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THE ROLE OF LOCAL LEADERSHIP IN CREATING SUSTAINABLE HOMES GREEN PAPER



CAMPAIGN FOR A SUSTAINABLE BUILT ENVIRONMENT

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1. INTRODUCTION

1.1 Background context

The last few years have been a period of momentous political upheaval, which has had a particular impact on the new build housing sector.

2015 saw the scrapping of the Zero Carbon 2016 target – a policy which had been in place for nearly ten years – and the wind-down of the Code for Sustainable Homes (The Code) – which was the key tool that developers and planners used to promote sustainable development in new build housing. The medium to long term policy impacts of the referendum vote to leave the European Union (Brexit), are still unknown.

All of this upheaval comes at a time when there is strong pressure to build much needed housing to address the current housing shortage. Recent announcements confirmed Government support for new ‘Garden Villages’¹ which are planned to deliver more than 48,000 homes across England, and 2017 will also see the construction of ‘thousands’ of new starter homes.²

Meanwhile, 2016 is set to be the hottest year on record, and the science is telling us that tackling climate change is more urgent than ever.³ Given that our homes account for around 22 per cent of total UK greenhouse gas emissions⁴, and that buildings are one of the most cost effective ways of reducing emissions⁵ it is vital that all new homes meet the highest sustainability standards.

The UK’s ratification of the Paris Agreement in November 2016 was a very welcome and positive step forward. However, this high level commitment has not yet translated into practical policies to drive down emissions in the buildings sector. If anything, national policy on buildings seems to be going in the wrong direction.⁶

There are also mixed messages coming from central Government on the issue of local leadership – on the one hand Ministers are embracing the concept of ‘distributed leadership’⁷, and on the other there remains a lack of clarity about how and if local authorities can go beyond national Building Regulations to achieve high sustainability standards in new buildings.

1.2 Purpose

We present this document as a ‘Green Paper’ to stimulate consultation and debate by the public sector and industry. The purpose of the paper is to consider how, in the context of an uncertain national policy landscape, local authorities can work with industry to raise sustainability standards in new build homes.

The paper challenges the widespread perception that little or nothing can be done by local authorities in the current political climate. Working with progressive developers, it highlights how local government can play a leadership role in delivering sustainability in the built environment. It also explores the potential for cities to take new powers to address sustainability in the built environment through their devolution deals.

The paper considers:

- what city, combined and local authorities can do to raise standards using their current planning powers;
- how they can proactively use their role as landowners; and
- how they could engage with the devolution agenda.

1 <https://www.gov.uk/government/news/first-ever-garden-villages-named-with-government-support>

2 <https://www.gov.uk/government/news/green-light-for-construction-of-thousands-of-new-starter-homes>

3 <http://www.bbc.co.uk/news/science-environment-37949877>

4 <https://www.theccc.org.uk/wp-content/uploads/2016/06/2016-CCC-Progress-Report.pdf>

5 <https://www.ipcc.ch/pdf/presentations/poznan-COP-14/diane-urge-vorsatz.pdf>

6 <https://www.theccc.org.uk/wp-content/uploads/2016/06/2016-CCC-Progress-Report.pdf>

7 Speech by Nick Hurd MP, Minister of State for Climate Change and Industry, at UK100 event, November 2016. For write up of event: http://uk100.org/images/UK100_Round_Table_November_2016.pdf

1.3 Target Audience

The primary audience for this paper is local authorities, particularly planners, but also those working in housing, sustainability and procurement roles in local government.

The paper will also be of interest to those in the private sector involved in the delivery of new homes, including developers, architects, designers, sustainability consultants and contractors.

1.4 Scope

While it is of course vital to take a holistic approach to sustainable new homes, the gap in policy left by the loss of Zero Carbon 2016 and the mandatory energy credits in the Code means that the particular focus of this paper is on energy use and carbon emissions in new residential developments. We do however touch on other, broader areas of sustainability such as health and wellbeing. The paper focuses on England but some of the issues carry across to the other devolved administrations in the UK.⁸

1.5 Research Methodology

In developing this paper, we have conducted extensive stakeholder consultation including a workshop and one-to-one meetings. We have consulted with architects, sustainability consultants, developers, designers, local authority planners and sustainability officers. We also sought the views of the Royal Town Planning Institute, Local Government Association, Town and Country Planning Association and New Local Government Network. The engagement activities were carried out between July and September 2016 and a webinar, presenting draft proposals to participants for discussion took place in November 2016.

1.6 Feedback and consultation

We would like your feedback on all the proposals in this paper, but in particular the following key questions which you will find throughout the report, and summarised here:

- 1) Do you agree that local authorities should take a leadership role when it comes to the quality of the new build built environment?
- 2) Have we covered all of the existing means local authorities can use to promote more sustainable development?
- 3) What other examples are you aware of?
- 4) Do you agree that local authorities should set higher standards than Building Regulations on their own land as a matter of course to show leadership and demonstrate viability?
- 5) Do you foresee any problems with this approach?
- 6) Do you agree that city/combined authorities should be given the power through devolution deals to require higher standards for new build homes than national Building Regulations?
- 7) Are there any additional powers under devolution that you think cities should have, that we have not mentioned?
- 8) Should all local authorities be given the powers to require higher standards (i.e. those who are not cities or part of a combined authority)?

Please email comments and responses to joanne.wheeler@ukgbc.org by Feb 20 2017.

⁸ The powers to set Building Regulations standards are devolved, and the Scottish and Welsh Governments both have their own zero carbon standards.

2. POLITICAL TIMELINE

The policy environment governing the quality of new build homes has shifted dramatically over the last decade. The key changes that have occurred are outlined below.

