG 16 and PPS 1) are reflected in planning policy and practice. However, we also have a wider remit to promote the social, economic and environmental benefits of the historic environment, including its contribution as an essential element in building sustainable communities and to sustainability as endorsed by the Heritage Protection White Paper and the draft PPS 15 Planning for the Historic Environment.

1.2 English Heritage chairs the West Midlands Historic Environment Forum. The Forum represents a wide range of public, private, voluntary organisations engaged in the conservation, care and enjoyment of the region's historic environment. In December 2009 the Forum launched the West Midlands Historic Environment Strategy, *Putting the Historic Environment to Work*. The Strategy sets out a vision for the region's historic environment under the key themes of People, Places and Policies. It goes on to identify a series of priorities to deliver the vision which will be supported by an annually updated action plan.

1.3 Our submission will focus on the issues which are most relevant to our remit and where the region's historic environment can be a positive force in planning for the future of the West Midlands.

*What the change from the RSS/RES to the Single Regional Strategy (SRS) will mean for planning authorities at regional and local level. Are there any benefits or risks for the single Regional Plan process?*

1.4 English Heritage as a statutory consultee has taken an active role in all stages of the phased review of the Regional Spatial Strategy (RSS), working closely with the other statutory environmental agencies and the West Midlands Regional Assembly (WMRA). Established structures through the WMRA, such as the Environment Partnership and the Regional Environment Group, have facilitated input at the earliest stages to the RSS review and provided fora for encouraging an integrated and coordinated approach to policy development for the environment and its input to other policy areas. A successful example of this joint working includes the suite of Sustainable Region policies prepared as part of the Phase 2 Review of the RSS and supported in the Panel Report. A challenge for the change to the single Regional Plan process will be ensuring that the regional structures for its implementation will enable a comparable level of engagement and coordination for all relevant stakeholders, including English Heritage, extending from the earliest stages of evidence gathering and throughout the process of the Plan's development

1.5 The RSS establishes the overall strategy for the region and covers a wide range of subjects in support of its focus on urban and rural renaissance. A core and complementary part of the spatial strategy is protecting and enhancing the region's environmental assets. The Quality of Environment chapter of the RSS provides a regional level policy framework for the region's natural, built and historic environment. In moving to the Single Regional Strategy, the challenges are twofold: first, ensuring that the regional priorities for housing and economic development fully take account of and capitalise on the region's environmental assets in terms of the wider social and economic benefits they can offer; and second that the environment, including the historic environment, is recognised in its own right as an essential element in the future planning of the region and its sustainability.

1.6 In the light of the change to the Single Regional Strategy, it was agreed that Phase 3 issues under the RSS Revision will be progressed through the single Regional Plan process by the preparation of Interim Policy Statements and a series of Policy Recommendations. Policy Recommendations cover the suite of environmental policies contained in the Quality of Environment chapter, and include a Policy Recommendation for the historic environment for which English Heritage is the identified lead. English Heritage, through the regional grouping of the DCMS agencies, has also contributed to the Policy Recommendation for Culture and Sport which focuses on participation. Although the change to the Single Regional Strategy will not benefit from the completion of all programmed phases of the RSS review, the Policy Recommendations present a significant body of work for the single Regional Plan process to build on and be informed by.

1.7 The single Regional Plan process offers the opportunity of undertaking a single sustainability appraisal process, in contrast to the two separate processes used for the RSS and RES. To have greatest benefit and effectiveness, however, the appraisal process should be initiated at the earliest stage and be fully integrated with decision-making and policy development throughout the plan process. As a statutory consultee, English Heritage looks forward to early engagement in this iterative process.

1.8 The change from the RSS/RES to the Single Regional Strategy will also benefit from having in place a suite of regional level strategies and accompanying action plans addressing the historic environment, biodiversity, and forestry. These offer a valuable resource for informing the Single Regional Strategy and its implementation. The West Midlands Historic Environment Strategy, *Putting the Historic Environment to Work*, illustrates how the historic environment resources of the region can contribute to delivering a wide range of social, economic and environmental objectives, and to tackling some of the most pressing needs in the West Midlands such as urban and rural renaissance, skills and aspirations, economic prosperity, social cohesion, and climate change. English Heritage, and the Regional Historic Environment Forum look forward to working with regional partners in taking forward the Strategy and developing constructive links with the Single Regional Strategy.

*How the new Single Regional Strategy might contribute to housing market renewal in the Housing Market Pathfinder Areas and elsewhere*

1.9 To support the market renewal of the region's Housing Market Pathfinder Areas, English Heritage believes that the Single Regional Strategy should champion an informed and positive approach to place-making and design. In 2008 English Heritage, CABE and the Sustainable Development Commission jointly published an action plan, "*Housing Market Renewal: Action Plan for Delivering Successful Places*". This advocates a shift away from housing and towards a broad-based, design-led regeneration programme for Housing Market Pathfinder Areas with place-making at its centre.

1.10 A key strand of this approach is the continued recognition of the contribution that the creative refurbishment and the reuse of existing homes and public buildings can have to creating successful, distinctive and sustainable places. In the West Midlands, both the North Staffordshire, and the Birmingham/Sandwell Housing Market Renewal partnerships have completed heritage assessments to provide an understanding of their historic environment and its significance. English Heritage continues to work closely with partners across North Staffordshire in utilising this information to inform the future planning, design and phasing of development, and to facilitate and promote community engagement.

*How the RSS and the new SRS can assist sustainable growth and the development of sustainable communities (as envisaged in the Government's Sustainable Communities Plan) throughout the region*

1.11 English Heritage believes that sustainable growth and the development of sustainable communities throughout the region can be assisted by the RSS and new SRS in a number of ways:

- Sustainable development should be placed at the core of the new SRS and be integrated across all policy areas as informed by a robust and fully embedded sustainability appraisal process.
- The new SRS should take full account of and capitalise on the Region's natural, built and historic assets and the social, economic and environmental benefits they offer. The intrinsic value of the environment should also be recognised and addressed in a positive and consistent way throughout the new Strategy.
- The region's historic environment should be fully recognised as a key contributor to place-making and to quality of place as endorsed by *World Class Places*, the Government's Strategy. The historic environment underpins the character and distinctiveness of urban and rural places across the region. For many of the region's settlements it is an essential part of their attractiveness for residents and visitors and economic vitality. The historic environment can also play a key role in the regeneration and the sustainable renewal of places through heritage-led regeneration and can provide a focus for encouraging community cohesion and social inclusion. Change should therefore be managed in ways which sustains the region's historic environment, this based on an understanding of the historic character of places, their significance and their sensitivity to and capacity for change.

- Opportunities for the adaptive reuse of the region’s historic buildings should be positively promoted and delivered. English Heritage’s *Constructive Conservation*, demonstrates that a positive and collaborative approach to conservation that focuses on actively managing change can deliver economic prosperity, provide new homes and public spaces, and ensure the long term conservation of heritage assets. The retention and reuse of heritage assets is also inherently sustainable.
- The contribution of the historic environment to the region’s cultural offer should be recognised, and programmes such as *Living Places* should be utilised to support the role of culture in existing and new communities and to increase participation and engagement in cultural and sporting activities.
- The highest quality of design should be actively encouraged. Design quality is a specific regional issue which requires positive regional policies and implementation. The results of the CABE Housing Audit: Assessing the Design Quality of New Housing in the East Midlands, West Midlands and the South West (CABE, 2007) demonstrates this with only 15% of schemes in the West Midlands rated as good or very good, but almost half (47%) were rated as poor. Of particular note is the weakness of the audited schemes in relation to “place-making” and their failure to create a sense of place by not taking advantage of their surroundings, fitting into the local context, nor creating an identity or distinct character.
- Green infrastructure planning should be taken forward by the RSS and embedded in the SRS and their implementation. The historic environment, such as historic landscapes, parks and gardens and other green spaces and features, can contribute to green infrastructure networks and support their multi-functional benefits through the improved understanding, access, and management of heritage assets.

22 January 2010

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#### **Memorandum from National Housing Federation (WM4-09)**

The National Housing Federation welcomes the opportunity to make a submission on housing and economic development in the West Midlands.

The following is our response to the inquiry’s questions:

*What the changes from the RSS/RES to the Single Regional Strategy will mean for planning authorities at regional and local level. Are there any benefits or risks for the single Regional Plan?*

The benefit of the new Single Regional Strategy is the integration of planning housing development with economic development and infrastructure.

The risk is in ensuring the delivery of development at local level.

*Whether strategic planning in the West Midlands should continue to be set at the regional level, and whether it has an appreciable influence over development in the region*

The value of planning and the delivery of housing at regional level are to meet the aspirations of local areas and the region collectively; therefore the regional understanding is required. The added value is the co-operation of local authorities and an agreed understanding of what is required for the good of the region. This co-ordinated approach is vital to attract funding into the region at national and European level.

*Is the method used to derive the overall number of houses to be provided in the region still appropriate, or are there any potentially better alternatives? Could a Strategic Housing Market Assessment (SHMA) process in the region lead to better regional estimates?*

The Strategic Housing Market Assessment would be improved by recommending one uniform methodology used for all assessments across the region. It is extremely important to continue to derive an overall number of houses required for the region to ensure adequate delivery for the growth of the region.

*How local authorities will approach the task of providing different types of housing for their own areas within the broad quantities they are allocated?*

The Strategic Housing Market Assessment needs to be central to this. This involves discussion with the HCA, stakeholders and housing associations who are the prime developers within the region. There needs to be a consideration of changing demographics and liaison with strategic health authorities and social care providers with input from the voluntary and community sector to ensure appropriate supported housing is developed. There is a need to consider the delivery of intermediate housing market products; however, the current difficulties obtaining mortgage finance for shared ownership needs to be resolved.

*Whether central government is providing adequate guidance and support to bodies involved in housing delivery, and what role the Homes and Communities Agency plays in the strategic planning process*

There needs to be consistency and longevity in Government housing policy to ensure that delivery can continue in the long-term. This will give investment partners confidence. The HCA have a vital role to play and gives the opportunity for consistency through their policy direction.

*Whether the aim of achieving urban renaissance through directing housing growth to, for example, the Black Country, is achievable, and whether it is appropriate in the current economic circumstances*

Housing growth has a role to play increasing economic growth and recovery and the National Housing Federation has argued that for every new affordable home built 1.5 jobs are retained in the construction industry. There are obvious knock-on effects on the procurement chain. Areas need regeneration even more in an economic downturn.

*How the new Single Regional Strategy might contribute to housing market renewal in the Housing Market Pathfinder Areas and elsewhere*

The new Integrated Regional Strategy will be developed to replace the existing Regional Housing Strategy and other regional strategies. The new Strategy will need to consider the continued need for investment in the Housing Market Pathfinder areas as part of the wider consideration of where investment should be made to further economic and social regeneration.

Housing associations have been heavily involved in the Housing Market Pathfinder areas and so it is vital that they continue to engage and are represented within the new structures.

*How the RSS and the new SRS can assist sustainable growth and the development of sustainable communities (as envisaged in the Government's Sustainable Communities Plan) throughout the region*

The new Single Regional Strategy should enable the co-ordination of investment into the region to bring about sustainable growth. The delivery of affordable housing is one aspect of this, but only will be successful in creating sustainable communities if the infrastructure and jobs are created at the same time.

25 January 2010

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#### **Memorandum from the South Worcestershire Authorities (WM04-10)**

##### **1. EXECUTIVE SUMMARY**

1.1 The local planning authorities for South Worcestershire (Malvern Hills District, Wychavon District and Worcester City) welcome the opportunity to jointly respond to the call for evidence. It is recognised that the committee process can not directly influence the outcome of the current West Midlands Regional Spatial Strategy Phase Two Partial review. However, our experience of the review process to date suggests that it would be appropriate to draw upon a number of specific concerns held by the authorities, and we believe by residents of South Worcestershire, to attention of the Committee.

