STRONG FOUNDATIONS

MEETING RURAL HOUSING NEEDS

3

SUSTAINABLE VILLAGES – MAKING RURAL COMMUNITIES FIT FOR THE FUTURE

EXECUTIVE SUMMARY

➔ **More than 2,000 villages across England are overlooked by the local planning process as they are judged to be 'unsustainable' due to a lack of public services like a post office.**

➔ **Unsustainable villages are not allocated housing and have very limited development options to improve their sustainability, leaving them in a cycle of decline.**

➔ **Sustainability assessments measure villages against a range of services and amenities more akin to how previous generations lived and used services.**

➔ **Local authorities should factor in how advances in technology have helped to shape modern life and consider how emerging technology will change rural England. Only 18% of local authorities analysed by the CLA include the availability of broadband in their sustainability assessments.**

➔ **Central government should address the housing needs of unsustainable communities by requiring and funding local authorities to conduct Housing Needs Assessments in any community not allocated housing in the Local Development Plan.**

ℹ WHAT DOES SUSTAINABLE MEAN?

Local authorities use 'sustainability assessments' to score settlements on the range of services available there or in close proximity. Villages are then placed in a hierarchy according to their score, with the Local Plan allocating new housing to those towards the top of the hierarchy. Settlements where development is allocated by the plan are deemed to be sustainable, while those with fewer services are deemed unsustainable.

Introduction

Rural communities in England face a number of challenges in the 21st century. Funding cuts have led to a reduction in public services, the gap between rural house prices and rural wages continues to widen and a lack of digital connectivity cuts off rural communities from opportunities for social and economic growth.

This report focuses on the housing crisis in rural areas and how outdated sustainability assessments and a static approach to rural planning have led to the stagnation of thousands of rural communities. While housing is the focus, the implications of current policy and practice are as damaging for new economic development as they are for new homes.

In 2008 the Taylor Review of the Rural Economy and Affordable Housing critiqued local planning authorities for their approach to assessing whether villages could support additional growth. The report argued that a narrow approach to defining what makes a place a sustainable location for development was leading to villages falling into what Matthew Taylor referred to as a 'sustainability trap':

> " Beneficial development can only be approved if the settlement is considered sustainable in the first place. Failure to overcome this hurdle essentially stagnates the settlement – freezing it in time – potentially for the life of the adopted development plan. " [1]

Ten years on, the CLA has found that nearly all rural settlements across England continue to be assessed using the same process. Our research has revealed that out of 16,000 settlements of 3,000 people or less [2] more than 2,154 villages fall into the sustainability trap, with no clear mechanism in use by local authorities to lift them out.

[1] Living Working Countryside The Taylor Review of Rural Economy and Affordable Housing 2008
[2] Defra, Rural Affordable Housing Project: Final Report, July 2010

CLA | **POLICY BRIEFING**

HOW ARE SETTLEMENTS ASSESSED AS "UNSUSTAINABLE"?

As part of developing a Local Plan, almost all local authorities with rural areas establish settlement hierarchies. The concept of a settlement hierarchy is sensible as it helps to understand what facilities are located in each settlement.

Establishing a settlement hierarchy requires local authorities to conduct sustainability assessments. Local authorities draw up a list of services they believe are necessary for a sustainable community and award a settlement a number of points for every service present in the community.

The scoring system is a snapshot in time that is then used in the local authority's plan for as long as it remains in place. Analysis carried out by the CLA has found that in some cases, hierarchies are still in place that were produced 10 years ago, raising concerns about the reliability of these documents as the availability of services change.