2006	<ul style="list-style-type: none"> → Government announces all new homes will meet 'Zero Carbon' standard by 2016, which would be achieved through staged improvements to Building Regulations in 2010, 2013 and 2016 → Code for Sustainable Homes published as a 'single national standard' for sustainability
2008	<ul style="list-style-type: none"> → Zero Carbon Hub created, jointly funded by industry and government
2010	<ul style="list-style-type: none"> → General election – the new Coalition Government confirms its commitment to zero carbon homes by 2016 and improves Building Regulations → Government announces the revocation of Regional Spatial Strategies
2011	<ul style="list-style-type: none"> → Government 'waters down' zero carbon definition to exclude unregulated emissions → Government places a 'Duty to Cooperate' on local authorities
2012	<ul style="list-style-type: none"> → National Planning Policy Framework (NPPF) published – replacing all previous planning policy guidance. The new framework aims to make the planning system less complex and more accessible and places sustainability at the centre of planning, with a 'presumption in favour of sustainability' → Housing Standards Review (HSR) announced to rationalise locally applied sustainability standards
2013	<ul style="list-style-type: none"> → Part L uplift – lower than anticipated, and falling short of the improvement required to stay on track to 2016
2015	<ul style="list-style-type: none"> → Housing Standard Review reports, and Government announces the withdrawal of the Code for Sustainable Homes [effective March 2015]. In place, a number of changes to existing Building Regulations standards are introduced, along with new technical standards on Accessibility, Water, Waste, Security and Space. The new optional standards can be adopted by a local authority via its Local Plan. Local Authorities must present evidence of need, viability and deliverability. The Housing Standards Review is silent on energy efficiency standards as a result of the anticipated Zero Carbon 2016 policy → Government responds to the HSR in a written ministerial statement (WMS) in which it appears to limit local authorities requiring sustainability standards in new housing beyond Building Regulations and the new optional standards. The WMS makes specific provision in relation to standards requiring a specific level of energy performance: <i>'For the specific issue of energy performance, local planning authorities will continue to be able to set and apply policies in their Local Plans which require compliance with energy performance standards that exceed the energy requirements of Building Regulations until commencement of amendments to the Planning and Energy Act 2008 in the Deregulation Bill 2015'</i> → The Deregulation Act 2015 changes the Building Act 1984 to enable the new optional standards to be introduced and required. It also enables an amendment to the Planning and Energy Act to remove the ability of local authorities to require higher than Building Regulations energy efficiency standards for new homes → At the time of writing, the amendments to the Planning and Energy Act 2008 have not yet been enacted and therefore the WMS does not yet preclude the setting and application of energy standards above those set out in the Building Regulations → After the General Election, the new Government announces that it does "not intend to proceed with the zero carbon Allowable Solutions carbon offsetting scheme, or the proposed 2016 increase in on-site energy efficiency standards"⁹ → In the July 2015 Budget¹⁰, the Government announces devolution deals for a number of City Regions in England: Sheffield City Region, Liverpool City Region, and Leeds, West Yorkshire and partner authorities and West Midlands combined authorities. These cities will follow the lead of the Greater London Authority which already has devolved powers and the Manchester City Region which agreed a deal in 2014
2016	<ul style="list-style-type: none"> → The UK votes to leave the European Union. It is unclear exactly what kind of relationship the UK will build with the EU, and uncertainty remains about what impacts withdrawal will have on UK buildings policy → The 2010 Energy Performance of Buildings Directive (EPBD) is one of the main pieces of EU legislation relating to green buildings. A review of the Directive is currently underway and a recast expected imminently. EPBD includes provisions for all new buildings to meet a nearly zero-energy standard by the end of 2020 and new public buildings by end of 2018. A specific definition of Nearly Zero Energy Buildings (NZEBs) is not set out in the Directive, but Member States are expected to introduce standards which achieve cost-optimal levels of energy performance → With the cancellation of zero carbon policy in July 2015, the NZEB 2020 target may now provide the next uplift in Building Regulations for energy efficiency standards. The UK Government must undertake cost-optimality analysis of current Building Regulations to establish whether changes will be needed to meet NZEBs, and Government is currently still proceeding with this cost-optimality analysis. If the UK decides to remain in the European Economic Area, like Norway, it could still be subject to the requirements of the EPBD → Paris Agreement is ratified by the UK Government

9 https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/443898/Productivity_Plan_web.pdf

10 <https://www.gov.uk/government/publications/summer-budget-2015/summer-budget-2015>

3. THE CASE FOR LOCAL ACTION

The drivers for delivering a high quality sustainable built environment are very strong at the local level – as it is the communities that live and work in the locality who will be most keenly affected by the quality of development. The public sector will also have to meet long term costs associated with poorly planned and designed new developments.

Here we examine the case for local authority leadership to drive higher standards.



3.1 Meeting carbon targets and creating resilient places

Experience from overseas shows us that cities can be leaders on taking action on climate change, even when their national governments remain intransigent. Cities across the globe have taken the lead by introducing higher building standards, running energy companies, introducing mandatory energy building labelling and a range of other innovations. Cities in the UK are doing this to some extent, but the transference of power from Westminster brings with it opportunities for local governments to take a stronger leadership role.

Under the Climate Change Act 2008, local authorities have a duty to reduce carbon emissions. However, recent research carried out by the Town and Country Planning Association (TCPA) for the Joseph Rowntree Foundation (JRF) has found that the majority of new local plans in England are failing to cut carbon emissions and to plan for the scale of severe weather predicted over future years. The study, which examined the most recently prepared plans in England, found that 70 per cent had no carbon reduction targets or any way of monitoring their progress with carbon reduction. While plans did reflect current flood risk, they were generally poor at dealing with future climate impacts such as sea level rise and increased surface water flooding. Only a fraction of plans had recognised the impacts of heat stress, or linked climate change with human health.¹¹

Current projections by the Committee on Climate Change show that emissions from the built environment will exceed what is required in 2030 by 18 per cent. It is much more cost effective to build high quality, resilient homes in the first place, rather than having to go back and retrofit them later.

3.2 Promoting health and wellbeing

People spend, on average, 90 per cent of their time in buildings, and 65 per cent of time in their homes. A recent UK-GBC report brought together evidence that the design of homes and neighbourhoods can have a significant impact on the mental, physical and social health and wellbeing of occupants. Thermal comfort came out as a vital factor to get right – ensuring that homes are neither too cold nor too hot for occupants, and have adequate ventilation. On average around 24,000 deaths per year are attributable to excess cold, and the impact of cold housing specifically was estimated to cause a fifth of these excess deaths in winter 2014/15 in England and Wales.¹² At the other end of the scale, heat related stress in the UK currently accounts for approximately 1,100 premature deaths and 100,000 hospital patient days per year.¹³ In recent years we have seen a marked rise in the incidence of overheating, particularly in the new build sector. Other related issues include daylight, sunlight and indoor air quality, none of which are adequately dealt with by the current Building Regulations.

3.3 Attracting and retaining talent

Cities are engaging in ever-more intense competition to attract new jobs. One of the key reasons firms choose to locate in a particular city is being able to recruit and retain a suitable workforce. A choice of high quality homes and neighbourhoods can help attract people to move to a city to take up job opportunities. Young professionals in particular are actively choosing neighbourhoods that have access to local shops, leisure facilities and public transport.¹⁴ Providing a high quality of life for residents is a key driver in making the city-region more economically attractive. This could help make the case for implementing design standards in new developments that offer greater social and environmental benefits.

3.4 Creating homes that are affordable to live in

With the current housing crisis, affordability is key. Creating good quality homes will bring years of savings on energy and water bills for future occupants. The Zero Carbon Hub estimated that a family living in a 4-bedroom home built to the proposed 2016 'zero carbon' standard would save an average of £1,840 a year on their energy bills compared to living in a comparable Victorian house, and £430 a year compared to living in a Part L 2013 compliant house.¹⁵

11 <https://www.tcpa.org.uk/news/critically-underprepared>

12 Allen J et al., (2016), featured in BBC Panorama 'Too poor to stay warm', March 2016

13 http://publications.arup.com/~media/Publications/Files/Publications/R/Reducing_urban_heat_risk_summary_pdf.ashx

14 <http://www.centreforcities.org/wp-content/uploads/2015/11/15-11-02-Urban-Demographics.pdf>

15 NHBC Foundation and ZCH (Feb 2014). *Zero carbon housing: annual energy running*.

Case study: LENDERS

The LENDERS project is undertaking large scale data research and analysis to establish if there is a reliable link between the energy efficiency information available about homes and the actual fuel costs that those homes incur. The goal is to allow a more reliable and accurate prediction of the fuel costs part of a home owner's monthly outgoings.