1.2 Specifically the South Worcestershire Authorities wish to comment in relation to:

- The approach in arriving at regional and sub-regional housing requirements
- The adequacy of testing of development delivery issues in relation to essential sub-regional infrastructure
- The adequacy of sub-regional testing of the emerging strategy

1.3 Each of matters will be expanded upon in turn in relation to the issues set out in the Committee's press release.

##### **2. INTRODUCTION**

2.1 The local authorities for South Worcestershire in 2006 agreed to work jointly on the preparation of a South Worcestershire Joint Core Strategy (SWJCS) which addresses the same timeframe as the emerging West Midlands Regional Spatial Strategy Phase Two Partial Review (WMRSS) ie up to the year 2026.

2.2 The need to address cross boundary issues arising from the emerging WMRSS and specifically the future growth of Worcester, has led to our decision to work on an informal joint basis on LDF production for South Worcestershire.

2.3 This approach to joint working carried through into the submission of joint South Worcestershire representations on the WMRSS and the presentation of a single case at the Examination in Public held at Wolverhampton in 2009.

2.4 The South Worcestershire Authorities have generally sought to support the West Midlands Regional Assembly's approach to the review process and the overall direction adopted by the emerging strategy. However, this support has always been subject to a number of major caveats related to the handling of migration levels to South Worcestershire, the provision of infrastructure and windfall allowances.

2.5 Our comments to the Committee are general and non-technical in nature as there is little to be gained from attempting to re-run our case presented to the Examination in Public. As the Committee process can not directly influence the outcome of the WMRSS review process and given the likelihood of further public consultation into the Secretary of State's recommended changes to the WMRSS at some stage, yet to be determined. We wish however, to raise a number of concerns regarding the general approach to the review process which we would invite the Committee to consider further.

### 3. COMMITTEE ISSUES

*Is the method used to derive the overall number of houses to be provided in the region still appropriate, or are there now any better alternatives? Could a better Strategic Housing Market Assessment (SHMA) process in the region lead to more appropriate regional estimates?*

3.1 Inevitably the process of testing the appropriateness of regional and sub-regional housing requirements became a highly technical exercise involving complex analysis of population and household projections and associated modelling. Essentially the debate came down to exchanges of technical expertise between the national and regional "big guns" which left many local authorities and more importantly, the public, sidelined due to an absence of specialist expertise and resources.

3.2 In many respects we accept that the Panel holding the Examination in Public took a reasonable and pragmatic stance by looking at the general direction of travel established by each of suggested methodologies and the range of growth options they established, as opposed to trying to define one particular approach as representing a definitive answer. Furthermore, they appear to have adopted a cautious approach to where within the range of growth options presented their recommendations should sit.

3.3 However, our concern is that the debate around housing requirements was biased towards the statistical issues as opposed to considering the sub-regional implications of the figures presented.

3.4 The South Worcestershire Authorities had repeatedly raised concerns that the levels of migration to be directed towards South Worcestershire. Specifically the levels of migration set out in the various projections were too high given their demands for additional growth and infrastructure across South Worcestershire on generally green field sites. The Committee will no doubt already be aware that migration is by far the major element of growth in both Malvern Hills District and Wychavon District.

3.5 Our general concern is that simply matching up statistical evidence around the potential for housing with perceptions of available capacity for new housing does not adequately address the non-statistical questions of whether such growth levels are right, appropriate or simply represent continuing application of inappropriate past trends.

3.6 We note that the Panel state in their report that whilst environmental evidence/considerations suggested a downward counter balance to the upward trend of the available population and household projections the absence of any quantification of environmental constraints to development, meant these could not be applied.

3.7 In response our view is that if an appropriate "balance" is to be established between the statistical process of setting housing requirements and other relevant environmental, infrastructure and community driven considerations, then there needs to be a greater level of investigation and testing of sub-regional issues than the current regional based process allows. Whilst, the sub-regional sessions held by the Panel were welcomed they were not sufficiently detailed to fully address genuine sub-regional constraints and concerns.

3.8 It is possible that an improved SHMA process at the regional level could provide a more rounded picture of housing requirements but this would not necessarily address our concerns regarding sub-regional testing.

3.9 We are not convinced that the move towards a Single Regional Strategy will allay our concerns or provide an improved mechanism to sub-regional testing of housing requirements.

*Is central government providing adequate guidance and support to bodies involved in housing delivery, and what role the Homes and Communities Agency plays in the strategic planning process?*

3.10 Considerable evidence was submitted by the South Worcestershire Authorities and Worcestershire County Council to the WMRSS Review process and the Examination in public regarding the need for additional housing and employment development to be supported by critical strategic and local infrastructure. Furthermore, such infrastructure is of such a scale that it will require considerable public funding over and above developer contributions and planned investment by infrastructure providers.

3.11 Whilst considerable material was produced on implementation requirements by all parties, the resulting picture is that the analysis of global requirements across the region and importantly sub-regional requirements was superficial.

3.12 The evidence supplied by the South Worcestershire Authorities and Worcestershire County Council highlighted in detail the scale of sub-regional and local infrastructure requirements based upon an analysis of the component elements. However, the Government Office and others were able to simply refer to the existence of possible funding programmes without any detail regarding the adequacy of such funding programmes or the likelihood of South Worcestershire securing essential funding.

3.13 We accept that the GOWM and others could not offer definitive assurances regarding funding decisions still to be made, but there was little or no acceptance of the potential “risk” to implementation of the WMRSS if such funding is not forthcoming.

3.14 As stated above, the inadequacy of the current process for testing the sub-regional implications of proposed growth levels would appear to be simply transferring the risk to the local authorities required to produce LDF documents for their areas.

3.15 There appears to be a mismatch in the current RSS process by which the testing of the emerging strategy is only concerned about the highest level regionally significant infrastructure projects but can make sub-regional, and at times location specific, growth decisions without similar testing of the associated infrastructure requirements and the associated risk to RSS implementation.

3.16 The absence of adequate testing of sub-regional infrastructure requirements and their funding leaves the South Worcestershire Authorities and local communities across South Worcestershire concerned as to whether decisions made through the WMRSS process will result in development but not infrastructure and limited capacity to resist growth without essential infrastructure due to the weight afforded the RSS.

3.17 It is our view that any improvement of the process should seek to gain clearer and firmer evidence from those controlling funding programmes and infrastructure providers regarding sub-regional infrastructure before critical decisions regarding sub-regional growth levels are fixed.

*Should strategic planning in the West Midlands continue to be set at the regional level, and whether it has an appreciable influence over development in the region?*

3.18 Clearly, the implications of the RSS process and specifically the implications of the current WMRSS review have generated a debate as to whether growth requirements should continue to be generated and set at the regional level.

3.19 The recurring theme of our representation to the Committee has been the need for adequate testing of the sub-regional implications of proposed growth at the sub-regional level. Furthermore, we are of the view that the engagement of local communities in the “regional” process is a worthwhile aspiration but it is simply not being adequately delivered by the current process. There is an impression that the process is very “top down”.

3.20 The South Worcestershire Authorities however, recognise that many aspects of policy require and benefit from a broad approach, such as dealing with cross boundary issues, the City region, transportation, investment decisions and waste/minerals planning. However, there is clearly a gap in the current process with respect to adequately testing sub-regional issues and enabling engagement by local communities.

3.21 To illustrate this point we would highlight two cases presented to the WMRSS process and Examination in Public regarding windfall allowances and “locational specificity”.

3.22 Our view is that windfall dwellings have been so significant across South Worcestershire that a windfall dwelling allowance up to 2026 ought to be allowed and specifically recognised in the WMRSS. The Panel considered our objection against national policy and recommended that no windfall allowance should be made in the first 10 years of the relevant plan period.

3.23 This conclusion and recommendation, it has to be said, is entirely logical and accords with national guidance set out in PPS3. However, it missed our main point which was that if a windfall allowance was not allowed or supported in the WMRSS what are the sub-regional implications of having to explicitly make provision for around 3,000 windfall dwellings on greenfield sites and should this have a bearing upon the appropriateness proposed WMRSS growth requirements for South Worcestershire which were predicated on past windfall rates?

3.24 With respect to the Panel’s enquiries into whether there is a need for “locational specificity” in the WMRSS, it was most clearly the view of the South Worcestershire Authorities that adequate progress was being made with joint working on the SWJCS to provide assurances that decisions about the location of future growth at Worcester would be made by the South Worcestershire Authorities through the LDF process. Furthermore, the SWJCS would provide the most appropriate vehicle to test the appropriateness of potential strategic allocations at Worcester and engage local communities in this process.

3.25 The Panel however, has subsequently recommended a minimum of 3,500 dwellings in one general location to the west of Worcester, without the benefit of a detailed appraisal and evaluation of this direction for growth and on the back of the SWJCS preferred options document which was clearly published for consultation purposes only.

3.26 If carried forward into the approved WMRSS this recommendation would severely constrain the scope of the SWJCS to determine the most appropriate directions for growth based upon a full appraisal and evaluation of the options and the most up to date information, including public feedback on this specific direction for growth. If the RSS process is to make such detailed recommendations we consider that the review process should enable a level of testing commensurate with the LDF process and ensure greater levels of public engagement.

3.27 Our general conclusion is that there is a strong case for regional policy development and co-ordination. Furthermore, the current regional process does have major bearing upon development across the region and sub-regionally due to the weight ultimately afforded approved RSS in LDF production and development control decisions. However, the process is not, in our view, giving local communities appropriate confidence that sub-regional issues and concerns have been adequately addressed.

3.28 Whilst the Committee has not specifically raised the issue of resources, we would wish the Committee to consider the resource implications for local authorities and the public of engaging in the RSS review process. With respect to the South Worcestershire Authorities, the WMRSS review process has been running in parallel with the production of the SWJCS and a related Site Allocations and Policies DPD. The resource demands of our LDF work meant that we were unable to commission any additional background work to support our RSS submissions and essentially only one officer was dedicated to formulating and presenting our case. It was evident that there was a significant imbalance between the resources available to some authorities and other organisations, including the development industry. Whilst the South Worcestershire Authorities were fully represented at the appropriate sub-regional day it was impossible to secure representation at all general sessions of the Examination in Public, despite these sessions having a bearing on sub-regional issues. If all local authorities are to be fully engaged in the process consideration should be given to the associated resource implications.

3.29 In conclusion the South Worcestershire Authorities wish to underline the fact that the work of the WMRA and its officer team is recognised and valued. Furthermore, our concerns regarding the adequacy of the current RSS review process to adequately address sub-regional issues, should not be interpreted as being contrary to our in principle support for the objectives underpinning the current WMRSS strategy at a regional level.

3.30 The South Worcestershire Authorities do not wish to present our evidence orally to the Committee. However, if the Committee feels additional background evidence would be useful we will endeavour to provide additional material on request.

25 January 2010

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**Memorandum from Janet Mackinnon MA (Oxon) MSc (WM4-11)**

**GETTING THE REGION BACK ON ITS BIKE**

SUMMARY: SPECULATION, SPECULATION, SPECULATION

This submission asks the Select Committee to support the four key aims of the West Midlands Regional Spatial Strategy (WMRSS) which refer to:

- Urban Renaissance.
- Rural Renaissance.
- Economic Development.
- Sustainable Transport.

It also asks for the concept of “Urban Renaissance” to be strengthened with reference, in particular, to sub-regional and other significant centres outside the Major Urban Areas (MUAs), such as Worcester, and given an enhanced economic development role.

Investment in Sustainable Transport is key to Urban Renaissance both within and beyond the MUAs, and it is submitted that this is currently one of the weakest links in the present and future development of the West Midlands region.

Current and emerging policies for housing and economic development appear to diverge from the WMRSS commitment to Urban Renaissance and this is leading to excessive speculation which will undermine sustainable regeneration if allowed to continue.

The Committee should also have regard to Rural and Semi-Rural Areas within the region, and, in particular, the need to support land uses associated with food production, and the sustainable management of natural resources and historic environmental assets.

## MAIN SUBMISSION

This covers the following:

- Background and Context.
- Spatial Planning.
- Housing Issues.
- Economic Development.

## BACKGROUND AND CONTEXT

### *Professional Information*

My name is Janet Mackinnon. I have an MSc in Urban and Regional Planning Studies, and I have been involved in promoting sustainable area regeneration since 1985. For most of my career I have worked as an independent practitioner, and in the small —commercial and civic—enterprise sector. However, I was for several years employed by a major property development and investment company, and by one of the large accountant and business advisory firms, where I undertook professional training as a management consultant.