The scores are used to categorise settlements into groups. The lower the score the settlement achieves, the lower down the hierarchy it is placed. The vast majority of villages in the lower categories will have some services but in the view of the local authority are less sustainable than others.
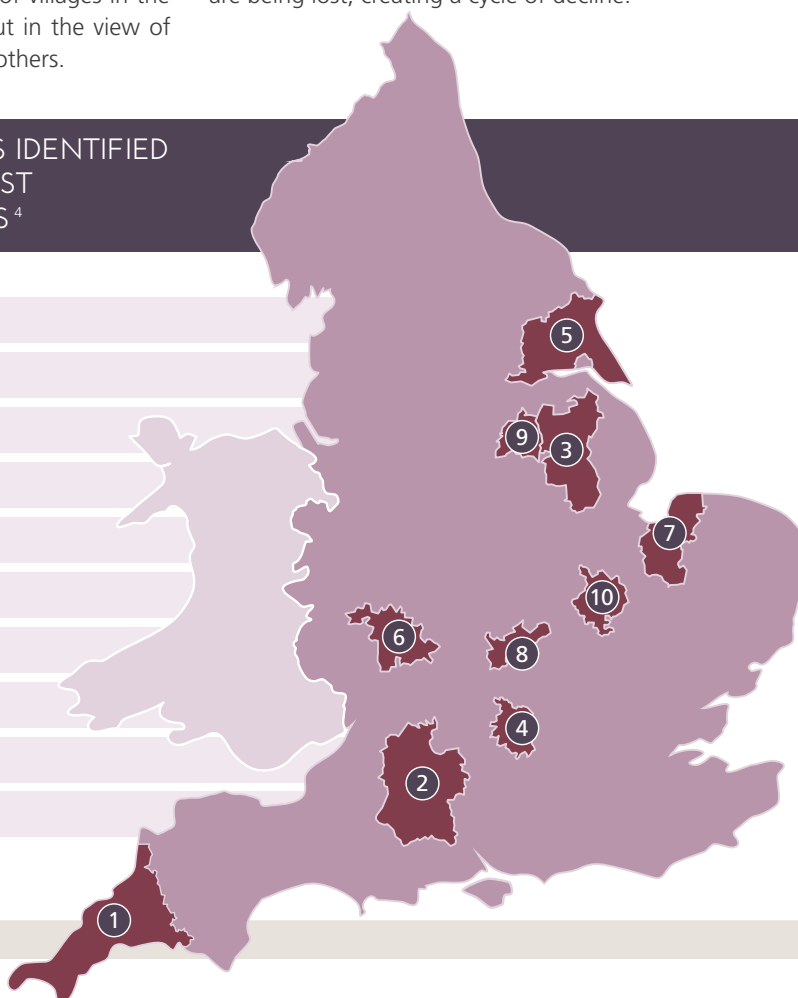
Housing is then allocated via the Local Plan towards the settlements that score more points on the hierarchy. This results in significant expansions to those market towns and villages that score highly, and a dearth of new homes lower down the hierarchy.

26 of out 70 local authorities do not list villages deemed as 'unsustainable' in their Local Plan so the total number is likely to be significantly higher than those identified by the CLA. In the case of the 2,154 identified, both housing allocations via the Local Plan and economic development are either highly restrictive or not permissible.

The assumption that a lack of services means these places are unsustainable for new housing has been challenged by The Taylor Review, The Affordable Rural Housing Commission[3] and academics due to the negative impact this process has on house price affordability, social cohesion and economic performance. The process effectively fossilises these villages instead of seeking to address the reasons behind why services are being lost, creating a cycle of decline.

KEY FIGURES: TOP 10 AREAS IDENTIFIED BY THE CLA WITH THE MOST UNSUSTAINABLE VILLAGES[4]

#	Area	Count
1	Cornwall:	213
2	Wiltshire:	168
3	Central Lincolnshire:	132
4	South Oxfordshire:	102
5	East Riding of Yorkshire:	101
6	South Worcestershire:	97
7	Kings Lynn & West Norfolk:	84
8	South Northamptonshire:	82
9	Bassetlaw:	77
10	Huntingdonshire:	75

