

**Wider South East Officer Working Group**  
**Thursday 13 September 2018, 13.30 – 15.30**  
**Meeting Room 4, London Councils, London**  
**Agenda**

**1(13.30) Welcome and Apologies**

Chair – Kate O’Driscoll (East of England LGA)

**2(13.35) Notes of 25 June 2018 Officer Working Group meeting**

Chair – draft to follow later

**3(13.40) London Plan**

Jorn Peters (GLA) – preparation for Examination in Public

**4(14.20) Suggestion of Statement of Common Ground for WSE**

Jorn Peters (GLA) – consideration of principles and benefits

**5(14.40) Collaboration with Sub-National Transport Bodies**

Kate O’Driscoll (East of England LGA) – verbal update – potential next steps

**6(14.55) Tackling barriers to Housing Delivery**

Nick Woolfenden (SEEC) – including next steps on Land Value Capture

**7(15.10) Preparation of Political Steering Group and Summit**

Nick Woolfenden (SEEC) – verbal update - format and content

**8(15.25) AOB**

**Future Meetings**

- Political Steering Group: 10 Oct 2018
- Summit: 11 Jan 2019

**Terms** of Officer Steering Group and further details about Wider South East Collaboration:

<http://www.london.gov.uk/about-us/organisations-we-work/policy-and-infrastructure-collaboration-across-wider-south-east>

## WSE Officer Working Group 13 Sept 2018

### ITEM 3. LONDON PLAN UPDATE

**Recommendation:** OWG to identify potential issues of agreement to be presented to the Political Steering Group in preparation of the London Plan Examination in Public.

#### Introduction

- 1 This report should help Group members to identify potential issues of agreement in preparation of the submission of written representations to the London Plan Examination in Public (EiP).

#### Timetable and Minor Suggested Changes

- 2 All consultation responses and the **Minor Suggested Changes (MSCs)**, showing the changes the Mayor is suggestion to the Inspectors following the careful consideration of the responses to the draft London Plan are available on the EiP website <https://www.london.gov.uk/what-we-do/planning/london-plan/new-london-plan/examination-public-draft-new-london-plan/eip-library> . The MSCs for the WSE Policies are provided as **Annex 1** to this report.
- 3 The EiP Panel of Inspectors has also issued two Notes:
  - Panel Note 1: Preliminary Information about the Examination in Public (August 2018)
  - Panel Note 2: Preliminary Questions to the Mayor (August 2018)

Note 1 includes an **indicative timetable** for the EiP process. **GLA is hoping that the draft list of matters and participants will be published this week.** Technical Seminars will take place at City Hall on 6 November and cover among other issues the Strategic Housing Market Assessment and the Strategic Housing Land Availability Assessment. The EiP hearing sessions will start after the WSE Summit in mid-January 2019. The EiP is expected to last until May 2019, and the Panel report is then expected to be published during the summer.

#### Willing Partners Approach

- 4 Several authorities have signalled explicit interest in exploring **how to work together** in their consultation responses. However, as mentioned above, we also understand that many WSE partners continue to be concerned about our approach to collaboration with willing partners. A framework and broad indication for this is set out in the supporting text – paragraphs 2.3.4, 2.3.5, 2.3.7 and 2.3.8 in particular.
- 5 In practical terms, the approach means that the GLA will continue to be open to conversations with interested partners in order to explore longer-term collaboration opportunities and agreements tailored to locational circumstances and beyond current Local Plan timescales. This may for example include identifying authorities with strategic longer-term ambitions for growth over and above local need and/or where strategic transport capacity increases are being considered. The GLA would welcome bilateral meetings with such authorities or groups of authorities. Some opportunities are also arising from the GLA’s strategic Duty-to-Cooperate responses to Local Plans outside London, but again, opportunities may not be confined to current Local Plan timeframes. Several Local Enterprise Partnerships may also be interested in collaboration, but that may only be effective in partnership with at least some of their local authorities.