Predicting this more accurately would allow mortgage lenders to better estimate how much a home owner would be able to afford to repay each month on their mortgage. That means mortgage lenders can justify higher lending to low energy properties. In turn, this creates a virtuous circle of borrowing that both supports energy home

improvement and lends new borrowers more money if they buy low energy homes.

Over time this might lead to house buyers actively looking for low energy homes, driving the market value of low energy homes upwards. It could also encourage those selling homes, building homes or just improving them, to use the additional capacity to borrow through fuel savings to improve their energy performance.

The project is being supported by Innovate UK and the partners include Arup, BRE, Constructing Excellence Wales, Energy Saving Trust, Nationwide Building Society, Principality Building Society, UCL Energy Institute and UK-GBC.

3.5 Creating homes that are affordable to build

The argument that often plays out at a local level is characterised as a choice between numbers of new homes, and quality – i.e. the higher the standards required, the fewer homes can be delivered.

Based on direct feedback from many of our members, UK-GBC believes that this is a false dichotomy.¹⁶ It is clear that some developers are successfully achieving high performing homes across a range of different factors – including energy efficiency and environmental quality – without compromising their ability to recoup some of the modest additional costs through strong market values. Indeed, sustainability performance factors are increasingly considered a pre-requisite of 'prime' real estate from a valuation perspective.¹⁷

The key to reducing costs for the industry is for them to have certainty and consistency on the standards required, and for local authorities to avoid the use of very prescriptive requirements in preference for outcome-based targets.

Recent consumer research by Saint Gobain for the UK-GBC Health and Wellbeing in Homes report¹⁸, suggested that 20 per cent of respondents would be willing to pay more for a sustainable home, and 30 per cent would be willing to pay more for a 'healthy' home. These findings demonstrated that there is an appetite amongst UK householders for homes that support sustainability and health and wellbeing.

Cost assessments in 2014 illustrated that the typical additional cost of building a home to the 'zero carbon' standard proposed by the Zero Carbon Hub had halved in three years and was expected to fall further to £3,600 by 2020.¹⁹

¹⁶ See for example: <http://www.ukgbc.org/resources/blog/time-stop-dithering-zero-carbon-homes>

¹⁷ http://www.worldgbc.org/files/1513/6608/0674/Business_Case_For_Green_Building_Report_WEB_2013-04-11.pdf

¹⁸ <http://www.ukgbc.org/resources/publication/uk-gbc-task-group-report-healthy-homes>

¹⁹ ZCH and Sweett Group, Feb 2014, *Cost analysis: meeting the zero carbon standard*

3.6 Industry can gear up to deliver higher standards

The industry has already made significant investment in developing the technical policy detail and building designs and products to deliver higher standards, for example:

- The housebuilding industry, engaged by the Zero Carbon Hub, came together and achieved an almost unprecedented consensus on the definition of zero carbon homes.
- The AIMC4 project invested £6.4million to bring together housebuilders (Barratt Developments, Crest Nicholson, Stewart Milne) to pioneer low carbon homes to meet future energy efficiency standards. This demonstrated how a ‘fabric first’ approach could cost effectively deliver Code Level 4 homes at scale.
- Over 70,000 Code Level 4 homes have already been built and numerous large developments have shown that high standards can be delivered at scale.
- The cost of domestic PV installations fell by around 60 per cent in three years (2011-2014).²⁰
- Industry has also learnt from the development of Ecotowns, in particular North West Bicester. This scheme is being subject to rigorous monitoring and evaluation and will provide a valuable evidence base for future developments including the performance gap.²¹

3.7 Helping to develop export markets

Government’s *Construction 2025 strategy*²² cited research suggesting the green building sector globally was forecast to grow at an annual rate of 22.8 per cent to 2017, representing a global industry worth \$288 billion. UK companies have a reputation as global leaders in sustainable design and construction, in part thanks to past Government regulation (i.e. zero carbon standards) which has driven innovation and up-skilling. However, the loss of key policies, in both new build and retrofit sectors, puts at risk that strategy’s ambition to capitalise on the “significant potential to exploit huge export markets”.

20 http://www.zerocarbonhub.org/sites/default/files/resources/reports/Cost_Analysis-Meeting_the_Zero_Carbon_Standard.pdf

21 <http://www.bioregional.com/nw-bicester/>

22 https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/210099/bis-13-955-construction-2025-industrial-strategy.pdf

4. CURRENT EXAMPLES OF LOCAL AUTHORITY LEADERSHIP

Introduction

Local authorities have a central role in improving the design quality of new development. Good practice does happen, and some UK local authorities are leading the way – working with the private sector to deliver highly sustainable developments.

However, the examples of good practice tend to be the exception not the norm, and are often only delivered on exemplar schemes. A reluctance to commit to higher standards across the board is often driven by a fear that investment will go elsewhere if standards are set too high, or the feeling that developers promise high standards, which are then value engineered out later in the process. Local authorities need an effective planning team to work constructively with industry and facilitate the delivery of high standards.

Resourcing is the number one problem limiting the creation of effective planning teams, with planning departments being hardest hit among all local authority functions. RTPI research shows that local authorities are working with one third fewer planning staff than in 2010.²³ Even planning departments in large cities may lack staff with the relevant sustainability knowledge to be able to inform dialogue with developers.

In researching this paper, we have identified several key features that successful local authorities seem to have in common: good leadership in the planning team; support from elected members; and support from the Chief Executive. Of these, the overriding factor that seems to influence the success of planning teams is having the support of the Chief Executive, and his/her understanding that they are a critical component of the wider economic development work of the local authority.

What is clear is that despite the very significant constraints and barriers that local authorities face, there remain marked differences between places only 20 miles apart. These can often be linked to one individual within the council who champions sustainability. It also indicates that while there are major challenges in the current political and financial climate, progress is possible.

Here we examine the strategies that successful local authorities have employed.

4.1 Using Planning Performance Agreements

The planning performance agreement tool can bring additional resources to deliver an enhanced planning service. Local authorities and developers can use it to agree timescales, actions and resources for handling specific applications. It can be particularly useful in setting out an efficient process for determining larger and more complex applications. Planning authorities can make a charge for the administrative work involved that goes beyond an authority's legal requirements – developers are paying a premium for enhanced service standards.

This approach may not work everywhere and is probably not suitable for weak local economies that struggle to attract development. The problem now is that not enough local authorities are aware of this tool and the potential it has to lever in additional resources. Care also needs to be taken that the enhanced service promised is delivered, otherwise the development community will quickly lose confidence.

