

# **The Royal Town Planning Institute – Written evidence (IFP0057)**

**The Royal Town Planning Institute are the chartered professional body and learned society for town planning.**

We have over 25,000 members in the private, public, academic and voluntary sectors. As a learned society, we use our research and independent expertise to inform best practice and teaching in town planning, and provide the evidence and thought leadership that shapes policy and thinking.

**This submission responds to questions eight and fourteen**

We would be more than happy to expand on this short submission, or to otherwise assist the committee in their work, if this would be of value to your work.

**Questions fourteen: How does the Government’s practice of running public finances on a cash flow rather than on a balance sheet basis affect the intergenerational settlement?**

## **The consequences of the cash flow approach**

The UK Government’s cash flow rather than balance sheet approach to public spending is deeply damaging. For example, the sale of the public’s stake in housing (which started in earnest in 1980) means that the public receives a diminished income from housing assets. Yet the housing benefit bill is around £24 billion a year. A large part of this ends up in the pockets of landlords and acts as a powerful means of increasing property values. As a consequence the supply of good rented homes has been limited. A balance sheet approach would avoid this.

The cash flow approach also means that environmental assets which can deliver for future generations are compromised in favour of lowering public cash flow in the present. And the “asset” of public health is compromised by poor choices around active travel and air quality which are cheap in cash flow terms but which mean higher costs for society in future health care, and again could be helped by treating public health as an asset to be cherished.

Our paper *Settlement Patterns, Urban Form and Sustainability* shows how investment looks in detail at the damage done by poor policies on location of development<sup>1</sup>. Again it is future generations which will pay the price.

## **Alternative models are possible**

In a paper we drafted for the *UK Government’s Foresight Future of Cities* project<sup>2</sup>, we outline how people recognise that cities are in need of investment in infrastructure of all kinds - housing, social, physical and green infrastructure. Having this infrastructure would bring about benefits to the city, its economy

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<sup>1</sup> <https://www.rtpi.org.uk/media/2822766/settlementpatternsurbanformsustainability.pdf>

<sup>2</sup> [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/429134/cities-invest-to-save.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/429134/cities-invest-to-save.pdf)

and its population down the line, even monetisable benefits, but to achieve this, investment has to take place now.

How can this be done in cash-strapped circumstances? Investments made by one organisation or part of an organisation at one time may well yield advantages to a different department at a different time. Returns to budget number 2 accrue a long time in the future but costs in budget number 1 are faced now. At a time of constraints on public spending this is a particular challenge.

One model which might address the time delay is the use of bonds. The UK Government has not baulked at a private finance initiative which took in private capital in return for long standing public commitments to payments back to, say, health providers over many years in the future. But, arguably, this was a less pressing need for such a financial instrument because at least costs and benefits are all in one sector in this case. A financial instrument which could handle "diagonal" trade-offs would be a much more imaginative use. For example, it might be possible to have a system in which investments in sustainable transport are financed by the private financial markets, in return for payments from future public health budgets.

### **Questions eight: 'How can we ensure that the planning system provides properties appropriate for all generations, including older people?**

In our campaign *16 Ways to Solve the Housing Crisis*<sup>3</sup>, we outline what can be done to address the housing crisis from a number of different angles, but specifically with regards to the planning system. These include:

- Offer permitted sites to pump-primed sites to SMEs
- Let local planning authorities charge the fees they need
- Require a city region wanting a 'devolution deal' to have a plan for housing
- Ensuring that national policy provides stronger direction on suitable land for housing
- Encourage innovation in climate change mitigation
- Invest in the next generation of people who will make housing happen
- Allow Local Authorities to be more proactive in land assembly
- Get more Local Plans in place by allowing Inspectors to find plans partially sound
- Align transport and housing more effectively
- Intervene in land market to capture benefits from public transport investment.

Taking the above as a starting point, there five particularly important ways in which the how the planning system currently meets different needs, and how it could be done better.

### **'Need' should be embedded in housing targets**

Local Authority Housing targets are derived from an Objectively Assessed Need (OAN) methodology. This uses ONS housing projections of future household

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<sup>3</sup> <https://www.rtpi.org.uk/briefing-room/news-releases/2016/november/rtpi%E2%80%99s-16-ways-to-address-the-housing-crisis-rtpi16ways/>

formulation as a starting point, then allows the authority to make adjustments based on affordability and any other constraints (e.g. Green Belt).

The criticism of this method is that it focuses on meeting housing *demand* rather than *need* (which is admittedly much more difficult to quantify). Furthermore it ossifies future housing provision to existing growth areas. This can limit opportunities for young people in poor regions.