- 6 **Support and facilitation** by SEEC, EELGA and other regional stakeholders would be welcome, and the GLA will remain transparent about key bilateral meetings with WSE authorities and groups of authorities.
- 7 In line with emerging Policy SD3, the Mayor has made offers for strategic collaboration at WSE meetings throughout 2017. An overview of the **current status of collaboration** is provided below:

### **East of England**

- The GLA has had several officer-level meetings with South Essex Councils in recent months. These councils have established a shared long-term vision and are now making preparations for a Joint Strategic Plan, and the GLA is contributing to its evidence base. Due to its strategic nature there is scope for collaboration in particular on infrastructure. There are further opportunities for collaboration within the Thames Estuary – currently through the Thames Gateway Strategic Group - with authorities in London, South Essex and North Kent involved. The recently published Vision Report from the Thames Estuary 2050 Growth Commission highlights the importance of a Joint Strategic Plan as well as opportunities for example related to regeneration and economic development. The Thames Estuary Production Corridor delivering large-scale cultural infrastructure is a good example of collaboration that can be built on.
- GLA officers and the Deputy Mayor have had meetings with Essex County Council over recent months. There is a shared interest in establishing collaboration on strategic issues such as housing and infrastructure delivery.
- London is part of the London Stansted Cambridge Corridor, and the GLA is involved in the London Stansted Cambridge Consortium. They are keen to continue the collaboration for example on the four-tracking of the West Anglia Line and opportunities arising from Crossrail 2.
- GLA officers contacted the Combined Cambridgeshire Authorities to discuss their approach to growth and explore collaboration opportunities related to their Strategic Plan for Growth Officers are awaiting their response.

### **South East**

- Kent County Council indicated in their response to the draft London Plan interest in setting up London-Kent working group. A meeting with senior officers has been scheduled to take place in Sept 2018. Discussions are likely to include for example opportunities related to the Thames Estuary 2050 Commission (see above), the extension of Crossrail to Ebbsfleet and considering other potential growth locations.
- Oxfordshire County Council indicated in their response to the draft London Plan interest in collaboration on strategic infrastructure.
- Buckinghamshire County Council indicated in their response to the draft London Plan interest to explore possible future collaboration opportunities.

- 8 Collaboration should not exclusively focus on housing growth and transport infrastructure. Other areas such as **utilities infrastructure** such as waste management and water supply, could also be explored. Collaboration on less sensitive issues like **digital connectivity** (rapidly emerging policy area) or **economic development** may help to build the partnership working. On the latter, officers are in the process of establishing potential ideas including the promotion of links and complementarity between corresponding employment clusters considering the provision of some of London's industrial capacity in the wider region, where this would result in mutual advantage, such as complementary business opportunities and transport infrastructure improvements. On sectors such as life science, creative industries and tech there may be scope for support from London & Partners for specific initiatives. The Golden Triangle (life science sector collaboration with Oxford and Cambridge) and the Thames Estuary Production Corridor (already mentioned above) are good examples of collaboration that is already underway. There is also research and intelligence by GLA Economics e.g. on the movement of firms that could be shared and explored further.

## Annex 1 Minor Suggested Changes to WSE Policies

### Policy SD2 Collaboration in the Wider South East

- A The Mayor will work with partners across the Wider South East (WSE) to address appropriate regional and sub-regional challenges and opportunities through recently-developed strategic coordination arrangements.
  - B To secure an effective and consistent strategic understanding of the demographic, economic, environmental and transport issues facing the WSE, the Mayor supports joint working with WSE partners to ensure that plan-making is, as far as possible, informed by **up-to-date, consistent technical evidence and monitoring**.
  - C The Mayor will take account of the views of WSE partners in discharging his Duties to Inform and Consult with authorities beyond London and will respond to their Duty to Co-operate requests for views on Development Plans insofar as they bear strategically on London.
  - D The Mayor supports recognition of long-term trends in migration in the development of Local Plans outside London.
  - E The Mayor will work with WSE partners to find solutions to shared strategic concerns such as: barriers to housing and infrastructure delivery (including 'smart' solutions - see also paragraph 9.6.7); factors that influence economic prosperity; the need to tackle climate change (including water management and flood risk); improvements to the environment (including air quality, **biodiversity and green infrastructure**), and waste management, ~~(including and~~ the promotion of Circular Economies); wider needs for freight, logistics and port facilities; and scope for the substitution of business and industrial capacity where mutual benefits can be achieved.
- 2.2.1 London is not an island. **There are 130 authorities in the WSE outside London**. Though it is significantly larger than other centres in the Wider South East, it is part of an **extensive and complex network of centres** of different sizes and functions. Some are of considerable strategic importance in their own right and the focus of their own sub-regional networks of centres. The network as a whole, and the orbital and radial linkages which hold it together, comprise the most productive region in the UK accounting for nearly half its output and making by far the biggest net contribution to the national exchequer.
- 2.2.2 The WSE is home to 24.2 million people (8.9 million in London), 10.0 million households (3.6 million in London) and 13.7 million jobs (5.7 million in London). It is projected to **grow more rapidly** by 2041 than other parts of the UK – in population terms by 21 per cent in London and 17 per cent in the WSE outside London. Household numbers are

expected to increase by 32 per cent in London and 23 per cent elsewhere in the WSE.