Case study: Guildford

The Slyfield development of 1500 new homes near Guildford benefits from the use of a planning performance agreement. The project is complex because of the need to find new locations for a sewage treatment works and a waste recycling centre. As well as providing certainty, the planning performance agreement has been a useful tool to bring key partners together early in the process and to maintain ongoing engagement²⁴

23 <http://www.rtpi.org.uk/investingindelivery>

24 <http://www.atlasplanning.com/lib/liDownload/362/Slyfield%20PPA%20April%202008.pdf?CFID=16776275&CFTOKEN=61590034>

4.2 Promoting good design

There are strong links between environmentally sustainable and energy efficient housing development and wider good design principles. Clear thinking about the design and layout of a site can help support passive solar gain and onsite renewables whilst avoiding excessive overheating. Features such as swales and shelter belts can help manage water, promote biodiversity and indirectly assist in energy matters, minimising local urban heat island effects.

Local authorities can develop design guidelines to shape development across their area, from smaller infill sites to larger urban extensions. Effective design guidelines can then inform masterplans for individual larger sites. A masterplan can be defined as proposals for buildings, spaces, movement strategy and land use. Masterplans²⁵ should include drawings but also accompanying text to explain the intent behind them. Whether masterplanning is carried out in-house or commissioned with a consultancy it needs to provide a coherent vision for the locality. A masterplan should give everyone developing there a clear idea of what is expected in terms of quality.

Case study: Essex

The 1973 Essex Design Guide was one of the first UK attempts to work at an intermediate scale between planning and architecture. It emerged from a concern that Essex market towns and villages were declining because of poor quality and inappropriate new development. It drew inspiration from Gordon Cullen's 'The concise townscape' – trying to change thinking about how urban development could benefit both existing and new residents. By 2005 when the guide was updated, sustainability issues including renewable energy, passive and active solar design and layout and sustainable urban drainage systems featured prominently.

During 2016 Essex continued to develop the links between planning and architecture. Taking a whole-place approach Essex has commissioned design guidance that addresses the value to public services of urban design. It helps make an economic argument for a whole-place approach. A set of principles can be used to communicate how to make savings to public services from the outset.

The principles are widely applicable to other areas, but Essex was motivated in commissioning the work to support the development of new 'garden city' settlements in the county.



4.3 Setting sustainability targets

As outlined earlier, the Government has issued a WMS signalling its intention to prevent local authorities from requiring higher than Building Regulations standards on new homes. However, it's important to note that the powers which enable this (under the Deregulation Act 2015) have not yet been enacted so at present local authorities can still raise the bar beyond Building Regulations.

Now that the Zero Carbon 2016 standard has been dropped, it remains unclear whether the Government will act to prevent local authorities from requiring higher standards. In the meantime, Brighton Council has successfully adopted higher standards in its local plan (as of March 2016, see case study below), and other local authorities look set to follow suit. London already has its own zero carbon requirements, as explored in Section 6 of this paper. We discuss more about how local authorities might look to set standards in Section 6.2.

25 <http://webarchive.nationalarchives.gov.uk/20110118095356/http://www.cabe.org.uk/files/creating-successful-masterplans.pdf>

Case study: Brighton

The Brighton local plan was adopted in March 2016. Its preparation took place against a backdrop of rapidly evolving national policy. This included the Productivity Plan and the Housing Standards Review. The adopted policy for residential new-build said that development should deliver 19 per cent carbon reduction improvement against Part L 2013. This is equal to Code 4 which Brighton had already been delivering. The policy applies to all new-build developments including a single property. Compliance needs to be demonstrated using SAP.

The evidence-base made use of viability data demonstrating that Code 4 was viable in Brighton and ministerial statements emphasising the importance of tackling climate change. This energy standard was subject to legal challenges at the time of the local plan inquiry and in subsequent development proposals but was upheld at the inquiry and by the Planning Inspectorate.



4.4 Enhancing Sustainability Appraisals and Energy Statements

Developers are often required by local authorities to produce Sustainability Appraisals and Energy Statements on larger housing developments. Currently, energy statements have a number of shortcomings: they tend to be generic, and even leading and creative companies struggle to avoid 'cut and paste' when preparing them. This means that it is challenging for development management staff to know if the scheme is meeting council requirements or not.

Part of the issue with energy statements is the low price, as they are cheap to commission. One way to address could be through a developer-led stakeholder engagement/ community workshop before formulating the statement. Every workshop would be different and it would limit the reliance on templates. Consultants could still use some data from previous work but each statement would be unique to the site and needs and wishes of the local stakeholders/community.

4.5 Using Health Impact Assessments

Health impact assessments are another tool that has significant potential but has so far seen limited uptake. Devolution provides a framework for a closer alignment between health and other local authority responsibilities in housing and planning. The use of health impact assessments is not currently widespread but they could become more important in the future.

Case study: Healthy Planning Checklist

Six boroughs in East London have worked with Groundwork to produce a healthy urban planning checklist. This is a desktop assessment aiming to 'mainstream' health into the planning process. The checklist poses a series of questions based on London Plan policy requirements and standards which if met can positively influence health and wellbeing. The aim of this is to assist planners working in development management who are working on major projects such as large housing schemes.

4.6 Using open book and development viability

One of the key challenges for local authorities is to work with developers to deliver strong social and environmental outcomes, without undermining the case for the development. One way forward is for the use of 'open book' assessments of viability. Here the applicant/developer provides the financial calculations about profit margins to demonstrate what can be accommodated. The widespread adoption of this approach would enable local authorities to gain a better understanding of the pressures that developers face and minimise delays in the development process. Several developers, including some volume house builders have pledged support for open book viability. However, many local authority planners would require additional training in development economics for this approach to work effectively.

A number of London Boroughs have introduced open book viability and the London Mayor has established a working group on the issue. Islington Council is widely regarded as demonstrating good practice through a supplementary planning document.²⁶

Case Study: Plymouth

Plymouth Council adopted a viability protocol following the 2008 financial crisis. Early engagement with the developer leads to agreement about the model used for viability calculations, so both parties are working with the same set of assumptions. There is also a strong emphasis on a sound evidence base for the assumptions used in the model. The developers provide open book viability and in exchange the Council take a flexible approach to the CIL tariff and affordable housing requirements. Any abnormal costs associated with the particular site come off the fixed costs of the land. This approach has so far seen 10 housing applications approved since 2009.

4.7 Working with communities

Local authorities have a key role to play in working with communities to ensure that new development makes a positive contribution to the area. For example, Brighton Council works to match up developers who are creating roof spaces, with community energy groups looking for sites to install renewables.

Another way in which local authorities can work with residents is through neighbourhood planning. Neighbourhood Plans must not contradict the local plan, but they can add granularity about what is needed at a local level, and help support and bring forward smaller development sites.