### *WMRSS Phase 2 Examination in Public (EIP)*

I was invited by the Panel to attend three sessions of the EIP held last year. These sessions dealt with: Phasing and Procedural Compliance Issues; City and Town Centres; and the South Worcestershire Sub-Region. In brief, my submissions to the EIP recommended a simplified and shorter time frame Revision of WMRSS, focussed on Urban Renaissance of the MUAs and other sub-regional and significant centres in the period to 2016, and/or a Review of the longer term strategy with an extension of the plan period (say to 2031).

### *WMRSS EIP Phase 2 Panel Report*

Whilst I do not support some of the key recommendations of the EIP Panel, their Report nevertheless provides, in the main, a comprehensive overview of key issues for WMRSS. I would, however, draw two major shortcomings to the attention of the Committee.

Firstly, on the issue of housing numbers, whilst proposals from various organisations are highlighted, and the Panel arrives at a figure approximately midway between these, the figures in the existing Regional Spatial Strategy (ie the Government Office for the West Midlands (GOWM) document of January 2008, incorporating the Phase 1 Revision) covering the period to 2021 are disregarded. The Panel Chairman did nevertheless confirm at the first EIP Preliminary Meeting that the 2008 WMRSS remains the statutory plan for this region.

Secondly, the Panel Report is surprisingly weak on the relationship between the funding and phasing of key infrastructure, such as transport projects, and major development, implying that this will be sorted out at the sub-regional/local levels. However, although the County Council pointed out at the EIP hearing that the South Worcestershire Joint Core Strategy is the most expensive to deliver the West Midlands region in infrastructure terms, this information was later left unacknowledged in the main Panel Report.

### *House of Commons West Midlands Select Committee Inquiry*

Given uncertainties about the Government's response to the WMRSS EIP Phase 2 Panel Report and whether "Proposed Changes" will be published before the General Election, I very much welcome the Committee's present Inquiry into "Planning for the Future".

## SPATIAL PLANNING

### *Change from RSS to Single Regional Strategy (SRS)*

Arrangements are already underway to create a Single Integrated Regional Strategy incorporating the RSS and the Regional Economic Strategy (RES). Whilst this may seem a good idea in principle, I suspect that the actual mechanisms proposed may prove even more unwieldy than those associated with existing arrangements. I therefore recommend a framework similar to that adopted in the new London Plan, which retains separate economic and transport strategies. This should be called The West Midlands Plan.

### *Delivery of Strategic Planning in the West Midlands*

Strategic planning should continue to be set at the regional level. However, there is also a role for better sub-regional planning in the West Midlands, and here the kind of development frameworks used in the existing Greater London Development Plan might be applied, taking into account County Council jurisdictions. A key challenge for the region is the creation of a more effective strategic transport authority. Indeed there may considerable advantage in the formation of a broader remit infrastructure authority to tackle energy and water issues as well.

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## HOUSING ISSUES

### *Introductory Comments*

The issues highlighted by the Committee for this Inquiry imply that housing and, in particular, housing-led growth are to be its main focus. I would, therefore, caution Members against making the same mistakes as the WMRSS Phase 2 EIP Panel in paying too little attention to the infrastructure issues already mentioned and wider economic development matters, including employment, with which this submission will deal later.

### *Methods to Derive Housing Numbers*

In my response to the preliminary consultation on the WMRSS Phase 2 Revision Options (January to March 2007), I expressed strong reservations about the emphasis on housing-led growth. These doubts have been re-inforced by subsequent well-documented events in the real economy. In effect, what might be described as broad spectrum speculation in global real estate (and notably in residential property)—in which UK plc is a major player—have given rise to a “boom and bust” cycle in financial markets unprecedented since the Wall Street Crash of the 1929. The subsequent economic recession has for this country turned out to be the longest on record since World War II, and, at present, the future is uncertain.

Whatever methods are recommended by this Inquiry to derive future housing numbers for the region, the Committee should ensure that these are capable of regular reality check, and have a robust evidence base which is subject to historical perspective.

### *Back to Basics on Housing Issues*

There is too the need for a basic re-appraisal of the social and economic roles which existing and new housing stock fulfils, and which might be summarised as follows:

1. Meets needs and aspirations for residential accommodation.
2. Provides an increasingly important investment function.
3. Represents a major market for the construction sector.

Problems arise—including price escalation—when the property investment and construction market functions of housing supply “overwhelm” its primary residential role, as has happened in recent years, and will continue to do so in the absence of adequate regulation and other interventions by central and, to a lesser extent, local government.

### *Central Government Guidance and Support*

The present government has failed to provide adequate regulation of the housing market, and seems to have actively encouraged speculation of the kind which has contributed to current problems. It has also patently failed to deliver the necessary levels of non-market/social housing across England as a whole, but particularly in the West Midlands. This is one of the most urgent challenges for all areas of the region, and should be a key focus of future housing policy and delivery.

Whilst I generally welcome the recent creation of the Homes and Communities Agency (HCA), following the merger of the former Housing Corporation and the so-called “national regeneration agency” English Partnerships, the remit of HCA is too wide and its funding too small for the agency to meet the scale of social housing provision identified above.

### *The Role of Local Authorities*

In the absence of coherent central government policy, and the likelihood that in the case of the West Midlands the Regional Spatial Strategy Revision process will succumb to uncertainties surrounding the outcome of a General Election, housing issues are likely to be largely left to local authorities to sort out in the short-term.

On a positive note, the flexibility of the Local Development Framework approach may enable any “policy gaps” to be tackled using statutory Development Plan Documents (DPDs) for issues such as housing. There is a precedent for this in Worcester, where a “Balanced Housing Market” DPD currently exists to “bridge the gap” between the timeframe of the existing local plan and the proposed South Worcestershire Joint Core Strategy.

This mechanism might be deployed elsewhere in the West Midlands. However, “procedural soundness issues” may come into play, as happened in Worcester, with regard to, for instance, compliance with the European Directive on Strategic Environmental Assessment (SEA), which is also an issue for the RSS revisions/reviews in this and other Regions.

## ECONOMIC DEVELOPMENT

### *The Spatial Economy*

One of the clearest manifestations of the spatial economy is the so-called “geography of de-industrialisation” which has largely developed in the UK since the 1970s, reflecting a process of industrial re-structuring and subsequent globalisation. To an important extent this process has been protracted in the West Midlands, with some areas in the major conurbations still very much in the “eye of the storm”. A much more concerted policy response and programme of action is required to tackle this situation.

### *Regional Economic Strategy*

I have already expressed support for the retention of a separate RES, and also support a regional economic development agency. However, the current remit of Advantage West Midlands (AWM) is too wide and under-resourced, inviting analogy with the HCA. The Committee’s previous work has highlighted the need for a more focussed approach to Enterprise Support and Regeneration in this region, and these should be the primary tasks of a strategic economic development agency. With regard to the regeneration and the spatial economy, this requirement strongly implies that the role of Regen. WM, “an operating unit of AWM”, should be substantially expanded.

### *Urban Renaissance*

The Committee’s brief for this Inquiry asks whether “the aim of achieving urban renaissance...is achievable and whether it is appropriate in current economic circumstances”. I recommend that there now needs to be renewed commitment to Urban Renaissance, and that the aim of directing housing growth to areas such as the Black Country should continue—subject to the caveats made earlier—alongside measures to bring into use the backlog of employment sites, highlighted in the Panel Report on WMRSS Phase 2 EIP. In short, a more broadly-based approach to economic and industrial regeneration needs to inform urban renaissance in the MUAs, and also areas beyond these as highlighted in my opening comments.

### *“Sustainable Communities”*

The so-called “Sustainable Communities Plan” with its fixation on housing issues has, in my view, been problematic from the start. The basis of “sustainable community” is the availability of employment, and much of the UK’s entrenched legacy of social deprivation derives from previous housing policies and programmes which failed to take this into account. Unfortunately, parts of the North Staffordshire Conurbation, in particular, illustrate this problem all too well. However, I would strongly caution the Committee against new attempts to relocate deprivation to other areas, where social infrastructure is often even more inadequate and supposed employment opportunities turn out to be illusory.

## CONCLUDING COMMENTS

### *Tackling Problems of Perception*

A longstanding challenge for MUAs within the West Midlands, as elsewhere, arises from the enduring negative associations of these for certain key stakeholders, including many private investors. In fact, conurbations tend to provide advantageous locations for a range of businesses, given their inherent accessibility to major markets and other factors. Perversely, however, greenfield locations may be perceived as preferable, although their development often relies on much larger infrastructure investments than is generally acknowledged, and they too have particular problems. By way of example, and as I noted at the beginning of my submission, the South Worcestershire Joint Core Strategy is the most expensive plan proposal to deliver in this region due to very high infrastructure costs.

### *Strengthening Regional Strategies*

The policy—indeed tectonic—shift reflected in WMRSS from the earlier regional strategy of planned decentralisation of economic activity and population from the MUAs, has already contributed much to Urban Renaissance in the West Midlands. Renaissance now needs to take on a more nuanced form in tackling the very real development problems of major towns and cities outside the MUAs, such as Worcester. However, the four key aims of WMRSS—Urban and Rural Renaissance, Economic Development, and Sustainable Transport—must be retained. Alongside this strengthening of core policies, the regional planning process itself must be simplified. I therefore recommend that WMRSS is recast as “The West Midlands Plan”, as part of a tripartite strategy for economic development and sustainable transport/infrastructure, similar to the new arrangements proposed for London, but with more emphasis on the role of sub-regional planning.

### *Getting the West Midlands Back on its Bike*

I have recommended a rationalisation and re-structuring of government regional structures in the West Midlands, rather than the wholesale demolition and re-construction proposed by others. Equally important will be the necessary accompanying cultural change for the organisations involved who must be forced to tackle the unmanageable administrative complexity which has developed in recent years. In short, they will

need to “Get Back on their Bikes” if the region is to succeed on the path of sustainable regeneration to which there is no better alternative. A good place to resume would be the creation of a Strategic Sites Strategy for key previously-developed landholdings such as Longbridge, similar to the kind successfully implemented in London and the Thames Gateway during the 1990s by the Government Regional Office.

25 January 2010

### Memorandum from South Worcestershire Housing Action Group (WM4-12)

#### INTRODUCTION

This report has been prepared by the South Worcestershire Housing Action Group (SWHAG) and Save Elgar’s Village (SAeV) with the following aims:

1. To present evidence based research findings which challenge many of the assumptions adopted in the SWJCS and RSS.
2. To present an alternative set of principles which we believe should be followed when planning for future housing in the region.

#### 1. EVIDENCE BASED RESEARCH FINDINGS IN MITIGATION OF THE RSS AND SWJCS PROPOSALS

##### 1.1 South Worcestershire population growth

#### SUMMARY

The RSS demand we build 24,500 houses. The South Worcestershire population is projected to grow by 26,917 by 2026. This equates to close to one house for each extra citizen.

#### ANALYSIS

The Worcestershire economic assessment provides projections for population growth for South Worcestershire. This assessment is in turn based upon data from the Office of National Statistics (ONS):

**Table 18: Population projections, 2006-2015 (thousands)**

Area	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	% change 2006-2015
Bromsgrove	91.6	92.4	93.2	94.0	94.8	95.6	96.4	97.2	98.0	98.8	7.9
Malvern Hills	73.9	74.2	74.6	75.0	75.4	75.7	76.1	76.5	76.9	77.3	4.6
Redditch	79.5	79.7	80.1	80.4	80.8	81.1	81.5	82.0	82.4	82.8	4.2
Worcester	93.4	93.6	93.8	94.1	94.4	94.8	95.1	95.5	95.8	96.2	3.0
Wychavon	116.3	117.2	118.0	118.9	119.8	120.6	121.5	122.3	123.2	124.0	6.6
Wyre Forest	98.2	98.6	98.9	99.3	99.7	100.2	100.6	101.0	101.5	101.9	3.8
<b>Worcestershire</b>	<b>552.9</b>	<b>555.6</b>	<b>558.6</b>	<b>561.7</b>	<b>564.8</b>	<b>568.0</b>	<b>571.2</b>	<b>574.5</b>	<b>577.8</b>	<b>581.0</b>	<b>5.1</b>

Source: Office for National Statistics, 2006. Sub-national population projections (2006-based).