- 2.2.3 Both London and the rest of the WSE benefit from this regional dynamism. The effects of London's housing and labour markets and their related **multiplier effects** extend far beyond its administrative boundaries. 800,000 commuters travel into London each day (more than half of the workforce in some of the local authorities bordering London – see Figure 2.13) and make an important contribution to its economy as well as to the commuters' own local economies when they return home. Figure 2.14 illustrate trends in migration flows into and out of London.
- 2.2.4 There are mutual benefits for authorities across the WSE in working together to tackle these regionally important matters. Historically, a formal regional structure was in place to coordinate approaches to them. A non-statutory **strategic structure** has now been put in its place to address them<sup>1</sup>, facilitated by South East England Councils, the East of England Local Government Association, London Councils and the Mayor.
- 2.2.5 The new structure provides the basis for coordinated approaches to Government on pan-regional, general issues referred to in part E of the policy. Opportunities to collaborate should be considered where **mutual benefits** can be achieved. **The scope of these opportunities may vary depending on circumstances including proximity to London.** The promotion of good links to/from potential employment locations outside London by the Mayor to help realise corresponding employment opportunities within and outside London is an example of ~~such~~ **how** mutual benefits **can be achieved. The Golden Triangle (life science sector collaboration with Oxford and Cambridge) and the Thames Estuary Production Corridor (delivering large-scale cultural infrastructure) are good examples of collaboration that is already underway.**
- 2.2.6 This **non-statutory** structure **for collaboration that is in place** complements the GLA Act requirement for the spatial development strategy to address matters of strategic importance to Greater London (GLA Act, VIII, S.334 (5)) and the **Mayor's statutory Duties to Inform and Consult** (GLA Act, VIII, S.335 'with adjoining counties and districts', S.339 'authorities outside London', S.348 'authorities in the vicinity of London').
- 2.2.7 Authorities outside London have a similar **Duty to Co-operate** (Localism Act 2011) with the Mayor on relevant matters of strategic importance as part of the process of preparing their Local Plans. In

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<sup>1</sup> <http://www.london.gov.uk/about-us/organisations-we-work/policy-and-infrastructure-collaboration-across-wider-south-east>

addition, Planning Practice Guidance<sup>2</sup> states that ‘cooperation between the Mayor, boroughs and local planning authorities bordering London will be vital to ensure that important strategic issues, such as housing delivery and economic growth, are planned effectively’. **The Mayor will share his responses to Local Plans outside the capital with interested London boroughs.**

- 2.2.8 The Mayor supports and encourages collaborative regional working through his planning activities. However, locally-specific **cross-border matters** between individual London boroughs and authorities beyond London **may should** be addressed most effectively by the relevant local authorities on the basis of their Duties to Cooperate.
- 2.2.9 To inform local housing need assessments the GLA has prepared authoritative and consistent **demographic projections** across the whole of the UK, which take into account the significant short-term, cyclical changes in migration flows from London. Partners are also exploring the scope to collate other consistent regional datasets.

**Figure 2.13 - Spatial Distribution of Commuting to London**

**Figure 2.14 - Average annual gross migration flows 2016 – 2041**

## **Policy SD3 Growth locations in the Wider South East and beyond**

- A The Mayor will work with ~~relevant WSE partners~~ **strategic and local authorities**, Government and other ~~agencies~~ **interested partners** to realise the **growth** potential of the ~~wider city region~~ **WSE** and beyond through investment in strategic infrastructure to support housing and business development **in particular** in growth locations to meet need and secure mutual benefits for London and relevant partners.
- B The Mayor supports recognition of these growth locations with links to London in relevant Local Plans **outside London**.
- 2.3.1 This Plan aims to accommodate ~~all~~ **the vast majority** of **London’s growth** within its boundaries without intruding on its Green Belt or other protected open spaces. As with any successful urban area this does not mean that in- and out-migration will cease, but that as far as possible sufficient provision will be made to **accommodate the projected growth within London**.
- 2.3.2 To ensure a **common understanding of growth projections** across the wider region the GLA will provide regionally-consistent demographic data, which takes into account long-term trends, and the