Case study: Highams Park Neighbourhood Plan, London

The draft Neighbourhood Plan for Highams Park in the London Borough of Waltham Forest encourages developers to go beyond the London Zero Carbon requirement to meet 'True Zero Carbon'. The draft plan defines True Zero Carbon as:

- Including energy loads for appliances, cooking and plug loads.
- Providing zero energy bills for occupiers if onsite PV is used
- Reducing hot water demand by using high performance, low-flow shower heads
- Increasing the amount of insulation in homes

- Using triple glazing
- Consider using a 1.5kw extract air source heat pump
- Use of PV roof tiles

The plan argues that higher standards are viable because of the increases in property value in the local area, which have substantially outstripped construction costs. This remains even after including recent additional development costs, the small-development cost premium and an appropriate development profit. Consequently, the Plan polices are applied to both small developments and for all non-domestic development.

Questions:

- 1) Do you agree that local authorities should take a leadership role when it comes to the quality of the new build built environment?
- 2) Have we covered all of the existing means local authorities can use to promote more sustainable development?
- 3) What other examples are you aware of?

²⁶ https://www.islington.gov.uk/~/_media/sharepoint-lists/public-records/planningandbuildingcontrol/publicity/publicconsultation/20152016/20160122developmentviabilityspdadoptedjan2016

5. THE ROLE OF THE LOCAL AUTHORITY AS A LANDOWNER

Introduction

Local authorities in many towns and cities have the potential to support high quality new residential development through pro-active use of their role as landowners. There is a legal distinction between a local authority acting in its role as a local planning authority (LPA) and a local authority acting in its role as a landowner. When it is acting as a landowner it is not subject to policy that has been written specifically to apply to LPAs. The WMS that seeks to limit the use of higher standards for housing are drafted for LPAs, not landowners.

Local authorities have not generally developed housing independently since the curtailment of council housing in the early 1980s so they usually need to partner with another organisation with housing expertise. Local authorities will have different motivations for retaining a stake as land is developed. They may:

- Wish to see housing of particular types and tenures come forward that the market is not currently providing to address the housing needs of their residents;
- Develop their own land to high standards as a way to demonstrate to the private sector the feasibility of more sustainable development approaches; or,
- Retain control over their land to secure an ongoing revenue stream from rents and/or renewable energy generation rather than a one-off capital receipt.

Since 2013 councils have been working with other public sector landowners including the health service, the education sector, LEPs and blue light services in the 'One Public Estate' programme. Areas that take part receive advice, support and some funding to work together and establish joint strategic asset management boards. Co-location is encouraged – so, for example, bringing council services under one roof can free up a previously used building for redevelopment. They can use land ownership but also land assembly – where adjacent plots of land are parcelled up into a development site, to assist in viability.

5.1 Supporting a diversity of tenure

Local authorities that retain an active role in the development process can make sure that on larger sites there is a diversity of different tenures. A wider range of tenure options can help address the housing needs of many young professionals who would not be eligible for affordable housing but can't access market housing. These options include: self-build and custom build; community self-build; housing co-ops; community land trusts; and high quality build to rent. What all of these options have in common is a long-term interest by the developer in the property. This means energy efficiency, a healthy indoor environment, lower maintenance costs and overall design quality are likely to be high priorities. The presence of these tenures could drive up standards. The Home Builders Fund, announced in October 2016, which provides financial support for custom build could help this move forward.

A significant barrier to local authorities supporting community-led housing schemes is a concern about state aid regulations. These regulations mean that governments, including local government, should not give resources to private individuals or certain types of organisations.

When the EU state aid regulations were implemented in the UK, this was done using more restrictive language than in many other EU states, and therefore the way these regulations are interpreted can limit asset transfers, such as public land, to community land trusts. Transfer of public land is less problematic for a community centre or other public building but it can be difficult for housing, where the main beneficiaries are the residents of the new homes. Local authorities are therefore reluctant to name a community group early on in the development process, and tend to go through a formal tendering exercise, something that could deter community groups. In a recent study half of local authorities surveyed expressed concern about state aid rules representing a barrier and just over half were concerned about transferring assets that would not be used in the public interest.²⁷

²⁷ <http://www.thepowertochange.org.uk/wp-content/uploads/2016/11/2016-A-common-interest-The-role-of-asset-transfer-in-developing-the-community-business-market.pdf>

Case study: Lewisham and Cambridge

In the 1980s Lewisham in London was a pioneer, supporting community self-build projects like Walter's Way – a scheme that took residents off council waiting lists and supported them building their own homes. Traditional developers were put off because of the significant constraints: small, steeply sloping sites with 'difficult' car access. Walter's Way residents turned these into an advantage to create play-friendly streets.

In Cambridgeshire, development on the 950 home Orchard Park site stalled in 2008 during the recession. One solution to get development moving again was to support a co-housing scheme. The upshot has been a co-housing scheme of 40 homes, and this experience encouraged the councils to become a vanguard for the Right to Build programme.

South Cambridgeshire and Cambridge City Council now plan self-commissioned homes at Northstowe with the Homes and Communities Agency and at Cambourne West with Taylor Wimpey. The challenge is to make this the mainstream approach and stop it being marginalised to sites and timescales other developers reject. The announcements by Sajid Javid and Philip Hammond in October 2016 encourages more diversity in housebuilding and using public land to facilitate new developers and models of construction.²⁸



Legal implications of council land ownership and disposal

Guidance exists for local authorities in their role as landowners titled 'Local authority assets: disposal guidance'²⁹. This emphasises disposal of land to further local plan objectives. Where a local authority's plan contains policies promoting the building of sustainable homes, this guidance would support the disposal of land in such a way. Where a local authority's plan does not have such policies, this guidance could arguably be in conflict with disposing of land for sustainable homes. However, it is important to note that local authorities can reasonably act contrary to guidance when they have a good reason for doing so.

Councils have the authority to transfer land at less than best value, which derives from the Local Government Act 1972 and since 2003 they are able to do this without permission from central government. As long as the discount value is less than £2m they are allowed to make that decision themselves following democratic decision-making procedures. Setting sustainability requirements as a landowner could decrease the value of the land and on a large site with stringent sustainability standards there may be the potential for this decrease in value by more than £2m.

28 <https://www.gov.uk/government/news/sajid-javid-and-philip-hammond-lets-get-britain-building>

29 <https://www.gov.uk/government/publications/local-authority-assets-disposal-guidance>

5.2 Local authorities developing their own sites to high standards to demonstrate feasibility

There is a long track record of local authorities using their land to help demonstrate to the private sector that development that meets social and environmental objectives can also be profitable. Two local authorities that are taking forward developments on their own land (Norwich and Cambridge) are adopting innovative, but different approaches.

Norwich

The City Council originally planned to sell off individual parcels of land to developers but priorities changed within the Council to focus on longer term revenue generation and securing more value – economically, socially and environmentally from development on Council land.