In 2009, Worcestershire has a population of 561,700. The largest Local Authority is Wychavon, with 118,900 residents, while the smallest is Malvern Hills with a population of 75,000. Meanwhile Worcester City has a population of 94,100. Thus the three districts in the SWJCS totalled 288,000. Table 18 also shows forward predictions from 2006 to 2015. If these are extrapolated from 2009 to 2026 then final populations in the three South Worcestershire Districts will be:

District	2009 population	2026 population	Growth
Worcester	94,100	100,050	5,950
Wychavon	118,900	133,350	14,450
Malvern Hills	75,000	81,517	6,517
<b>Total South Worcestershire</b>	<b>288,000</b>	<b>314,917</b>	<b>26,917</b>

Which leads to a total South Worcestershire population of 314,917, a rise of 26,917 in the period 2009–26.

## 1.2 South Worcestershire employment growth prospects

### Summary

1. The housing target set for South Worcestershire is grossly in excess of even the most optimistic forecast for employment growth. Using optimistic forecasts, we calculate that employment growth can support the building of 10,866 homes in the period to 2026.
2. Worcester City demonstrates that it is totally ill equipped for the task of being a “growth centre”
3. The earning power of the extra employment highlighted by the Learning and Skills Council strongly indicates a poor prospect for purchase or renting at open market housing prices.

### Analysis

Allocating land for employment is simple; generating jobs to ensure sufficient income of salaries or taxes to finance the dwellings is much more difficult. Few households can afford a home on a single income. The RSS published by the South West Regional Assembly suggests an average ratio of 1.32 jobs will be required to support the open market purchase/full cost rental of each dwelling.

*“Additional employment is the well spring of any growth in housing stock”*

Between 2003 and 2007 Worcestershire employment grew by 0.63%. Worcester City, by contrast, experienced reduced employment of – 2.6% over this same period.

**Table 43: Number and distribution of employees in Worcestershire, 2003-7**

Authority	2003	%	2004	%	2005	%	2006	%	2007	%	% change in number of employees 2003-7	% point change in proportion of employees 2003-7
Bromsgrove	30,400	13.4	32,400	13.9	31,400	13.7	33,900	14.4	33,500	14.3	10.2	1.0
Malvern Hills	26,800	11.8	27,000	11.6	26,700	11.7	28,000	11.8	27,000	11.6	0.7	-0.2
Redditch	41,300	18.2	43,200	18.5	43,200	18.9	43,500	18.4	41,500	17.8	0.5	-0.4
Worcester	52,300	23.0	52,700	22.6	49,000	21.4	50,100	21.2	50,900	21.8	-2.6	-1.2
Wychavon	45,300	19.9	45,900	19.6	45,800	20.0	48,200	20.4	49,400	21.2	8.9	1.2
Wyre Forest	34,100	15.0	35,600	15.2	35,400	15.5	35,600	15.1	34,000	14.6	0.0	-0.4
<b>Worcestershire</b>	<b>227,300</b>	<b>100.0</b>	<b>233,500</b>	<b>100.0</b>	<b>228,700</b>	<b>100.0</b>	<b>236,200</b>	<b>100.0</b>	<b>233,200</b>	<b>100.0</b>	<b>2.6</b>	

Figures rounded to the nearest 100.

Employees are assigned to an authority based on the location of their place of work.

Since then the national economy has entered a recession with increased unemployment, substantial increase of national debt and reduced tax revenue. Unemployment in Worcestershire has risen from 7,682 to 13,171 in the 12 months to April (<http://worcestershire.whub.org.uk/home/wcc-pep-ri-index-housingeconomy-economy-economicsummary>).

South Worcestershire comprises the three Authorities, Worcester, Malvern Hills and Wychavon.

North Worcestershire comprises the three Authorities, Bromsgrove, Redditch and Wyre Forest.

North Worcestershire has a slightly reduced population and employment base.

The RSS demands that South Worcestershire create twice as many homes as North Worcestershire

This is entirely contrary to the forecasts of the Learning and Skills Council projections.

We adopt a fairly optimistic forecast of employment growth at 0.63 % *per annum* based on the average level achieved in the 2003 to 2007 period. We also assume 1.32 jobs per new home.

This application of a “rose tinted” view is continued by making the massive assumption that each additional employment will be at a salary level comparable with either purchasing or renting an open market home. We also take the further optimistic view that those currently out of work will get their jobs back and thus the starting level of employment as of 2007 is justified.

By this means we calculate the compound growth in employment as follows;

	2007 employment	2026 employment	growth	Homes
Worcester	50,900	56,635	5,735	4,345
Malvern Hills	27,000	30,042	3,042	2,305
Wychavon	49,400	54,966	5,566	4,217
<b>Total South Worcestershire</b>	<b>1,434</b>	<b>10,866</b>		

### 1.3 West Midlands skill and new jobs prospects

#### Summary

1. The graph quoted at the end of this section would imply that the West Midlands is likely to lose mid aged working people who are just those people who would be likely to be in a position to purchase or rent a new open market home.

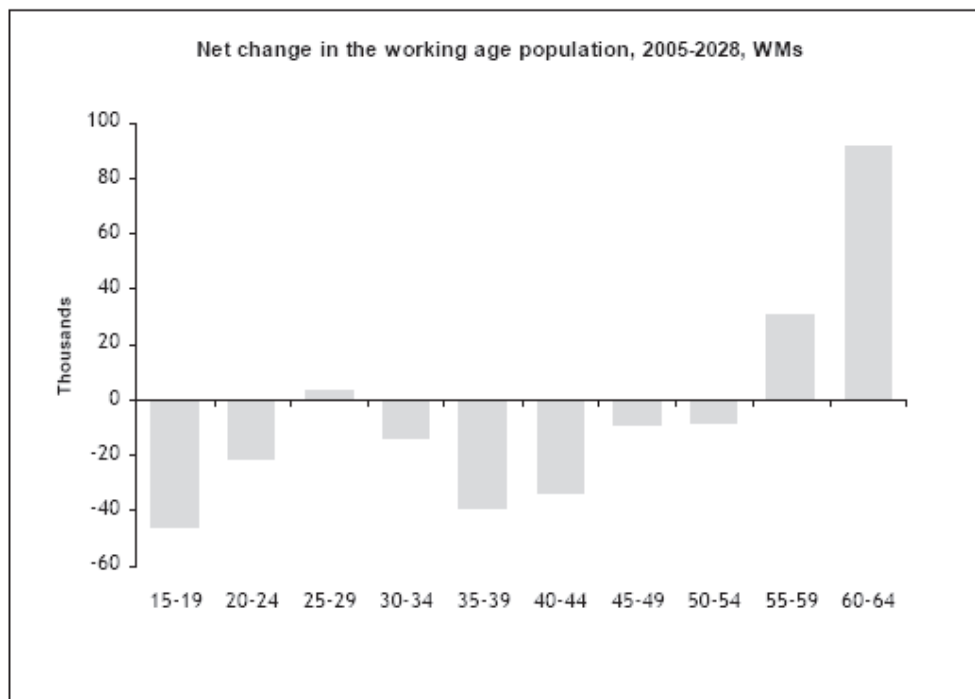
2. The majority of the employment growth cited has substantial community value but at low wage rates. These are just the groups of people who are currently finding it almost impossible to step onto the property purchase ladder or to pay economic rents.

3. The 55–64 age group are classed as, settled family groups, who are the ones likely to have already gained a foot on the housing purchase ladder with a low prospect of requiring additional housing.

Future employment critically depends upon the skills and training provided prior to employment. The Learning and Skills Council could be expected to forecast future requirements as a main part of their remit. It was therefore felt to be instructive to examine their findings.

The following summarises the key points taken from “*Learning and Skills Council West Midlands, Regional Strategic Analysis 2007, December 2007*”:

- Up to 2016, the West Midlands will create 100,000 new jobs in Health and Social Care, Wholesale and Retail, Business and Professional Services, Education, Construction and Hotels and Catering. This is forecast to be offset, however, by the shedding of nearly 50,000 jobs in Manufacturing.
- The focus for new job creation over the next decade will be the south and east of the region in Birmingham and Solihull, Coventry and Warwickshire and Staffordshire.
- The creation of the new jobs requires further investment by employers in training and up-skilling. Many employers are experiencing difficulties recruiting people with the necessary skills (skills shortages) and also have gaps in the skills of their current workforce (skills gaps).
- The West Midlands economy performs poorly relative to other regions: Analysis to support the development of the West Midlands Economic Strategy suggests that there is a £10 billion “output gap” in the region (compared to what Gross Value Added would be in the region if it produced wealth at the current national average per head of population).
- There is an ageing population in the West Midlands, with a forecast increase of 120,000 in the number of 55–64 year olds from 640,000 to 760,000 over the 2001–28 period. This is shown below in Chart D: Change in the working age population in the West Midlands.



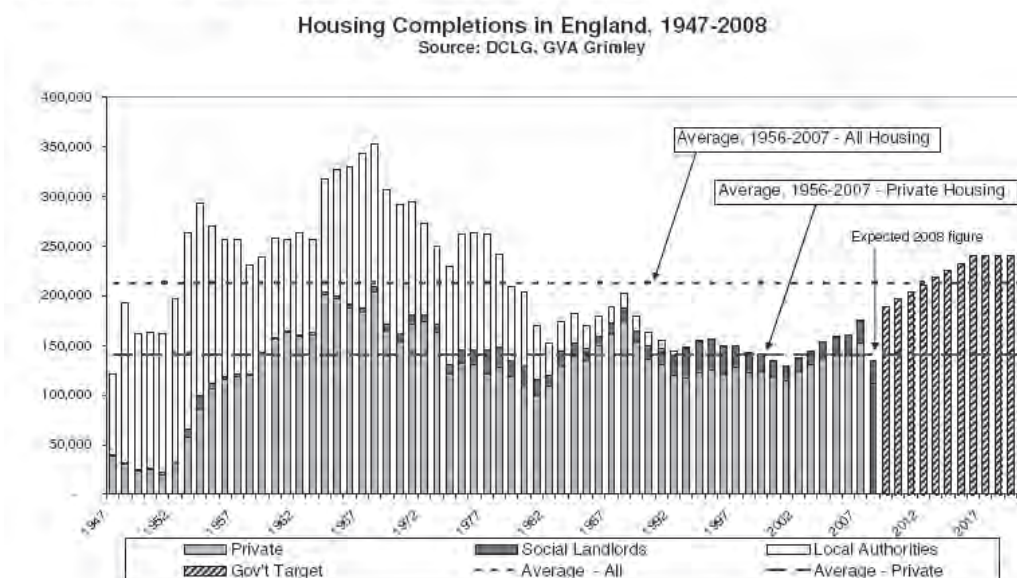
Source: ONS 2005 Mid-year population estimates, ONS local authority district population projections

- We consider that the reduction in employment of 30 to 45 year olds is bad news for the prospects of house purchases.

Further key points have been taken from the report titled “The implications of the economic downturn for regional housing targets” (A report by ECOTEC Research and Consulting April 2009):

- Between 1991 and 2001 we experienced a period of good economic growth and then only managed to build an average of around 140,000 homes per year (see figure 4 below). The Government target demands a ramp up to a level of 250,000 homes per year which is clearly undeliverable in a recession period.

**Figure 4 Housing Completions in England 1947-2008**



- The number of homes in the UK repossessed by lenders rose last year by 54% to 40,000, according to the CML. Despite the recession, this was fewer than originally predicted, but it expects repossessions this year will reach about 75,000.
- The CML estimated that over 500,000 people would fall at least three months behind their mortgage payments during 2009—double the number in 2008.
- It was estimated that there has been a £6 billion drop in planning contributions to local authorities from private sector developers. It is expected that the value of contributions will fall below £3 billion (from about £9 billion) for the next few years as more schemes fail to get started.

## 2. A NEW VISION

This section presents a set of 10 principles that we believe should be the basis of future housing plans for South Worcestershire.

### *Locally determined housing need*

The location, number and type of housing should be determined by bottom-up consultation with parish and town councils who should be allowed to make estimates of their natural population growth as well as provision for inward migration where appropriate (in response to proven employment growth).

