



House of Commons

West Midlands Regional
Committee

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

Second Report of Session 2009–2010



House of Commons
West Midlands Regional
Committee

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

Second Report of Session 2009–2010

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

*Ordered by the House of Commons
to be printed 29 March 2010*

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.

Current membership

Richard Burden MP (*Labour, Birmingham Northfield*) (Chairman)

Mr Adrian Bailey MP (*Labour, West Bromwich West*)

Mrs Janet Dean MP (*Labour, Burton*)

Mr James Plaskitt MP (*Labour, Warwick & Leamington*)

Dr Richard Taylor MP (*Independent, Wyre Forest*)

Joan Walley MP (*Labour, Stoke-on-Trent North*)

Powers

The West Midlands Committee is one of the Regional Committees, the powers of which are set out in House of Commons Standing Orders, principally in SO No 152F. These are available on the Internet via www.parliament.uk.

Publication

The Reports and evidence of the Committee are published by The Stationery Office by Order of the House. All publications of the Committee (including press notices) are on the Internet at http://www.parliament.uk/parliamentary_committees/wm.cfm

Committee staff

The current staff of the Committee are David Lloyd (Clerk), Duma Langton (Inquiry Manager), Bridget Jackson (NAO), Emma Sawyer (Senior Committee Assistant), Ian Blair (Committee Assistant) and Anna Browning (Committee Assistant).

Contacts

All correspondence should be addressed to the Clerk of the West Midlands Regional Committee, House of Commons, 7 Millbank, London SW1P 3JA. The telephone number for general enquiries is 020 7219 0654; the Committee's email address is regionalcommittees@parliament.uk

Contents

Report	<i>Page</i>
Summary	3
1 Introduction	7
Background	7
Our third inquiry	7
2 The Regional Planning Process	9
Regional planning	9
Transition to the single Regional Strategy	12
Sub-regions and housing markets	14
Housing numbers and mix	17
3 Creating Sustainable Communities	21
Regeneration and urban renaissance	21
Infrastructure	25
4 Consultation	29
New regional organisations	29
Consulting with stakeholders	29
Conclusions and recommendations	32
Formal Minutes	36
Witnesses	37
List of written evidence	38
List of Reports from the Committee during the current Parliament	39

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

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.¹

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.

1 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

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.²

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".³ 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.

2 Ev 51

3 Ev 40

10. The Environment Agency stated “the environment ... doesn’t correspond to administrative boundaries and never has”.⁴ 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.⁵

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”.⁶ 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”.⁷

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”.⁸ We identified in our second inquiry that local authorities may not have the capacity to undertake a greater role in strategy planning and delivery.⁹

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

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".¹⁰

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".¹¹ 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".¹² 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".¹³

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".¹⁴ 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.¹⁵ 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.¹⁶

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

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”.¹⁷ 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”.¹⁸

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”.¹⁹ 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

17 Q 7

18 Q 31

19 Ev 57

strategy. I think that is ultimately a very helpful thing to do”.²⁰ 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.²¹

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”.²²

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.²³ 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””.²⁴

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”.²⁵

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

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”.²⁶

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”.²⁷ 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”.²⁸ 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

26 Q 5

27 Ev 40

28 Q 38

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[s]—in presenting and developing evidence as part of the process”.²⁹

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”.³⁰ 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”.³¹

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.

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”.³² The Leaders’ Board suggested that the Government’s National Housing and Planning Advice Unit could benchmark practices and identify good practice across England.³³

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

32 Ev 34

33 Ev 40

- Shropshire including Telford and Wrekin.³⁴

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.³⁵ 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

34 Q 33

35 Ev 40 and Qq 71–72

West Midlands Total	365,600	397,900
----------------------------	----------------	----------------

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”.³⁶ 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”.³⁷

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.³⁸

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”.³⁹ In particular, the Government Office for

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

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

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”.⁴¹ 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.⁴²

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.⁴³ 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.⁴⁴

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

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

gap between the demand for affordable housing and what can be delivered, in collaboration with public and private sector partners.

43. We commented on these issues in our report on the effect of the downturn on the people in the region.⁴⁵ 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.⁴⁶ 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".⁴⁷ 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".⁴⁸

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.**

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

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".⁴⁹ 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".⁵⁰

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".⁵¹ 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.⁵²

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".⁵³ 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

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”.⁵⁴

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”.⁵⁵

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%.⁵⁶ 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”.⁵⁷

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

54 Q 97

55 Q 88

56 Qq 93–95

57 Q 17

concentrate on that”.⁵⁸ Friends of the Earth are 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”, at odds with sustainable development and delivering urban renaissance.⁵⁹ 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.⁶⁰

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”.⁶¹ 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.⁶²

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”.⁶³

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

58 Q 29

59 Ev 80

60 Ev 75

61 Q 29

62 Q 24

63 Q 62

recreational use”.⁶⁴ Green spaces, such as parks, gardens, street trees and woodland, are 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”.⁶⁵

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.⁶⁶ 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.⁶⁷ 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”.⁶⁸ 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”.⁶⁹

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

64 Q 28

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

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.

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.⁷⁰ 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”.⁷¹

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”.⁷² 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”.⁷³

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

70 Ev 65

71 Q 29

72 Ev 68

73 Q 9

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 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”.⁷⁴ 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”.⁷⁵

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”.⁷⁶

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.⁷⁷ 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.⁷⁸

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

74 Ev 57

75 *Ibid.*

76 Q 11

77 Qq 114-116

78 Q 9

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' 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".⁷⁹ However, Birmingham City Council stated that "Transport infrastructure is always difficult. Providing infrastructure in urban areas is also difficult to achieve, and expensive".⁸⁰

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.⁸¹

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".⁸² 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".⁸³ They also supported the Homes and

79 Ev 40

80 Q 15

81 Ev 34

82 Q 79

83 Ev 45

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 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".⁸⁴ 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.⁸⁵ 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.

84 Q 113

85 Q 11

4 Consultation

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".⁸⁶ 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".⁸⁷ One aspect that stakeholders valued under the assembly structure was that they were given direct

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”.⁸⁸

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.⁸⁹ **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”.⁹⁰

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”.⁹¹ Government guidance issued in February 2010 sets out its expectations for stakeholder

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

consultation and engagement.⁹² Stakeholders acknowledged that the legislation and 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.⁹³

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".⁹⁴ 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.

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

93 Q 30

94 Q 45

Conclusions and recommendations

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

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.]

EMBARGOED ADVANCE COPY
 Not to be published
 in full, or in part, in any form before
 00.01 Hrs on Thursday 8 April 2010

Witnesses

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

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

EMBARGOED ADVANCE COPY
 Not to be published
 in full, or in part, in any form before
 00.01 Hrs on Thursday 8 April 2010

List of Reports from the Committee during the current Parliament

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
--------------	--	--------

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