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<sup>2</sup> NPPG – Paragraph: 007 ~~Reference ID: 9-007-20140306~~ ‘Duty to Cooperate’ (DCLG, 6 March 2014) <https://www.gov.uk/guidance/duty-to-cooperate>

Mayor will refer to this data as part of his representations on emerging Local Plans.

- 2.3.3 The GLA's new **Strategic Housing Market Assessment** shows that London has a need for approximately 66,000 additional homes a year. The **new** Strategic Housing Land Availability Assessment suggests that London has the capacity for around 65,000 additional homes a year and the housing targets in this Plan reflect this.
- 2.3.4 ~~Despite~~ **Although** this Plan **is** seeking to accommodate the vast majority of London's future growth **within its boundary**, ~~some migration will continue~~. ~~G~~iven the pressure for growth in both London and the WSE, the barriers to housing delivery that need to be overcome to avoid a further increase of the backlog, and potential changes to projections over time, it is prudent to **also** plan for longer-term contingencies. Therefore, the Mayor is interested in **working with willing partners** beyond London to explore if there is potential to accommodate more growth in sustainable locations outside the capital.
- 2.3.5 This **partnership work** could help deliver more homes, address housing affordability and improve economic opportunities outside London. The focus is on locations that are (or are planned to be) well-connected by public transport and where development can help meet local growth aspirations as well as wider requirements. Recognising that investment in public transport can often bring significant benefits to wider areas, such partnerships could focus on optimising rail capacity between London, the wider region and beyond. **Crossrail 2 and HS2 are examples with such potential**. Another area of focus could be proposals for new/garden settlements with good links to London. Government has already indicated support for a similar approach<sup>3</sup>. The Mayor ~~could help~~ **will seek** to investigate and secure mutually beneficial infrastructure funding to unlock these opportunities.

~~2.3.6~~ — *Moved to below 2.3.8*

- 2.3.7 Collaboration with willing partners can help alleviate some of the pressure on London while achieving local ambitions in the WSE for growth and development, recognising that this may require further infrastructure. The Mayor will work with **key willing partners**, including local authorities, Local Enterprise Partnerships, **Sub-national Transport Bodies**, the National Infrastructure Commission and Government, to explore strategic growth opportunities where planning and delivery of strategic infrastructure (in particular public transport) improvements can unlock development that supports the wider city region.

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<sup>3</sup> Locally-led Garden Villages, Towns and Cities (DCLG, March 2016)  
[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/508205/Locally-led\\_garden\\_villages\\_towns\\_and\\_cities.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/508205/Locally-led_garden_villages_towns_and_cities.pdf)



2.3.8 It will be important to ensure that growth in the WSE contributes to local vibrancy and economic activity at all times of the day and week, and that the scale of planned growth is proportional to public transport capacity in the area. Where appropriate, the Mayor will **respond to Local Plans outside London and** support ~~for example~~ Memoranda of Understanding **or other mechanisms** to formalise **partnership agreements/commitments** between relevant authorities. Work with some individual authorities and groups of authorities in the WSE has been initiated and is being pursued further. The Mayor continues to encourage authorities outside London to become willing partners and work with the capital on opportunities for growth, where mutual interest can be achieved.

**2.3.8A** Figure 2.15 shows London in its wider regional setting. 13 WSE **Strategic Infrastructure Priorities** have been endorsed by the WSE partners for initial delivery. Eight of these are radial priorities that connect directly to Growth Corridors within London. The remaining five are orbital priorities that can help reduce transit through London and stimulate the WSE economy beyond the capital. **The schemes within these areas are at different planning stages. Their delivery will have to be phased. ~~Some of these orbital priorities may have more capacity to accommodate additional growth than the radial ones.~~**