### *Organic harmonious growth*

New housing should be delivered in small scale developments which enhance the existing communities. Developments should include a proportionate level of affordable housing such that all those growing up in the area can continue to live locally regardless of their income levels.

### *Protection of natural beauty*

Housing development must avoid greenfield areas of outstanding natural beauty (AONB) as well other designated sites such as SSSIs and Special Wildlife Sites.

### *Sustainable*

Housing should be placed in locations which are free from flooding, not constrained by natural barriers, accessible to transport and as close to employment centres as possible. In addition housing must not be placed in locations where it will induce flooding by increased run-off.

*Deliverable*

The housing plan should be deliverable both in terms of whether the building rate is appropriate for the capital-depleted house building industry as well as whether the houses can be paid for by employment growth or government financing (see appendix point 2). The housing growth rate should be tightly tied to the job growth rate.

*Infrastructure*

New housing cannot be built without new infrastructure such as new roads, hospitals, surgeries, schools and public transport provision. Housing should not be placed in areas where delivery of such infrastructure is in doubt. Infrastructure should be funded by an appropriate mix of public money and developer contributions.

*5 year plan*

Local authorities have previously been required to identify a five year rolling supply of housing land. We feel that it appropriate to maintain this planning timescale rather than trying to plan 15 years ahead. Such extended planning is clearly impossible due to the volatility in current economic forecasts which has in turn lead to a large spread in the predicted housing delivery (see appendix point 4). Further volatility is also noted in the regional population forecasts due to swings in both regional and national migration (see appendix note 6).

*Brownfield first*

The principle of regenerating previously developed land is one that we fully support and indeed is the key to ensuring urban regeneration. Recently developers have tried to promote a greenfield-first policy in order to improve housing profitability and increase demand. We reject these flawed arguments (see appendix point 7) and insist that greenfield sites must be protected from any development and preserved for food production. Greenfield sites should only be considered if they are the only option available for the growth of the existing community. We also believe that “Garden grabbing” should not be considered as brownfield development.

*Windfalls*

We insist that windfall developments be fully reinstated in future housing plans especially since such sites have made up over 50% of recent housing provision. We understand that such sites are less popular with developers who prefer to concentrate housing development in large sites. However we feel that the inclusion of windfalls is key to enabling dispersed housing which is one of the underlying principles of sustainable development. *Note* Windfalls received a strong thumbs down from GOWM, WMRA, WCC and SWJCS speakers at the EIP. Windfalls were not to be included into any growth forecast but we believe this vital resource should be exploited as part of the housing targets.

*Empty properties*

There are currently 786,000 empty homes in the UK which need an average expenditure of only £15,000 to bring them back into use (See appendix point 1). We insist that local authorities should identify all empty homes and bring them back into use taking advantage of government grants available for refurbishment. The identification of empty homes will deliver housing at a much faster rate than the building of new homes especially in this time of recession.

12 January 2010

## ABBREVIATIONS

RSS—Regional spatial strategy. A plan on housing, infrastructure, transport etc which is managed by the West Midlands Regional Assembly (WMRA)

SWJCS—South Worcestershire Joint Core Strategy. A combined body representing Malvern Hills District Council, Worcester City Council and Wychaven District Council. It was set up with the aim of producing a joint housing plan covering all three areas.

CML—Council of mortgage lenders.

GOWM—Government office of the West Midlands.

WCC—Worcestershire County Council.

SSSI—Site of special scientific importance.

## APPENDIX 1

### ADDITIONAL BACKGROUND DATA

1. Currently there are 786,000 empty homes in England (<http://www.emptyhomes.com>). Grants are available to help to refurbish but MHDC planners do not want to use such houses even though the housing minister Margaret Beckett is encouraging it. (<http://news.bbc.co.uk/1/hi/uk/7969526.stm> ). South Worcestershire currently contains 3,553 empty homes, of which 1,375 have been empty for more than six months. <http://www.emptyhomes.com/usefulinformation/stats/wm08.htm>

2. The house building rate in the West Midlands was 15,000 homes per year from 2001 to present. The 2008–09 expectation is 8,000. ([http://www.planning-inspectorate.gov.uk/pins/rss/west\\_midlands\\_phase\\_two/participants\\_statements.htm](http://www.planning-inspectorate.gov.uk/pins/rss/west_midlands_phase_two/participants_statements.htm) (Matter 3c Package, WMRA R400 ). This document also predicts a 0% price growth in houses from 2010 to 2015. Further it includes a link to a Margaret Beckett interview in which she expresses doubts over the deliverability of three million homes. It also links to a report which suggests that the West Midlands will recover more slowly from the recession than other areas in the UK.

3. A more recent housing demand survey was commissioned by the WMRA in April 2009 and shows that while the regional estimate total has risen from 365,600 to 411,000, the number for Worcester City has dropped from 10,500 to 6,800. This clearly shows that previous estimates of housing need were far too large and the new number significantly reduces the size of any required urban extensions surrounding Worcester. ([http://www.planning-inspectorate.gov.uk/pins/rss/west\\_midlands\\_phase\\_two/documents/Panel\\_Note\\_for\\_3B\\_final\\_02\\_May.pdf](http://www.planning-inspectorate.gov.uk/pins/rss/west_midlands_phase_two/documents/Panel_Note_for_3B_final_02_May.pdf))

4. There is currently a massive spread in predictions for regional housing demand. The dozen estimates submitted to the EIP vary from—20% to +40% of the RSS figure. This shows the volatility on trying to predict 15 years into the future. Therefore a five year plan would be more appropriate. ([http://www.planning-inspectorate.gov.uk/pins/rss/west\\_midlands\\_phase\\_two/documents/Panel\\_Note\\_for\\_3A\\_final\\_02\\_Mayv2.pdf](http://www.planning-inspectorate.gov.uk/pins/rss/west_midlands_phase_two/documents/Panel_Note_for_3A_final_02_Mayv2.pdf))

5. Current County infrastructure fund for new infrastructure is £178 million short (see [http://worcestershire.whub.org.uk/home/worcestershire\\_final\\_report.pdf](http://worcestershire.whub.org.uk/home/worcestershire_final_report.pdf) ). Alternative housing sites are required which can rely on existing infrastructure. Current government policy (PPS12, para 4.10) states:

*“It is important therefore that the core strategy makes proper provision for such uncertainty and does not place undue reliance on critical elements of infrastructure whose funding is unknown. The test should be whether there is a reasonable prospect of provision”.*

6. See conclusions section of the following report on p75–76. (<http://www.wmra.gov.uk/documents/CD234%20Migration%20Report%202002-07%20-%20Mike%20Rice%20-%20Worcestershire%20County%20Council.pdf>)

7. It is now well recognised that housing land supply has had very little effect on housing affordability either during the boom years or now in the downturn. Instead, demand for housing is now shown to be solely due to credit availability. An excellent critique of the flawed policies of the NHPAU can be found at: [http://www.wmra.gov.uk/documents/Final%20GBAffordabilityReport\\_Word2007Version%20AGP\\_2.pdf](http://www.wmra.gov.uk/documents/Final%20GBAffordabilityReport_Word2007Version%20AGP_2.pdf).

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### Memorandum from Friends of the Earth (WM4-13)

West Midlands Friends of the Earth (WMFOE), brings together all of our voluntary FOE local groups from across the region. We are also part of the West Midlands Regional Sustainability Forum. As an active member of the forum we have engaged with the regional agenda for many years and will continue to do so throughout and beyond recent changes to the regional architecture.

We have also engaged with the ever-changing and emerging regional planning agenda: we were represented at the first roundtable in the early nineties. We have also been active on a number of critical regional issues such as major roads, major investment sites, aviation and wider land use issues.

In terms of your inquiry we have a number of points to raise—however we are disappointed that in your questions you do not raise the issues of Climate Change and the emerging Low Carbon agenda. While new housing and so-called Eco Towns may well grab the attention it needs to be remembered that the vast majority of our future building stock, not just housing, that is with us now will still be with us in 2050. If we are to achieve our ambitions within the Climate Change Act a massive programme of refurbishment and retrofitting of our existing stock will have to take place. This could deliver on social, economic as well as environmental concerns. Developing a low carbon economy will require action on all fronts and in planning we have a tool to avoid locking us into a low-density high carbon car-dependant future. This is why a Green New Deal for the West Midlands would be worth investigating and pursuing.

*What the change from the RSS/RES to the Single Regional Strategy (SRS) will mean for planning authorities at regional and local level. Are there any benefits or risks for the single Regional Plan process?*

We have no argument with the emergence of a SRS as such. What worries us is the democratic accountability of the process and the emergence of the less open and transparent JSIB. An early example of this was the Regional Funding Allocation process from last year which was not open and did not consider the climate implications of the road schemes which were put forward. These are now playing out on the ground in Shrewsbury and Herefordshire.

The real risks are that we have top-down decision-making being forced upon local people in which they feel excluded from the process. The recent issues emerging from the Coventry Core Strategy being a case in point, while we now have issues on the western approaches to Stafford where local people are not feeling included in the process and the local authority is telling them that they are having to work to a central government timetable.

*Whether strategic planning in the West Midlands should continue to be set at the regional level, and whether it has an appreciable influence over development in the region*

If we are going to continue with some form of strategic planning (and we hope this is the case) then we would say that the regional level is appropriate. We are also having to deal with the emergence of the Infrastructure Planning Commission where decisions are taken up to a central government level so local people are increasingly feeling isolated and marginalised. While the system of the last ten years or so was not ideal and needed progressive modernisation it did at least try and enable the local people to have their say and organisations such as ourselves and other NGO's were able to gain seats at the public examination. We would say that this degree of representation gave the panel more food for thought such that the emerging issues could not be ignored. This was very obvious at the examination into phase 2 of the RSS held at The Molineux last summer.

*Is the method used to derive the overall number of houses to be provided in the region still appropriate, or are there any potentially better alternatives? Could a better Strategic Housing Market Assessment (SHMA) process in the region lead to better regional estimates?*

*How local authorities will approach the task of providing different types of housing for their own areas within the broad quantities they are allocated*

We will leave local authorities to address this point, but there is an emerging consensus that we need a much better balance of affordability and this increasingly will not just cover access to housing but also the running costs of the housing provided. Addressing the latter point will have a climate benefit but it must be remembered that the majority of our existing housing stock will still be here in say 2050—so there must be a greater focus on refurbishment and retrofitting this stock.

*Whether central government is providing adequate guidance and support to bodies involved in housing delivery, and what role the Homes and Communities Agency plays in the strategic planning process*

We would also like to see more involvement of organisations such as CABE and other organisations who are involved in much more sustainable building design.

*Whether the aim of achieving urban renaissance through directing housing growth to, for example, the Black Country, is achievable, and whether it is appropriate in current economic circumstances*

This is at the nub of the regional agenda and will be crucial as we move forward. We would also include Telford and Stoke on Trent as well as parts of Birmingham and Coventry as essential in delivering our urban renaissance. We and other are very concerned that future development of the region will be of a low density, carbon hungry and car-dependent nature to the South and East of the region. We must not let the current economic circumstances be used as a Trojan horse to carry on the mistakes of the past which will undermine urban renaissance while at the same time destroying acres of our countryside which will increasingly be seen as vital in the growing of food and maintaining biodiversity especially now in 2010 which is the UN Year of Biodiversity. Urban renaissance, future proofing and the strengthening of the region's economy will all be furthered by an approach in which housing and economic development are seen as essential elements in any given place, to reduce both the need to travel and the overheated south/failing north tendency of the region.

*How the new Single Regional Strategy might contribute to housing market renewal in the Housing Market Pathfinder Areas and elsewhere*

*How the RSS and the new SRS can assist sustainable growth and the development of sustainable communities (as envisaged in the Government's Sustainable Communities Plan) throughout the region*

This will only happen if there is genuine involvement of those communities right from the start and this genuine involvement will only emerge through dialogue with people so that they are not "having development done to them". Thus there must be the mechanisms within the SRS for thorough engagement of local people in their future and the future shape of the region. This should emerge in a dialogue of respect

but also whereby everyone can learn from each other as to why there are these pressures from a social, an economic and an environmental perspective. Through mutual learning and understanding then we will be able to emerge much more aware of the real issues that face us as we move into a new decade and enable the correct developments to take place in the correct locations.