A housing company was established as a delivery vehicle and this is the client for the construction contracts. Seven sites ranging from 10 to 250 homes have been grouped together into one procurement framework to avoid separate tendering exercises (OJEU) every time. Care has been taken not to exclude smaller developers and a range of lot sizes are available: 1-10; 11-110 and 111+. High standard of energy performance are promoted through the tendering process that references Passivhaus. Potential contractors are asked to:

- Provide details of up to three build systems which they wish to be part of their construction offering that can achieve Passivhaus standard;
- Provide evidence of certification that the company or the preferred build system has been involved in;
- Provide an overview of the range of build systems which might meet the fabric first standard and are financially attractive;
- Give their view on how financial parity might be achieved against other available solutions.

Cambridge

The City Council started as a housing developer of new homes three years ago. These homes were required to be Code 4 and one project was developed to Code 5. To replace the Code, the Council developed the Cambridge Sustainable Housing Specification. It has been used up until now for council housing but from 2016 it will be a requirement for private developments on council-owned land. It sets principles for development in five areas: climate, community, character, connectivity, monitoring and evaluation.

To comply with the specification, a baseline must be met in all five principles. The council is supportive of developments that wish to go further. For some principles the specification draws on technical material from the Code for Sustainable Homes: it is equivalent to Code 4 on energy and water. It has a wider remit than the Code in promoting good design and includes space standards, accessibility, car parking and design connectivity. There is a strong focus on the social aspects of good housing and an emphasis on indoor air quality, overheating, and health and wellbeing.

The sustainable housing specification was developed in partnership with the Good Homes Alliance, bring credibility that progressive industry has been involved in its development. The City Council is not retaining the IP on specification and is keen for other local authorities to take it up. The Council would also be supportive of developers who wished to use the standard on other projects.

An innovative feature of the Housing Specification is the inclusion of post-occupancy evaluation, which is easier to do as the client for the homes. The housing for private sale in mixed tenure was bought back by the Council and rented at a mid-market rent. In this case the Council developed its own land and retained and managed the housing, so the project was not subject to the guidance on dispositions of public land or the rules on gaining best consideration. As the owner, the Council can have access to data on energy, water, air quality, but also ask residents to see what they think of their new homes.

5.3 Retain control over their land to secure an ongoing revenue stream

Housing can benefit directly from a more entrepreneurial form of municipal ownership. Research in April 2015 suggested that 12 per cent of local authorities in England already have a council-owned housing company, with clusters of activity in London, the south coast and East Midlands.³⁰ By November 2016 this figure had increased dramatically to over one third of all of the councils in England – 98 out of 252.³¹ Activity remains concentrated in London and the South East with 44 companies compared to only two in the North East. The London Borough of Croydon for example, has a council-owned company called *Brick by Brick*³² which aims to build 1000 new homes by 2019. These council-owned companies have borrowing powers independent of the council, and as well as addressing local housing problems, housing companies can provide a long-term form of supplementary revenue for councils.

Another option for provision of an ongoing revenue stream is for local authorities to become a municipal energy supplier. A number of large cities and smaller localities currently have council-owned energy companies including Bristol, Southampton, and Woking. If large cities were able to scale up their work on municipal energy this could make a substantial contribution to addressing carbon emissions and fuel poverty and open up new development opportunities for the private sector.

Taking back control of utilities, as is becoming more common place in northern European cities and states in the US, opens up exciting opportunities. Profits from the energy company can be used to fund a wide range of public benefits: revolving loan funds for retrofit; renewables installations on school and community buildings; and free advice for small businesses about energy saving. One of the challenges facing cities in the future will be the initial capital investment to set up the company. Bristol Energy was funded by £700,000 of City Council money which was match funded by a European ELENA (European Local Energy Assistance) grant.

Case study: Lambeth, London

Lambeth Council is taking an innovative approach as developers on their own land. The proposal for 304 homes at Somerleyton Rd include 120 at council rent levels to be managed through a new housing co-op. The housing is strongly shaped by local needs and includes three and four-bedroom family homes and extra-care housing. The development will have new amenities including a nursery, community hub and shops on the ground floors. The overall development will be managed once it is completed by a new community body composed of residents, community and business occupiers and the wider community. Local residents have had substantial involvement in shaping the development through a masterplanning process and subsequently agreeing the brief for development partners.

Questions:

- 1) Do you agree that local authorities should set higher standards than Building Regulations on their own land as a matter of course to show leadership and demonstrate viability?
- 2) Do you foresee any problems with this approach?

30 <http://socinvest.co.uk/report.pdf>

31 <http://www.insidehousing.co.uk/policy/politics/local-government/more-than-a-third-of-councils-set-up-housing-companies/7017990.article>

32 <https://www.croydon.gov.uk/planningandregeneration/regeneration/brick-by-brick-small-sites-programme/brick-by-brick>

6. OPPORTUNITIES OFFERED BY DEVOLUTION

Introduction

Devolution represents a significant opportunity for cities to become sustainability leaders. As highlighted earlier in this paper, national government policy on issues affecting sustainability has been volatile, which has created significant uncertainty, particularly for the housing sector.

The devolution of power to local authorities has the potential to change this. Devolution offers the opportunity for city leaders to take more control over decision-making on housing quality and develop long-term, consistent policies that support the local economy and environment.

“The drivers of sustainability are inevitably stronger at a local level, because a city’s natural environment and the quality of its built environment are part of its identity...City leaders tend to be less ideological than ministers and are more able to see the difference between a tacky development and one that brings pride to an area, so they should be natural sustainability champions. They tend to get how sustainability can help to protect local identity and drive investment.”

Matthew Spencer, Director, Green Alliance, (Feb 2016)³³

In this chapter we explore which powers city regions/combined authorities will be given through their devolution deals, and which **additional** powers they could advocate for to gain greater control over the quality of new housing developments.

6.1 The ability to plan across the whole city

Since the demise of Regional Spatial Strategies, outside of London, currently only Birmingham Council (due to its size), and Manchester combined authorities (through its devolution deal), have the power to take a strategic approach to planning across the whole city. Devolution could give other city regions this opportunity.

Preparing a spatial plan across a city region offers the following benefits:

- It can present the housing growth in the city region over the next 15-20 years as an aggregated market opportunity. The local authority can make a much stronger case for better quality homes with 50,000 homes than several projects of 3,000 or 5,000 homes.
- It can present new development opportunities as forward looking, environmentally responsible and delivering sustainable communities.
- A single co-ordinated signal can be communicated to the industry about the kinds of homes needed and the quality expected.
- It can move away from one-size-fits-all national policies which often respond poorly to the housing needs across different cities.
- The scale of development brings long-term partnership opportunities for the public and private sector
- The development of city-scale plans can provide an opportunity for much more integration, rather than thinking about housing; infrastructure; community facilities; wellbeing; or community cohesion as separate issues.
- The scale of development also brings opportunities for delivering housing on publicly owned land. This approach is currently being taken forward by the Scottish Government in its housing strategy.