### **Figure 2.15 - Wider South East – 13 Initial Strategic Infrastructure Priorities**

#### **Strategic Infrastructure Priorities**

1. East West Rail and new Expressway road link (Oxford - Cambridge)
2. North Down Rail Link (Gatwick - Reading) including extension to Oxford
3. A27 / M27 / A259 and rail corridor (Dover - Southampton)
4. West Anglia Mainline, Crossrail 2 North (London - Stansted - Cambridge - Peterborough) and M11
5. Great Eastern Mainline (London - Ipswich - Norwich) and A12
6. Essex Thameside, A217 and A13 corridor
7. Thames Gateway Kent: Elizabeth Line Extension and HS1 (London - North Kent - Channel Tunnel)
8. Lower Thames Crossing
9. Brighton Mainline (London - Gatwick - Brighton)
10. South West Mainline, Crossrail 2 South West (London – Surrey / Southern Rail Access to Heathrow) and A3
11. Great Western Mainline (London - Reading / Western Rail Access to Heathrow)
12. Midlands and West Coast Mainline (London - Luton - Bedford / Milton Keynes)
13. Felixstowe - Nuneaton / Midlands and A14

## **WSE Officer Working Group 13 Sept 2018**

### **ITEM 3. LONDON PLAN UPDATE**

#### **Annex 1 – Draft Matters**

The Draft Matters and List of Participants are now live on the EiP website.

<https://www.london.gov.uk/what-we-do/planning/london-plan/new-london-plan/examination-public-draft-new-london-plan/eip-library> - see Panel Note 3 and Annexes.

Below, please find an overview of some of the draft Matters that could be of particular relevance from the Wider South East perspective.

#### **Duty to Cooperate**

M4. Does the duty to cooperate set out in section 33A of the Planning and Compulsory Purchase Act 2004 apply to the Mayor's preparation of the Plan?

M5. Irrespective of matter M4, did the Mayor engage constructively, actively and on an on-going basis during the preparation of the Plan:

- a) with all relevant local authorities and other prescribed bodies in London; and
- b) all relevant local authorities and prescribed bodies outside London on strategic and cross boundary matters in the wider South East?

#### **Overall Spatial Development Strategy**

M9. Should all of London's development needs be met within London?

a) Is the approach of seeking to accommodate identified development requirements between 2019 and 2041 wholly within London justified and would so doing contribute to the objective of achieving sustainable development?

a) Alternatively, would accommodating some of London's development needs in the wider South East and beyond better contribute to the objective of achieving sustainable development?

b) If so, is there a realistic prospect that such an approach in London and the wider South East could be delivered in the context of national policy and legislation?

M10. Is the strategic approach to accommodating development needs within London justified and consistent with national policy? In particular:

a) Is the focus on the Central Activities Zone, Town Centres, Opportunity Areas and through the intensification of existing built-up areas in inner and outer London whilst protecting the Green Belt and Metropolitan Open Land justified and would it be effective in meeting identified needs and achieving sustainable development?

b) Alternatively, should some of London's development needs be met through reviewing Green Belt and Metropolitan Open Land in London?

### **The Wider South East and Beyond**

M15. (a) How, if at all, should the Plan address the matter of development and growth in the wider South East? (b) Are policies SD2 and SD3 necessary, and would they be effective in assisting in implementation of the Plan and/or informing a future review of the Plan?

### **Housing supply and targets**

M18. Are the overall 10 year housing target for London and the target for the individual Boroughs and Corporations set out in Policy H1 A and in Table 4.1 justified and deliverable? In particular:

...

- i) Should the target be for longer than 10 years given that the plan period runs to 2041?
- j) How and where is the shortfall between the identified need of 66,000 additional homes a year and the total annualised average target of 64,935 to be made up? Will LPAs outside London in the wider south east be expected to deal with this on an ad hoc basis?

## WSE Officer Working Group - 13 Sept 2018

### Item 4

#### Consider potential for a Statement of Common Ground across the WSE

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##### **Recommendation**

Ask OWG about issues to inform exploring the idea of a high level WSE Statement of Common Ground with the Political Steering Group in October.