25 January 2010

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### **Memorandum from the Environment Agency (WM4-14)**

#### **1. SUMMARY**

1.1 The Environment Agency welcomes the opportunity to respond to the West Midlands Regional Select Committee's inquiry "Planning for the Future".

1.2 The Environment Agency is the leading public organisation for protecting and improving the environment in England and Wales.

1.3 The Environment Agency believes that strategic spatial and economic planning are important tools to help ensure that growth and development can take place in a sustainable way, within environmental limits.

1.4 Sub-national or regional strategies can provide a sustainable development "blueprint". This will help direct resources and investment, help determine the best locations for development, deliver better quality environments for people and wildlife, and promote sustainable economic growth.

1.5 The Sustainability Appraisal should be influential in the development of a sub-national or regional strategy, which recognises and responds to economic, social and environmental considerations. It should be a key part of the decision making process when developing a strategy which aims to deliver sustainable economic growth.

#### **2. INTRODUCTION**

2.1 The Environment Agency is the leading public organisation for protecting and improving the environment in England and Wales. We play a major role in protecting and improving air, land and water quality, and protecting communities from the risk of flooding. We are a statutory consultee for Regional Spatial Strategies (RSS) and the new Regional Strategies to help to ensure that they fulfil statutory duties and developments protect and enhance the environment.

2.2 The Environment Agency has had significant involvement in existing regional planning processes. We are a chief source of environmental evidence and advice for regional strategy preparation and implementation, and working in partnership we have been able to influence and inform both the Regional Economic Strategy (RES) and the RSS review. Our involvement in the development of a new strategy for the West Midlands will be essential from the start. Strategic spatial and economic planning are important tools to help ensure that growth and development can take place in a sustainable way, within environmental limits.

2.3 This response is informed by our work at a regional level, and direct involvement as a partner and statutory consultee in the preparation of the RES, RSS, and Sustainability Appraisals (SAs). It is also informed by our work with partners to embed sustainable development within regional and local strategies and plans. Our comments are grouped under the two areas of regional planning, and sustainable growth and development.

#### **3. REGIONAL PLANNING**

3.1 We consider that the Region's partnership approach to the development of the RES and RSS has achieved a great deal. We look forward to helping to shape the ongoing review of the Regional Spatial Strategy and the development of a new Regional Strategy (RS). We welcome the bringing together of the RES and the RSS, which will enable sustainable economic development to be delivered in a more integrated way, addressing economic, environmental and social issues.

3.2 We believe it is vital for the Environment Agency to be involved in developing a strategy for the West Midlands from the start. This is because of our central role in providing environmental evidence, particularly around water quality, water resources, waste management, flood risk, climate change, land-use and biodiversity. This evidence will be essential for planning authorities to ensure that development will not exceed environmental limits.

3.3 As a national organisation, regionally based, we have found it helpful to have a co-ordinated plan at a regional level which sets out the priorities for the West Midlands, and the policies that are needed to address them. Protecting and enhancing the environment cannot be addressed solely within local authority boundaries, but must consider wider landscape scale issues. This is particularly significant in managing flood risk and water quality which is most effectively done at the river basin level. Another example would be ensuring that there are the water resources to support sustainable economic growth without detriment to

these resources and the environment—this is better addressed at a regional or sub-national level as the network that provides these water resources is planned over a larger geographical area than a single local authority.

3.4 A co-ordinated plan at a regional or sub-national level also helps to give local authorities a consistent framework for the development of their own plans and strategies, taking into account both local and regional factors. Such plans give advisory bodies such as the Environment Agency an opportunity to comment and provide valuable evidence which will help inform more local decisions. The plan therefore offers an efficient, clear and consistent source of information and advice for potential developers and others.

#### 4. SUSTAINABLE GROWTH AND DEVELOPMENT

4.1 Regional and sub-national strategies can promote sustainable economic growth and the development of sustainable communities by setting at their core integrated policies around sustainable development, addressing economic, environmental and social issues together. By providing a sustainable development “blueprint” that directs resources and investment, a regionally or sub-nationally based strategy can help to determine the best locations for development, deliver better quality environments for people and wildlife, and promote sustainable economic growth.

4.2 A new regional strategy for the West Midlands should address the key regional environmental priorities, within the framework of sustainable economic development within environmental limits. In particular:

- Environmental protection and enhancement must be a central planning consideration to ensure that sustainable locations are selected for housing and employment and that new development contributes to creating and maintaining sustainable communities and aids economic growth.
- Developing good environmental and green infrastructure can prevent adverse environmental impacts, help society deal with the causes and consequences of climate change, and create opportunities for multiple environmental, social and economic benefits.
- The plan should include the infrastructure and economic opportunities to ensure that the region delivers its share of the reduction of greenhouse gas emissions needed to deliver a low carbon future.
- A landscape scale approach to conservation, habitats and biodiversity should be taken, and connectivity between landscapes should be a key consideration.
- The plan should recognise that effective and well planned flood risk management can contribute to the objective of conserving and enhancing the quality of the environment as well as helping to deliver sustainable economic development.

4.3 A Sustainability Appraisal (SA) is integral to the development of a regionally based strategy. The purpose of an SA, mandatory under the Planning and Compulsory Purchase Act 2004, is to promote sustainable development through the integration of social, environmental and economic considerations in the preparation of regional strategies. In addition, regional planners must also conduct a strategic environmental assessment (SEA) “on the assessment of the effects of certain plans and programmes on the environment”. Whilst the requirement to carry out a SA and a SEA are distinct, it is possible to satisfy both through a single appraisal process.

4.4 Started early the SA can be influential to developing a strategy which recognises and responds to economic, social and environmental considerations, and should be a key part of the decision making process when developing a strategy which delivers sustainable economic growth.

#### 5. CONCLUSION

5.1 The Environment Agency believes that strategic spatial and economic planning are important tools to help ensure that growth and development can take place in a sustainable way, without exceeding environmental limits.

5.2 Regional or sub-national strategies should address economic, environmental and social issues together rather than separately and with sustainable development policies embedded at their core. This should be informed by an integrated and robust evidence base. By providing a sustainable development “blueprint”, directing resources and investment, a regionally or sub-nationally based strategy could help to determine the best locations for development, deliver better quality environments for people and wildlife, and promote sustainable economic growth. Strategies should be supported by a robust SA, which should be used in key decision making.

5.3 A consistent framework, provided by regional or other sub-national strategies, can help local authorities develop their own plans and strategies, to take account of their own local issues, those of neighbouring authorities and at a more sub-national level. Such plans also give an efficient way for other partner organisations to add value and expertise, which will complement other more local activity such as

local development plans and local area agreements. This can result in more consistent approaches to sustainable development and economic growth, with the flexibility for local innovation and solutions to local conditions.

26 January 2010

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**Memorandum from Beryl Metcalf, a member of the West Midlands Regional Sustainability Forum  
(WM14-15)**

EXECUTIVE SUMMARY

1. Under the new regime there is a risk that major infrastructure needs will not be adequately planned and provided because of lack of co-ordinated action by local authorities. This is especially so if AWM is greatly reduced.

2. If development is housing-led locally, the main risks are whether major infrastructure such as water supplies, drainage, power and schools will be available as needed.

3. If development is employment-led there is a greater risk of out-migration from the cities and unsustainable undermining of urban renaissance.

4. Fewer regional planning posts will mean more likelihood of unintended consequences.

5. New national rail routes need regional consideration as do major road proposals. Any major new road provision needs balancing against alternative ways to provide mobility. There are also national grid and pipeline issues.

6. The new planning regime needs to affirm the importance of cities such as Wolverhampton, Birmingham and Stoke which might otherwise return to depopulation.

7. Housing projections are unstable and housing needs need constant local monitoring. Students and marriage into old age need especial study re this.

8. The huge unmet need for social housing is in inverse proportion to the provision via development gain of private housing. We need new mechanisms to provide the needed investment.

9. Simply building enough additional homes for the projected households will not solve homelessness. Affordability is crucial to meeting need. The current way of providing affordable rented housing makes least provision where it is most needed.

10. Overprovision of housing (as advocated by Barker, NLP, NHPAU etc) is not the answer to affordability problems. It produces empty property which people cannot sell or rent and risks bankrupting the national economy. We need to make a new start in planning housing provision to meet needs.

11. Consider using SIRS strategically to meet affordable housing needs identified locally.

12. Planners in small districts may be few in number and lack the skills and resources to coordinate homes, jobs, utilities and travel in their patch so we will continue to need strong county planning departments to engage with AWM and look after these issues democratically.

MEMORANDUM

1.0 The change from RSS to SIRS is likely to mean a serious loss of co-ordination of regional issues. The nature of this will depend very much on the outcome of the next election. The Regional Assembly is gone but its powers will largely pass to AWM if the government is re-elected whereas it seems they will mainly be redistributed to counties and districts if the Tories come to power—in which case we might see a resurgence of the WMLGA.

1.1 The impact will vary from issue to issue. I do not expect much change re the natural environment since water planning is based around river basins; habitat planning is no respecter of political boundaries; minerals must largely depend on where they are; and gypsies are mobile. Regional co-ordination will continue to be strong because these issues will always straddle boundaries.

2.0 For the built environment:

If development is housing-led, there could be benefits since districts know local housing needs far better than regional bodies but they unfortunately lack powers to meet those needs: they provide very little themselves and can only try to steer private developers towards what is needed. So the match of need and provision may well be no better or worse than now.

2.1 The problems will arise from co-ordinating the major infrastructure needs for such things as road access, schools, water supply, drainage etc and for the location of major industry and logistics in relation to incremental increases in housing.

2.2 One perspective on this is that theoretically there are long term sustainability benefits from localizing the economy—food, construction, minerals, energy, production, waste *etc* in a world with declining energy supplies per head but. In practice this may mean accepting lower standards of water quality *etc*.

3.0 Alternatively if development is economic-led, driven by major new road and rail proposals and major economic investment then housing in sustainable locations may suffer. There is risk of new housing lacking discernable community or of buyers accepting increased commuting. Inner areas and decaying middle ring private housing will continue to deteriorate and lose higher-income families. This will undermine aspirations to urban renaissance and feed the flight from the cities to much less sustainable urban patterns.

3.1 Localized planning could be good for a localization agenda that goes towards meeting climate change because smaller authorities will want to locate industry and housing conveniently for each other.

4.0 The most significant risk is that major infrastructure proposals may be pushed through with little understanding of the undesired consequences and with little or no realistic consultation with those affected.

4.1 In particular the WM is so large and diverse that very few people have a grasp of the intersecting issues. They will be far fewer and less well-informed in a world without the RA or any regional representational structures.

5.0 Some strategic planning needs to be done at regional level if the environmental benefits of major proposals are to be enjoyed. *eg* if a major new train route passes through our region to the NW Glasgow and Edinburgh it ought to affect the location of new jobs, homes ecotowns etc. Similarly we may have views as to whether (huge) transport budgets should go to major new roads or be diverted to subsidizing public transport and reducing the need for those roads—which might be the way to go when we pass peak oil production.

5.1 The location of new jobs and homes will have an important impact on the pattern of water supply and drainage development. One would say also gas and electricity supply but hopefully greater self-supply might reduce the need for national infrastructure. The National electricity grid is a strategic issue when supply comes from coastal windfarms rather than power stations located in inland river valleys near former coalfields.

6.0 I guess that jobs, homes, water supplies *etc* might work themselves out if regional planning were dismantled without major differences arising. What might be lost if things are localized would be the thrust of urban renaissance with large sprawling executive estates appearing in rural locations.

6.1 It is important to affirm the place and role of major cities and to enable them to retain their population and resist peripheral sprawl with all the commuting and congestion problems that produces. The integrity of Birmingham as a world city liked by its residents is important in protecting environments in the wider region. Similarly we should plan to make the Potteries and the Black Country more attractive for homes and jobs. Quality culture and environment are important for this.

7.0 Housing projections: CPRE did a research exercise which showed how much figures of homes needed vary for small variations in input figures. Prediction models are very unstable as I have been arguing for 30 years.