33 <http://www.ukgbc.org/resources/publication/breakthrough-birmingham-city-summit-2016-outputs>

6.2 Developing sustainability targets for new developments in the city region

To take full advantage of the benefits of spatial planning across a whole city, cities will need to have powers over the quality of homes and neighbourhoods, which will require further powers to those currently set out in the devolution deals.

Cities could potentially ask for powers to set more ambitious energy efficiency or water efficiency standards than the Building Regulations requirements for new homes. However, arguably a more strategic approach would be to ask for general powers for sustainability, in a similar way to the GLA under the 1999 Act.³⁴ This would provide much more flexibility in the medium and longer-term.

The development of city-scale spatial plans could then include the setting of city-specific standards for new developments within the city. This would send a signal to the industry about what they need to consider as they bring forward projects.

However, one of the key concerns of the industry would be a multitude of disparate sustainability standards being required by different local authorities, sometimes without a clear understanding of the financial costs or technical feasibility of the standards being required.

In order to address those concerns, local authorities could work closely with progressive members of the industry to develop sustainability standards for a city, together with a timetable for the progressive tightening of standards over time. The co-creation of standards by the public and private sector, together with an agreed timetable for implementation, would help to ensure that any standards imposed do not result in unintended consequences or affect the viability of development.

There will of course be issues to consider such as the capacity of developers to get involved in setting city-specific standards in each city. This could be addressed by cities working together to draw up a consistent framework for standards (including for example, a consistent definition of zero carbon).



The Icen Sustainable Development Commission

The Sustainable Development Commission was set up in April 2016, by Ian Anderson (Executive Director at Icen Projects) and former Planning Minister, Nick Raynsford. The SDC comprises a balanced cross-section of industry professionals, including senior local authority representatives, a former Planning Inspector, the past-president of the RTPI and developers.

The Commission will produce a refined assessment tool which will bring some clarity to the contested concept of sustainable development in the NPPF. The tool – known as the *Development Scorecard* – will be hosted online. Practitioners, local authorities and those with an interest in development within their community will all be able to access it.

It is anticipated that by ensuring the Development Scorecard complements the objectives of the NPPF, a more consistent understanding of sustainable development will emerge.

Icen and the Commission has already received a considerable amount of interest from the industry in the Development Scorecard, and will be working with interested parties in the coming months. Good progress has already been made and the tool will continue to be refined and tested. The Commission's findings will be announced, and the online Development Scorecard launched, later in the year.

³⁴ Under the 1999 Act that set up the GLA it must have regard to the effect which policies have on achieving sustainable development and climate change and the consequences of climate change

Case study: Zero Carbon in London

Policy in London for zero carbon has diverged significantly from the rest of England. The legislation which established the GLA – the Greater London Authority Act 1999 provides the Mayor with a range of powers. Section 30 of the Act sets out that the Mayor has the power to do anything which he or she considers will further one or more of the GLA's principal purposes which include 'promoting and improving the environment of Greater London'. In exercising these powers the Mayor must have regard to the effect on: the health of persons in Greater London; the achievement of sustainable development in the UK; and on climate change. This forms the underpinning for a zero carbon homes policy in London. Zero carbon in London is significant for the industry because one over a sixth of all new homes built in England are in the capital.

Housing and energy policies in London were reviewed in 2015/16 as part of the minor alterations to the London Plan. This review demonstrated that these policies would not compromise the viability of new development. In April 2016 the GLA published Housing Supplementary Planning Guidance (SPG) and Energy Planning Guidance, which sets out carbon targets for new residential developments. Schemes in London already have to achieve a 35 per cent improvement above Part L 2013 on predicted regulated CO₂ emissions. Projects submitted after the 1st of October 2016 must also comply with the zero carbon standard in the new guidance. Developers can either build to higher standards than 35 per cent above Part L or pay an offsetting fee.

The offsetting fee is ring-fenced for CO₂ reduction elsewhere and is currently fixed (in most boroughs) at £60/tonne of CO₂ per year for 30 years. In most boroughs the offsetting policy applies to schemes of 10 units or more although in Islington it applies to all housing developments, including individual homes. All schemes over 150 homes (and some under this number, depending on the borough), which is the definition of a 'major development' in London, are required to pay. Schemes over 30m tall in the outer boroughs or those built on Metropolitan open land or green belt are also included in the offsetting fee. The fee is paid as part of the S106 agreement and there is also variation across London about whether this payment is made on commencement, on completion or is part of a negotiation. The level is based on Zero Carbon Hub research on the cost of retrofitting measures in existing properties.

It is too early to see the impact of the offsetting fund, but the ways in which developers meet the 35 per cent reduction are becoming apparent. The GLA's guidance on energy statements promotes a combination of lean, clean and green measures: higher fabric efficiency; combined heat and power (CHP); and renewable energy, usually solar PV.

There is widespread support among progressive developers and in local authorities for the leadership shown by the GLA in London introducing a zero carbon policy. However, there are some concerns about implementation, particularly around CHP³⁵

6.3 Developing local fiscal incentives to support higher standards

Currently, cities do not have the power to set their own fiscal incentives to support higher standards, which is an issue that could be addressed through devolution. UK-GBC supports calls from Core Cities and other groups who have called for greater fiscal autonomy for cities.

One idea advocated by groups like Core Cities and the British Property Federation is for the introduction of Tax Increment Financing (TIF). TIF is an investment tool for financing infrastructure and other related development that has been successfully employed in North America for 40 years. It is a mechanism for using anticipated future increases in tax revenues to finance the current improvements (such as new or improved infrastructure) that are expected to generate those increased revenues. In simple terms, it enables a local authority to trade anticipated future tax income for a present benefit.³⁶ This could be a model worth exploring for the implementation of low carbon infrastructure.

A UK version of TIF has been developed by industry and local government to work in the UK context. Case studies developed in Core Cities, London and other parts of the UK show how this model can work for schemes where other sources of funding are not appropriate or simply not available. All the case studies so far have demonstrated increased economic output and job numbers.³⁷

35 Many architects and designers are critical of the way the current SAP assessment of CHP works. They argue that it leads to overestimates of the efficiency, which in turn affects the amount of CO₂ emissions remaining and therefore the amount that needs to be offset. There is also concern that SAP modelling does not accurately reflect overheating issues in buildings with CHP. More work needs to be done to understand the performance of recently installed systems to check that their performance is in line with SAP. See for example: <https://www.architectsjournal.co.uk/opinion/chasing-zero-carbon-targets-in-dense-resi-developments-is-like-chasing-rainbows/10010488.article>

36 <http://www.bpf.org.uk/sites/default/files/resources/Tax-Increment-Finance-tool-for-funding-regeneration.pdf>

37 <http://www.corecities.com/what-we-do/publications/rough-guide-tax-increment-financing>

6.4 Bringing budgets together

The devolution of power to English cities involves the transfer of responsibilities from central Government and its agencies to cities. However, no new money is available. Devolution does not deliver new resources but rather creates the potential for existing resources to be used more creatively by pooling budgets that were previously separate.