Viability, an issue that has been hotly debated - particularly since the adoption of the NPPF in 2012, and more recently because of revised changes - plays a significant part in these discussions, as it is often cited as a reason why a developer cannot comply with a local plan policy, whether it be policy relating to affordable housing, or more bespoke requirements for specialist housing.

This situation could be improved by addressing need (including for younger and older persons) at a much earlier stage in the plan making process<sup>4</sup>. More specifically, housing need could be better reflected in ONS housing projections as a baseline upon which local authorities can base their Objectively Assessed Need. This would then allow local authorities to have more prescriptive policies within their local plans, which would be less likely negotiated away. The principle of addressing issues (such as viability) much earlier on in the planning process is one which the Government has recently introduced in its revised National Planning Policy Framework and associated planning guidance.<sup>5</sup>

### **Multi-generational housing design should be encouraged**

From the strategic to the local scale, notwithstanding the flexibility of policies, there are some very good examples of planning innovation in the country that have encouraged housing to meet multigenerational needs by design. This is achieved in a number of ways, with local authority planning leadership, imaginative architecture and community consultation all being important.

An increasingly common mantra in the design and planning world is that if you design a house to be adaptable from the outset, you will benefit from huge costs savings later on, as a result of not having to retrofit. To this end, some local authorities adopt what are known as *supplementary planning documents* which can guide developers to designing homes that might better meet multigenerational design. For those areas that are subject to large strategic developments, there are opportunities for local authorities to draw up more prescriptive local master plans which go into more detail than local plans about design requirements. These developments can also encourage continuity of thought from inception, through the planning system to completion.

A frequently cited example of this approach was that adopted by the Olympic Development Agency (ODA) for the London 2012 legacy development. As well as adopting inclusive design guidance<sup>6</sup>, part of the development at Cobham Manor included the concept of a multi-generational homes which would allow for members of a family to live quasi independently<sup>7</sup>.

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<sup>4</sup> This discussion recently played out when the Government consulted on revising the (now adopted) OAN methodology - see RTPi response; <https://www.rtpi.org.uk/media/2584831/Right%20homes%20right%20places%20response.pdf>

<sup>5</sup> <https://www.gov.uk/guidance/viability>

<sup>6</sup> <http://learninglegacy.independent.gov.uk/publications/inclusive-design-standards.php>

<sup>7</sup> <https://www.ageofnoretirement.org/stories/themultigenhouse>

### **Planning can do more than provide properties – it is also central to creating equitable places**

It is important to note that to address the needs of older and younger people, as much attention needs to be paid to the spaces between properties as the properties themselves. We have outlined this case in our publication *Place, Poverty and Inequality*<sup>8</sup>. The mechanisms for how to achieve equity of place are very similar to those outlined above, regarding the design of housing.

At a wider scale, the planning system can help to de-concentrate agglomeration in areas of high demand to make other, more affordable, areas more attractive places to live in terms of employment opportunities and amenities. Our work on the value of planning addresses this in more detail<sup>9</sup>, as does our Great North Plan project, which lays out a strategic vision for the North of England which goes beyond the Transport and infrastructure strategies currently laid out by the UK Government and the sub-national bodies it has a recently created, and is based on a rigorous and diverse evidence base<sup>10</sup>.

### **Decentralisation of decision making and engagement with local communities are important, but so too is communities' awareness of their own responsibility to meet the needs of future generations**

Finally, great efforts have been made to make the voice of local communities louder in the planning system, not least through neighbourhood planning. The principle is highly worthy and deserves credit, though some argue it creates a disjointedness and gives greater barriers to housing delivery. As more weight has been given to this new tier of the planning system, it should be incumbent on those local communities to recognise that with these new powers come responsibility to play their part in meeting housing needs, this includes housing for young and old people.

### **Planning and the planning system can be powerful tools for ensuring intergenerational fairness, but must be properly resourced for this to be the case**

There is a huge role for the planning system to play in promoting intergenerational fairness. However, as we have found in our research *Investing in Delivery*<sup>11</sup>, its ability to do so is being severely curtailed owing to the unprecedented budget cuts facing local authority planning departments. The opportunities for strategic thinking, collaboration, and engagement with communities and developers on an application-by-application basis cannot happen effectively without properly skilled planners and departments to do so.

*3 October 2018*

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<sup>8</sup> [https://www.rtpi.org.uk/media/1811222/poverty\\_place\\_and\\_inequality.pdf](https://www.rtpi.org.uk/media/1811222/poverty_place_and_inequality.pdf)

<sup>9</sup> <https://www.rtpi.org.uk/valueofplanning>

<sup>10</sup> <https://www.rtpi.org.uk/knowledge/research/projects/blueprint-for-a-great-north-plan/>

<sup>11</sup> <https://www.rtpi.org.uk/investingindelivery>