7.1 OPCS say that that housing need will stay high because reductions in EU immigration and outflows are compensated by returning Brits. This is the sort of thing that needs constant monitoring as there can be big changes quickly. The counting of people back into the UK at ports and airports should help. So could monitoring the proposed destinations of medium and long term visitors.

7.2 Student practice makes a lot of difference. Will they share a single home or have individual units which don't count if they are halls of residence but do if they are in the wider housing market? Closer monitoring of the type and amount of housing used by each student body could be really helpful towards projections and provision. Is it better to be using adapted family housing or is that putting extra strain on limited markets for poorer people?

7.3 Couples are spending a higher proportion of their retirement as couples as the longevity of men catches up on women and this means that projections of household numbers from this cause are overstated.

8.0 Local authorities would build more social housing if they could fund it. This may need viring land remediation budgets short to medium term to maintain the viability of the building industry currently facing huge downturn of output. The HCA has an important potential role here which they hinted at at the EIP.

8.1 There is no point in building more homes in the Black Country (or anywhere else) than can be used. People in need of housing have to be able to afford the mortgages and rents. Speculative building of affordable homes which are “needed” may lie empty otherwise. This depends on both mortgage availability and the person's own income and savings. A programme of building for rent to meet family needs would be sensible.

9.0 Nor is there point in building too many executive homes and producing a land famine for affordable housing. Trickle down may only reach those on middling incomes. Supplying family homes for poorer people by taxing private housing with a proportion of affordable homes is an unacceptable way to meet need. When restrictions in the mortgage market and recession depress housebuilding, less affordable-housing is produced—just when more is needed.

10.0 In particular the strategy to reduce house prices by building a surfeit of houses (as recommended by the Barker Report) should be abandoned. Greece, Ireland, Spain and Portugal have tried that route and rendered their countries almost bankrupt. People have been talking about the banking risks of these “PIGS” countries and Spain's S & P credit rating was moved to negative only last week. Barker's ideas are classical

economics but would be unworkable and profoundly damaging in practice. Spain's banks look OK because they have not tried to sell repossessed houses but vacancy levels are sky high and property prices falling to negative equity levels. Ditto Ireland.<sup>1</sup> You can see the same phenomenon in the Thames Gateway where many high cost flats remain empty and the rents beyond the reach of the homeless of East London.

10.1 It would good idea if the new regime abandoned this idea and spent its money and effort making sure that those in need could access homes. Global solutions are not the answer to the coming housing crisis. Indeed overprovision is arguably a greater evil than underprovision since people cannot trade down to solve unmanageable mortgages.

11.0 SIRS might be able to kickstart a revival of building for low cost rent because AWM has a huge budget which might be used thus.

12.0 RSS and SIRS can strive to link new homes, and jobs and the service them with convenient public transport to activity nodes. It will be hard for districts to do this as many have very limited resources where they are a second tier. Small districts have may only have two or three officers working on forward planning and similar numbers in development control. Local planning departments need to be large enough and strong enough to co-ordinate development and services in their patch. This argues for keeping strong county teams for strategic planning issues if the regional planning functions are disbanded. Contrariwise, there needs to be strong local authority scrutiny and agreement if all the major planning decisions are vested in AWM.

25 January 2010

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**Memorandum from Harriett Baldwin, Conservative Parliamentary Candidate, West Worcestershire (WM4-16)**

1. I understand that the West Midlands Regional Committee is asking for written submissions for its Planning for the Future: Housing and Economic Development in the West Midlands. I appreciate that the Conservative Party is not represented in any way on the West Midlands Regional Committee and does not support the Regional Committee structure. My submission does not imply support for the work of the committee.

2. The regional committee could reduce the damage done to West Worcestershire by the Regional Spatial Strategy and its requirement that space for 25,500 homes should be found in the South Worcestershire by ending the process. A better approach would be to start again with locally determined estimates of housing need, calculated from the bottom up with realistic estimates of population growth.

3. To understand the scale of the housing demanded of the South Worcestershire councils buy the RSS, 25,500 homes is about two towns the size of Malvern. This housing requirement is so vast and disproportionate that it provokes overwhelming opposition.

4. The democratic deficit has also been a problem. There was no vote locally for Worcester to become a growth point.

20 January 2010

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**Memorandum from the National Housing and Planning Advice Unit (NPAU) (WM4-17)**

**SUMMARY**

Forecasts of housing requirements depend on the assumptions made. These must be plausible (and not extreme) if they are to provide a sound basis for planning.

It is important that the planning process seeks to identify solutions that minimise adverse impacts while enabling delivery of the homes our communities will need.

SHMAs should be used alongside other pieces of evidence to produce the best possible basis for preparing plans.

NHPAU stands ready to provide verbal evidence.

1. The National Housing and Planning Advice Unit welcomes the opportunity to assist the Committee as it considers planning for housing and economic development in the West Midlands.

2. The NHPAU is an independent advisory body set up by the Department for Communities and Local Government to advise on, amongst other things, the level of housing supply that should be considered when regional plans are prepared. It has a small multi-disciplinary technical team that reports to a board of five independent experts, each of whom is a nationally known expert on issues relevant to housing supply. The Chair is Dr Peter Williams, an independent consultant on housing and mortgage markets and Visiting Professor at the Centre for Housing Policy at the University of York.

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<sup>1</sup> I submitted a paper to the EIP highlighting this. Broad brush data exists about this.

3. As participants in the 2009 Examination in Public in Wolverhampton we are aware of the distinct housing challenges that face the West Midlands. The draft Regional Spatial Strategy and findings from the Panel Report suggest that achieving the vision of the twin pillars of urban and rural renaissance in concert with the delivery of the homes needed to house current and future communities is achievable. It is clear that delivery of the vision for the West Midlands requires action at all tiers of the planning system.

4. The NHPAU role is to provide an independent and dispassionate evidence base and analysis to inform decision makers within the planning system. As such we shall concentrate our comments on the Inquiry's questions regarding the evidence base as reflected in the third bullet of the terms of reference:

- Is the method used to derive the overall number of houses to be provided in the region still appropriate, or are there any potentially better alternatives? Could a better Strategic Housing Market Assessment (SHMA) process in the region lead to better regional estimates?

5. We consider this in two parts:

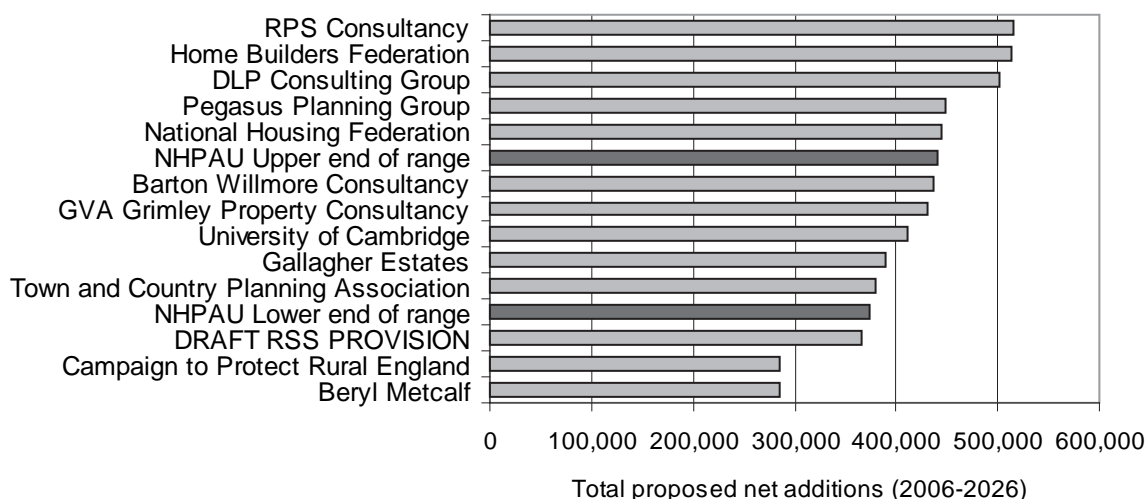
*Is the method used to derive the overall number of houses to be provided in the region still appropriate, or are there any potentially better alternatives?*

6. The current process for considering the number of homes that need to be provided in the region has a number of strengths. It provides scope for a wide range of views to be put forward and scrutinised; all concerned have an opportunity to challenge the evidence offered and the conclusions drawn from it; the planning body's proposals are examined in a way that facilitates stakeholder participation without the costs and formality of a process that involves legal representation of the parties; and there is an opportunity to consider how housing objectives might conflict with other objectives such as regeneration and environmental protection.

7. However, in considering whether the approach is appropriate and whether alternatives might work better the NHPAU would suggest that the Select Committee notes the following points.

- There is a wide range of views as to the level of housing supply that is appropriate. The chart, below, interprets a table produced by the Panel at the recent Examination in Public on the Phase 2 Revision of the West Midlands Plan. It shows that views put forward for the number of net additional homes in the plan period varied from 285,000 to 515,000. Views tend to reflect the stance of the organisation concerned: residents groups and environmental bodies suggest low numbers and house builders high numbers. This demonstrates that there is a need for independent expert advice from a body such as the NHPAU and impartial adjudication of the kind provided by the Panel at an EiP.

#### Wide range of views on housing requirements...



- A key reason for the wide range of views on the number of homes required is that, although there are a number of differing analytical techniques for assessing the number of homes needed, they all depend on the assumptions made on inputs such as birth and death rates; household size; levels of migration (both within the UK and to and from this country) and economic performance. Most of the views on the numbers of homes required will have drawn on the similar base data. The differences are due to the judgements made on the assumptions to be used. It is possible to arrive at high or low figures either by layering up assumptions at one end or other of the plausible ranges for each of the variable. However, selecting assumptions that favour one outcome or the other produces scenarios that are not likely to occur. A sound planning approach needs to make a

balanced choice of assumptions and then take into account the likely range of variation—an approach taken by the NHPAU through producing a “housing supply range” (based on clearly stated assumptions) rather than a single figure for the level of housing supply that should be tested.

- It is entirely right that the impact of increasing housing supply on other objectives such as regeneration or environmental protection should be considered. It is also important that the planning process seeks to identify solutions that minimise adverse impacts. Thus concerns to minimise adverse impact on environment shouldn’t be channelled solely into efforts to demonstrate how low the housing number might plausibly be: at least equal effort should be put into strategies that would deliver the housing numbers the analysis suggests might be needed along with the minimum adverse impact on the environment.
- Where it is felt that options that do not meet the estimated need for affordable housing and demand for market housing, the consequences should be identified *eg* increased overcrowding; longer council house waiting lists etc and the costs of addressing those should be recognised.
- The process also needs to recognise that housing markets are inter-connected. They do not stop at local authority boundaries or even at regional boundaries. For example, in the case of the West Midlands the level of housing need is significantly influenced by the level of housing supply in the South East. At a more local level, there was debate on how [authority X] was, in effect being asked to cater for demand arising in a neighbouring authority. Effective planning needs to recognise these inter-relationships. There needs to be a mechanism to put in place complementary and concerted plans across a region. This point is relevant to the Select Committee’s question on whether strategic planning should continue to be set at the regional level. It is not for the NHPAU to comment on structural arrangements in place: we would simply observe that the evidence points to the need for a mechanism that produces coordinated and coherent plans when viewed across a region.

*Could a better Strategic Housing Market Assessment (SHMA) process in the region lead to better regional estimates?*

8. Strategic Housing Market Assessments can provide very valuable bottom up evidence of housing requirement and how local housing markets are likely to react to particular strategies. For them to be effective they need to be accepted as robust and accurate assessments and to be prepared on a consistent basis which allow one part of the region to be compared with another. It was evident in the recent EiP on the West Midlands plan that the current SHMAs did not command that level of acceptance.

9. The NHPAU believes that SHMAs should be used alongside other pieces of evidence to produce the best possible basis for preparing plans. A comparison between a consistent set of SHMAs and regional level modelling could provide useful insights. Neither should be thought of as inherently more authoritative. Comparing the two perspectives would provide an opportunity to “triangulate” the available evidence.