This will create opportunities for more creative thinking about how to tackle issues within the city region. If, for example, devolved authorities ask for powers over health budgets (as Manchester has done), this will enable the bringing together of budgets for housing, health and social care, which in turn should lead to more emphasis on prevention of poor health through improved housing and neighbourhoods. As the Marmot Review³⁸ highlighted, health outcomes are not primarily determined by health budgets but by non-health factors.

For the new build sector this could increase the importance placed on a range of important issues including: overheating; indoor air quality; green infrastructure; and social spaces.³⁹

6.5 Raising planning fees

A key challenge for cities is human resources, and having the staff to deliver on the opportunities presented by devolution to address environmental and social priorities is a significant barrier. Many local authorities have disbanded teams working on energy and climate change. In other localities activities have been severely limited to internal energy saving, losing an outward-facing, city-wide focus. Local authority budgets planning departments have seen the largest percentage cuts of all public services – 46 per cent between 2010/11-2014/15 according to the National Audit Office.⁴⁰ This leaves an acute skills shortage at the city level.

Developers are frequently frustrated by the time taken to respond to planning applications. They can also be frustrated by the recommendations from the local authority when they feel recommendations do not enhance the quality or sustainability of the development.

Currently local authorities are not able to set their own planning fees⁴¹ and use the additional income to provide extra resourcing in their planning team. At the moment fees are set nationally under the Town and Country Planning Regulations 2012/2920 and Section 303 of the Town and Country Planning Act 1990. The powers to make or amend these fee rates can only be exercised by the Secretary of State. There are, however, indications that the Government may be willing to allow higher fees (see 6.6 below).

In Scotland recent consultations recommended raising the fees for processing larger application, noting that only 63 per cent of the costs of processing planning applications are covered by fees. A study in 2015 by the British Property Federation suggested that 65 per cent of applicants would like to pay more for shorter waiting times. The tool may not be appropriate in low demand areas, but planners should know their city markets well enough to make those judgements locally. Local authorities could request, through devolution to be exempt from nationally set planning fees.

6.6 Fast tracking sustainable developments through planning

A DCLG consultation in February 2016 proposed that councils should be able to offer fast track planning application services either through competition pilots or potentially through devolution deals, in return for higher fees.⁴² Though we are still awaiting the full outcome of that consultation, it is possible that any regulations for fast tracking might be broad enough to enable local planning authorities to choose to determine sustainable applications ahead of others.

38 http://www.local.gov.uk/health/-/journal_content/56/10180/3510094/ARTICLE

39 See Healthy Homes report for more. <http://www.ukgbc.org/resources/publication/uk-gbc-task-group-report-healthy-homes>

40 <https://www.nao.org.uk/wp-content/uploads/2014/11/Impact-of-funding-reductions-on-local-authorities.pdf>

41 With the exception of Planning Performance Agreements, where higher fees are agreed with the developer in exchange for an enhanced service as discussed in section 4.1.

42 Implementation of planning changes: technical consultation (18 February 2016) <https://www.gov.uk/government/consultations/implementation-of-planning-changes-technical-consultation>

Case study: Seattle, USA

Seattle has a long track record as a City Council of supporting green buildings. This began in the late 1990s with requirements for large city buildings to meet LEED standards. The city council developed significant expertise in the city green building unit and connected developers, design teams and building permit applicants with green building resources to help eliminate barriers to building green. In 2009 the city planning department introduced 'Priority Green' which is a suite of 'green permitting incentives' aimed at streamlining permits

for applicants pursuing sustainable development projects.

Faster permits are provided for projects meeting LEED Gold or Built Green 4-Star standards. The city does not require additional permit fees if the project is eligible for Priority Green and fees are based on the value of the project. Planning statistics show that applications are on average approved 30 days faster than other comparable projects.⁴³

Questions:

- 1) Do you agree that city/combined authorities should be given the power through devolution deals to require higher standards for new build homes than national Building Regulations?
- 2) Are there any additional powers under devolution that you think cities should have, that we have not mentioned?
- 3) Should all local authorities be given the powers to require higher standards (i.e. those who are not cities or part of a combined authority)?

⁴³ <http://www.seattle.gov/dpd/permits/greenbuildingincentives/prioritygreenexpedited/default.htm>

7. CONCLUSION

These are uncertain times for the housing industry and the public sector when it comes to sustainability policy. However, despite the political turbulence – which may increase as we work through Brexit – there are still examples of leadership and best practice at the local level, many of which we have highlighted in this paper.

Learning from these examples is critical. This paper has examined the strategies that successful local authorities use to take forward more sustainable development, and also considered the new opportunities arising from the devolution agenda.

Of the strategies we have examined, UK-GBC believes that the following show the most potential for accelerating change:

7.1 Learning from existing practice

Currently local authorities have the ability to set standards beyond Building Regulations for all new developments. The previous Government signalled its intention to prevent this once the Zero Carbon 2016 target was in place, but the current Government has not yet enacted the relevant powers.

Until or unless Government enacts these powers, local authorities will remain able to set higher standards. If they take this approach, they should work with the progressive development industry to ensure that standards, while being ambitious, remain proportionate and do not undermine the viability of development.

Local authorities should work with developers through tools like Planning Performance Agreements and Open Book Viability in order to secure the best outcomes.

7.2 Local authority as a landowner

Where the local authority wishes to develop on its own land, they should do so to the highest possible social and environmental standards.

Development on public sector land can act as an exemplar scheme in the locality, and demonstrate to the private sector what is feasible, viable, and profitable. It also sets a benchmark for other developments in the area.

7.3 Opportunities through devolution

Devolution will provide new powers to city regions to enable them to improve the quality of their built environment. The ability, for example, to plan strategically across a whole area and to bring budgets together under the control of a single devolved authority, should start to change the way cities are planned and developed, and services are provided.

However, by asking for further powers – for example to set higher standards for buildings across a city region through a general power of sustainability; to have control of planning fees; to be able to set local fiscal incentives – cities will dramatically increase the power they have to control the quality of their built environment. It would also mean combined authorities suffer less from central Government moving the policy goalposts.

The private sector may have concerns about the idea of varying standards in different city regions. However, if cities were to forge partnerships with industry to determine the quality of developments in their area, this could provide more certainty, with a clear long term policy trajectory, perhaps more resilient to political changes than the 'stop/start' nature of current national Government policy.

It is important that cities take the opportunities afforded by devolution to set a 'gold standard' for policy making. Cross party agreement which removes the politics from sustainability can only benefit the development industry, and city residents. We have seen this in London across different mayors, and it is to the credit of those politicians that critical sustainability issues have not been used as political footballs. The 'Boris Bikes', the Congestion Charge, home and office retrofit programmes, the London Zero Carbon policy – all have survived different administrations, and enjoy cross-party support.

The newly appointed city Mayors should have the confidence to back progressive policies which have been created in partnership with industry.

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All those who were interviewed and/or contributed to this report.

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