##### **Background**

- 1 The Statement of Common Ground (SCG) was introduced through the July 2018 changes to the National Planning Policy Framework (NPPF). Its purpose is to record progress in effective co-operation on strategic matters across authority boundaries and provide evidence for compliance with the Duty to Cooperate. It is to highlight issues where there is agreement, and those where there is non-agreement.
- 2 The idea of a joint high-level SCG across the WSE has been suggested for discussion at WSE OWG and forthcoming PSG. This would be additional to – rather than replacing – more-locally-focused SCGs that would cover more detailed matters. A WSE SCG could reflect the established WSE Governance arrangements and current – or possible future – strategic priorities, for example:
  - Tackling barriers to housing delivery
  - Strategic Infrastructure Priorities
  - Common understanding of technical evidence
  - London Plan
  - Strategic Waste Management
  - Strategic Water Resources
  - Digital/smart approaches/technologies.
- 3 Such a joint SCG across the WSE would need to be reviewed regularly to ensure it remains up-to-date. It would not in any way compromise or constrain the preparation of separate SCG between individual (groups of) authorities.
- 4 Agreement to progress, and timing for development of, a possible SCG will depend on PSG views. Subject to PSG it may be possible to discuss an initial version at the next WSE Summit in January 2019.

##### **Key discussion issues for OWG – to inform next steps**

5. Views from OWG on the following issues will help inform next steps and preparation for PSG:
  - Would this high-level statement constitute an SCG in the formal sense?

- Would an SCG be beneficial to all partners? And in what ways?
- What are the pros and cons?
- What role would a WSE SCG play in local plan development?
- Could local politicians support the idea? If not, why not?

6. To help today's discussion, here are some initial views on potential rationale of a high-level WSE SCG:

Geography - The WSE represents an appropriate geography for strategic collaboration that sits between the national and the local level and can complement the Duty to Cooperate. London, the East of England and the South East are intrinsically linked in terms of migration flows, commuter flows, the flow of natural resources, business and environmental links.

Governance - An effective Governance arrangement for the WSE collaboration is already in place. On this basis, it could be easily linked to the new NPPF approach, which would give the arrangement more prominence and profile.

Relationship with Government - A joint SCG across the WSE could also increase the recognition of the collaboration arrangement and strengthen our position in lobbying Government.

Links to Strategic and Local Plans - A joint SCG across the WSE may be beneficial to strategic and local authorities to contribute to their evidence related to strategic collaboration at plan examinations or other strategies.

### **Recommendation**

7. Ask OWG about issues to inform exploring the idea of a high-level WSE Statement of Common Ground with the Political Steering Group in October.

**Recommendations**

The OWG is asked to note this update, and share any views on the proposals to be developed for the forthcoming WSE Political Steering Group on 10 October – these include writing to the new Housing Minister, and next steps on Land Value Capture.

**1. Background**

- 1.1 The last Wider South East Political Steering Group (WSE PSG) discussed next steps on tackling housing delivery barriers. This remains a key priority for WSE partners. In the year to March 2017 London, the South East and East of England saw over 101,000 homes delivered, but there remains a growing pipeline of unimplemented homes with planning permissions (GLA's own London database shows 280,000 homes unbuilt in London at the last count; LGA research shows the South East had at least 60,000 unused planning permissions and there were over 40,000 in the East). Collectively this holds back delivery of approved growth plans. The Government is also concerned about industry build-out rates, with the current independent review by Sir Oliver Letwin anticipated to inform Budget 2018.
- 1.2 The WSE PSG has previously focused on three key aspects where further Government action is required to help achieve the step change in housing delivery that ministers and WSE partners want to see: Industry delivery (speed, capacity and approach); Affordable housing; Infrastructure.

**2. Proposed issues/actions for PSG discussion on 10 October**

- 2.1 Since the last PSG meeting, there have been two significant changes nationally – the appointment of Kit Malthouse as the latest housing minister (replacing Dominic Raab), and publication of the final [NPPF](#). PSG was intending to write to Dominic Raab to ask for a meeting to discuss solutions to tackle outstanding housing delivery barriers; with his departure, PSG agreement will be sought to write to his successor instead. Subject to PSG discussion, it is expected this letter will welcome the Government's aim to tackle some aspects of housing barriers through the NPPF, but will highlight further action is still required to address ongoing concerns eg. insufficient tools for councils to incentivise delivery of approved homes, particularly in light of the new delivery test on councils; and insufficient funding for infrastructure.
- 2.2 At its last meeting, PSG agreed it would help to present clear solutions on key issues to Government, in particular focused on ways to help fund much-needed infrastructure for new homes. It suggested proposing a single preferred solution for land value uplift capture to Government. WSE officers were asked to investigate existing options and recommend to members one of the schemes that exists at present, for PSG to take forward to Government.
- 2.3 As discussed at last OWG, following extensive investigation, there does not currently appear to be a single 'silver bullet' solution to put forward. This is also reflected in views shared by those recently giving evidence to a Housing, Communities and Local Government Select Committee [inquiry](#). Therefore, to help PSG discuss how they wish to progress, the plan is to present a paper to PSG setting out some of the current key options and a focused 'package' that could be taken forward to Government. We welcome comments from OWG on the following proposals:

***Suggested key points to propose for PSG:***

- i. Confirm PSG's intention that any proposal they collectively put forward to Government should focus on land value capture (which could help fund much-needed infrastructure and affordable housing) **from new build homes**, rather than existing development.
- ii. Note that whilst generally welcome, recent amendments through NPPF/associated policy to s106, CIL and viability will not alone make enough difference to significantly address the

WSE infrastructure gap. Also to note, these approaches are not primarily intended to capture 'land value', but more to address the impact of development (directly or indirectly).

iii. *Possible proposals to Government*

A. Amendments to existing national mechanisms/proposals:

- Reiterate calls for local retention of 'first time' stamp duty. This would more effectively reflect needs/opportunities for infrastructure arising from development.
- Call for the proposed new Strategic Infrastructure Tariff (an approach similar to Mayoral CIL) to be available to all areas that want to use it, not just Combined Authorities.
- Also make the case (initially promoted by Tim Leunig, advisor to Treasury and CLG) of using freedoms that could be granted under the 'Lucas Clause' to help capture value uplift. In broad terms, his idea was that land owners would be able to put up their sites for consideration in a SHLAA process and they would agree to the council being able to buy the site for a specified multiplier of existing use value, but not the full 'planning-granted' value-gain. In this way, the land owner gets a small windfall and the council gets the bulk of the increase in land value from agricultural to housing land, to use to front-load infrastructure.

B. New mechanisms to put forward for land value capture: The paper will explain to members that despite significant work (including from GLA/TfL), there is currently no single clear solution to put forward. This is also the view of those giving evidence to the current HCLG Select Committee inquiry. There is however a willingness from Government to keep working with partners, including GLA/TfL, on possible approaches (for example GLA's recent [Capital Gains](#) research on land assembly models includes aspects of land value capture). PSG could suggest they form part of that dialogue too, given the importance of this issue to the WSE. Also in the short term, PSG could discuss the potential merits of two options considered by GLA/TfL recently, although it is important to note their conclusion that these are not appropriate for all areas:

- **Development Rights Auction Model (DRAM)** - The DRAM looks at a way of capturing value uplift arising from new development. It draw on the 'rail plus property' model, which has been successfully implemented by a number of public transport agencies internationally. It requires the preparation of an integrated zonal development plan for zones of influence around new station locations on a new rail project. The auctioning authority, which would have powers to assemble land and grant planning permissions, would coordinate land pooling and auctioning of developable plots. It is expected that as a result of new transport investment and coordinated master-planning, the value of the pooled land would be higher than the value of individual land holdings before assembly. The auction proceeds, above a set reserve price, would then be shared between the landowners and the auctioning authority, which would use its share to fund transport investment. *However a joint taskforce between the Government and London partners concluded that given a set of specific constraints, principally associated with developing residential property on industrial land in London, this model is unlikely to be a good method of extracting value uplift for transport investment in the capital. The DRAM may be more applicable in other parts of the country, where lower value industrial or agricultural land is available for redevelopment.*
- **'Land Fund'** - The UK's approach towards infrastructure projects generally is a long, drawn out process which enables the private sector to speculate on increases in land value during the scheme's planning process and subsequently. There is therefore a strong argument for Government to imitate the private sector and acquire land adjacent to the proposed infrastructure either prior to any formal announcement or during the planning process, whether via negotiation or a Compulsory Purchase Order. One solution to the funding challenge could be the creation of a 'Land Fund' whose purpose would be to make available the necessary funding to the promoting authority, repayable with nominal interest post land value capture. In the event any given scheme failed to progress the acquired sites could be sold and the Land Fund reimbursed. In terms of financing, this Land Fund could be 100 per cent Government-owned or owned in conjunction with the private sector, and be available to any public sector body promoting a scheme where there is an opportunity for land value capture.