10. Reflecting this the NHPAU is keen to work with local authorities and others to understand better how the different evidence bases can be used together to produce a better understanding of how housing markets operate and the likely housing requirements at local, sub-regional and regional scales. We hope the result of this work will be jointly developed intelligence and a toolkit which LAs, sub-regions, regions and associated consultancies can use if they wish.

11. NHPAU looks forward to assisting the Committee further if called to provide verbal evidence.

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### **Memorandum from Birmingham City Council (WM4-18)**

#### **INTRODUCTION**

Birmingham is firmly of the view that the transition from the Regional Spatial Strategy to the Strategy for the West Midlands should be seen in the context of the wider movement towards empowering city regions and sub-regions as is set out in broad principle in the Sub National Review and is being implemented in initiatives such as Multi Area Agreements, the statutory city region proposals recently agreed between the Government and the Greater Manchester and Leeds City Regions, and the proposals for City Region Economic Prosperity Boards set out in the Local Democracy, Economic Development and Construction Act.

This viewpoint is developed further in our response to the eight questions posed by the Select Committee.

1. *What the change from the RSS/RES to the Single Regional Strategy (SRS) will mean for planning authorities at the regional and local level. Are there any benefits or risks from the single Regional Plan process?*

1.1 Birmingham sees the transition from the Regional Spatial Strategy to the Strategy for the West Midlands as an invaluable opportunity to strengthen the focus on city regions and sub-regions as the key building blocks for strategy making and delivery and, where city region and sub-regional partnerships exist, to strengthen the role of these partnerships in the strategy making and delivery processes.

2. *Whether strategic planning in the West Midlands should continue to be set at the regional level, and whether it has an appreciable influence over development in the Region?*

2.1 Except in the remotest parts of the world, the “natural” local economy is the sub-region, based upon a “city “. In some sub-regions, the “city” may be a single urban centre—often quite a small market town. In other sub-regions the “city” might be a conurbation with several major urban centres within it.

2.2 Despite these wide variations, however, the fact remains that, with very few exceptions, a local economy is sub-regional rather than regional, and is focused on one or more urban centres. The West Midlands is a collection of these urban based sub-regional local economies, or city regions.

2.3 These city regions fall into a hierarchy ranging from the largest, based on Birmingham, to smaller city regions such as Hereford/Herefordshire. All of them, however, face the same long term challenge—economic competitiveness.

2.4 For the largest, based on Birmingham and Coventry, the challenge is to be competitive in the global economy. Both the Regional Economic Strategy and the Regional Spatial Strategy, for example, recognise that Birmingham’s global competitiveness is crucial to the success and prosperity of the West Midlands as a whole.

2.5 For other city regions, for example Stoke, the challenge may be more (though not exclusively) to secure a competitive role in the national economy. For the smaller city regions the challenge may be mainly (though again not exclusively) about their competitiveness within the region. The competitiveness challenge is, however, common to all the city regions in the West Midlands.

2.6 For more than 15 years, Birmingham has worked with networks of major cities in the UK, across Europe and in North America, and increasingly with the UK Government, to increase collective understanding of this competitiveness challenge.

2.7 As a result of this joint work Birmingham, in common with all of these major cities, recognises that global competitiveness requires fit for purpose structures and processes based upon city regions and sub-regions with maximum control over their own destiny—as shown for example by Professor Michael Parkinson, Will Hutton and most other leading thinkers on urban policy. This is why Birmingham attaches so much importance to our City Region remaining in the mainstream, indeed at the forefront, of the city region movement that is rapidly developing across the UK.

2.8 This joint work with other cities has, however, also demonstrated that devolution to city regions is not simply a parochial issue and solution just for major cities. Birmingham’s work with cities abroad, often of a similar size to West Midlands cities such as Worcester, Hereford and Shrewsbury, shows that the “devolved city regions” model is as relevant to smaller city regions as it is to major city regions of international status.

2.9 Growing recognition of this is resulting in the emergence, across the UK and in many parts of Europe, of city regions with devolved powers delivering real projects and programmes. There is growing consensus in the urban policy community that this must be the direction of travel in order to develop structures fit for purpose in the 21st century economy. If the West Midlands does not enter into the mainstream of this trend towards empowered city regions, there is a real risk that it will become a backwater, with an inevitable adverse affect on the region’s competitiveness.

2.10 So the West Midlands needs to engage in this trend towards city regions with control over their own destiny. If this devolved model were rolled out, the West Midlands would evolve into a “coalition of sub-regions”. The regional role of this coalition would be to oversee the region as a whole by (a) providing a powerful collective voice for the region, (b) working together on issues or projects of common interest, and (c) co-ordinating/mediating on the relatively limited number of issues that cross sub-regional boundaries.

2.11 Birmingham therefore strongly endorses the sub-regional approach set out in paragraph 3.6 and elsewhere of the Government’s consultation document “Policy Statement on Regional Strategies and Guidance on the Establishment of Leaders Boards”. We welcome the document’s proposal that regional strategies should recognise the economic geography of the region. Though it is not directly relevant to Birmingham itself, the reference in the consultation document to sub-regions that cross regional boundaries (Paragraph 3.6. point 2) is a welcome recognition of the need for a new, more flexible approach to reflect the realities of 21st Century economic geography.

2.12 Birmingham also believes that the transition to the Strategy for the West Midlands should give greater recognition to the role of city region and sub-regional partnerships themselves in the regional strategy making and delivery processes.

2.13 Birmingham supports the view that there is a need for planning above local authority level to deal with cross boundary issues, but it does not follow that this must be done at regional level. The whole rationale for city regions and sub-regions is that they reflect economic and social reality more accurately than regions do, and the vast majority of cross boundary issues occur between the local authorities within the same sub-region or between them and adjacent local authorities. Only a very small number of cross boundary issues occur over longer distances—for example between Hereford, Birmingham and Stoke.

2.14 Para 3.6 of the Government's consultation document in effect acknowledges that regions are not natural economic or housing market areas in the way that city regions and sub-regions are. The consequence of this is that much of the regional strategy is likely to comprise a number of more or less separate city region and sub-regional strategies.

2.15 It follows that planning above local authority level should primarily be a sub-regional responsibility. Whilst we would support the approach that city region policies and actions should be incorporated into the regional strategy, we firmly believe that, where city region and sub-regional partnerships exist, it should be their responsibility to determine what their policies, priorities and actions should be. The region's role (through the "coalition of sub-regions") would be to mediate where conflicts occur between the policies of different sub-regions within the region, and to deal with the limited number of matters that are genuinely relevant to the whole of the region.

2.16 This principle should be followed through into the regional strategy implementation plan. Birmingham believes that there should be an automatic presumption that policies and actions relating to sub-regions should be implemented by sub-regions themselves where they have the capacity to deliver—drawing upon Government, RDA and other funds where appropriate.

2.17 Birmingham also believes that the logic of paragraph 3.6 in the Government consultation document is that a key role for the region should be to encourage the progressive devolution of policy making, delivery and resources to city regions and sub-regions. To this end, the regional strategy implementation plan should include proposals to encourage the establishment of city region and sub-regional partnerships across the region, and to support them in developing their capacity to deliver under a system of devolved responsibilities.

3. *Is the method used to derive the overall number of houses to be provided in the Region still appropriate, or are there any potentially better alternatives? Could a better Strategic Housing Market Assessment (SHMA) process in the Region lead to better regional estimates?*

3.1 It is widely recognised that the region comprises a number of areas that are only loosely related in terms of housing issues. To take the Hereford/Herefordshire, Birmingham and the Potteries example again, there is only a very weak housing market, supply and demand, *etc* relationship between these three areas. Once again, the sub-regional approach therefore makes more sense.

3.2 In the "coalition of sub-regions" model put forward in this submission, city region and sub-regional partnerships would become the principal body for developing housing strategy and for undertaking "single conversations" with the HCA and other providers of housing and related infrastructure. There is no technical reason why nationally derived population and household projections could not be disaggregated on a sub-regional rather than regional basis.

4. *How local authorities will approach the task of providing different types of housing for their own areas within the broad quantities they are allocated*

4.1 This is a matter for local planning authorities to determine through the preparation of their development plans. Housing development needs to be supported by associated infrastructure, and major housing developments often have infrastructure requirements that are cross boundary by nature—for example transport infrastructure, district centres and district leisure facilities. Local authorities within a city region or sub-region can use existing powers to co-ordinate the preparation of their Local Development Frameworks, to ensure that housing and infrastructure development are synchronised. An example of this taking place is the Longbridge Area Action Plan prepared jointly by Bromsgrove District Council and Birmingham City Council.

5. *Whether central government is providing adequate guidance and support to bodies involved in housing delivery, and what role the Homes and Communities Agency plays in the strategic planning process*

5.1 Government guidance should emphasise the importance of all bodies aligning their housing investment and services behind city region and sub-regional housing strategies—led by city region/sub-regional partnerships where these exist.

5.2 Government guidance should also emphasise the role of the Leaders Boards in encouraging and supporting the establishment of such partnerships throughout the region.

6. *Whether the aim of achieving urban renaissance through direct housing growth to, for example, the Black Country, is achievable, and whether it is appropriate in current economic circumstances*

6.1 Birmingham endorses the analysis in the evidence submitted on behalf of the West Midlands Leaders Board.

7. *How the new Single Regional Strategy might contribute to housing market renewal in the Housing Market Pathfinder Areas and elsewhere.*

7.1 Birmingham endorses the analysis in the evidence submitted on behalf of the West Midlands Leaders Board.

8. *How the RSS and the new SRS can assist sustainable growth and the development of sustainable communities (as envisaged in the Government's Sustainable Communities Plan) throughout the Region*

8.1 Birmingham endorses the analysis in the evidence submitted on behalf of the West Midlands Leaders Board.

1 February 2010

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**Memorandum from Advantage West Midlands (WM4-19)**

Advantage West Midlands is the Regional Development Agency for the West Midlands and one of its key roles is to produce and monitor the West Midlands Economic Strategy on behalf of the region.

Whilst Advantage West Midlands has no direct role in producing the West Midlands Regional Strategy it has worked closely with its partners at the West Midlands Regional Assembly and the Local Authority Leaders Board to ensure that the West Midlands Economic Strategy and the West Midlands Regional Spatial Strategy are aligned.

The West Midlands Economic Strategy and the West Midlands Regional Spatial Strategy will together form the Strategy for the West Midlands (Single Integrated Regional Strategy) on 1 April 2010 and be the joint responsibility of the West Midlands Leaders Board and Advantage West Midlands. Formal guidance for the production of the Single Integrated Regional Strategy is awaited from Central Government so the approach for the next generation Single Integrated Strategy is currently not finalised. We will look to establish a common approach with the Local Authorities Leaders Board through the Joint Strategy and Investment Board.

In addition to the engagement with the planning system at a regional level in the form of the West Midlands Regional Spatial Strategy, Advantage West Midlands does engage with local planning authorities on their development plans and planning applications in its role as a "statutory consultee" as laid out in regulation 25 of the Town and Country Planning (Local Development) (England) Regulations 2004.

Advantage West Midlands welcomes this engagement on significant regional and sub-regional development projects especially those in the regions Impact Invest Locations as it further ensures alignment with the West Midlands Economic Strategy and helps to ensure the promotion of sustainable economic growth.

The Agency does not however hold any planning or housing powers currently so it would be premature to comment on the specific questions contained in the call for evidence at this time.

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**Supplementary memorandum from the Campaign to Protection of Rural England (WM4-20)**

Lastly there were two questions were time did not permit me to say what I would have said in full:

*Energy Efficiency:* I referred to the level of rented property rising. The growth in landlords with one or two properties (possibly as buy to let) seems to me an area that needs particular consideration. The landlord does not have the same incentive as an owner occupier to invest in energy efficiency (especially as the tenant pays the bills). And, equally, he/she does not have the infrastructure you would expect of a social housing corporation to invest in upgrading his/her properties.

*Strategic Tier:* We were discussing at the end of the session the issue of whether there needed to be a regional tier. While CPRE has not said exactly the level at which strategic planning should take place, we believe it is important and I would have specifically referred to the current debate about Minerals Provision in the region as an important example. However, that issue was pursued to a degree in my submission. While we appreciate that housing is a central issue in the planning debate we certainly think there are other critical issues which need strategic planning.