CLA POLICY BRIEFING
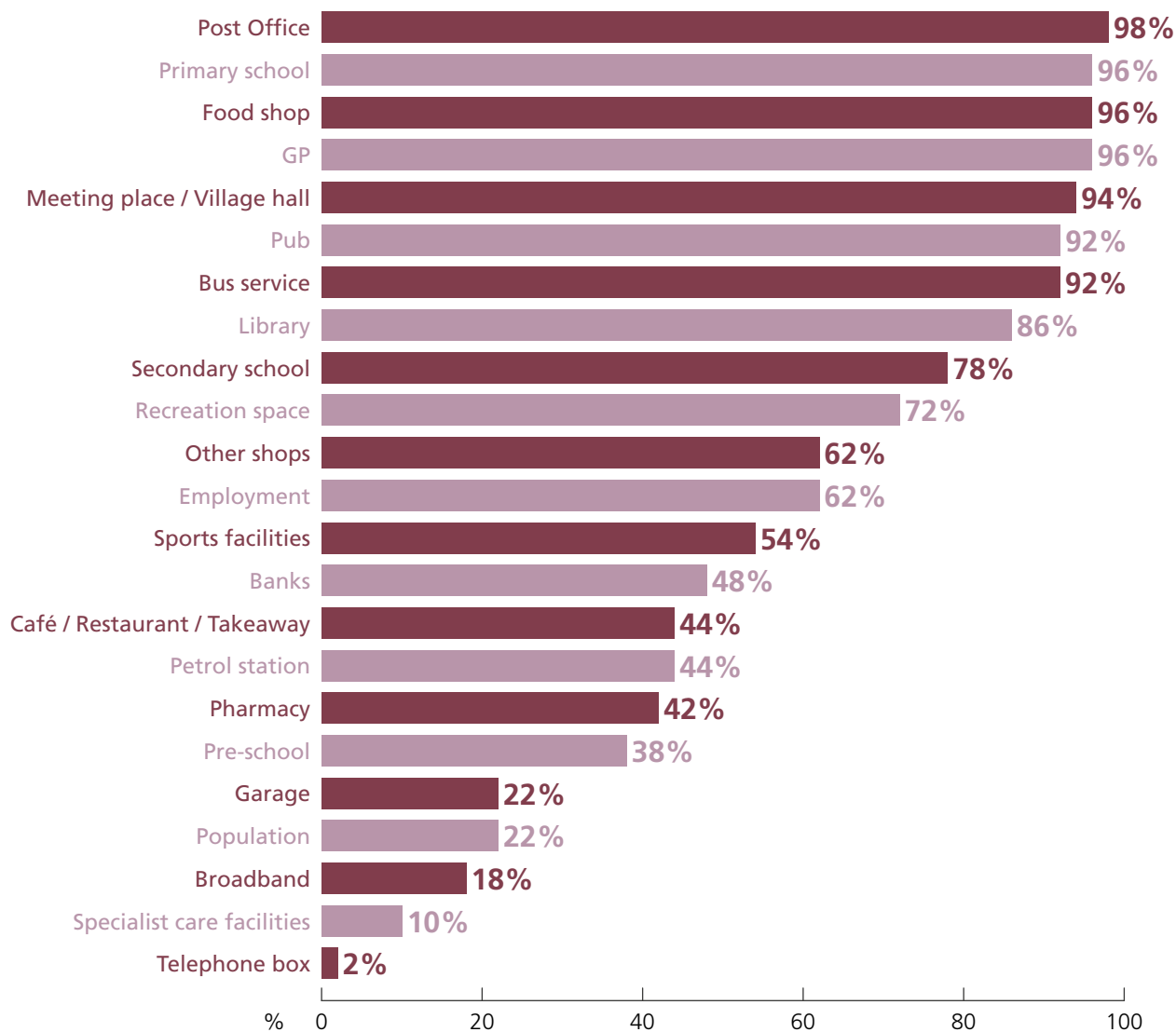
COMPILING SETTLEMENT HIERARCHIES

The CLA has analysed the services assessed by 50 rural local authorities when compiling settlement hierarchies. The table below shows the services assessed as well as the percentage of local authorities that include the particular service when assessing sustainability.

As can be seen, some services are included by nearly all assessments but there is significant variation. The CLA did not model this, but it is possible that a village deemed unsustainable in one local planning authority (LPA) would not be in another, based on the services assessed.

While consistency of approach across local authorities would produce greater transparency, the CLA has more significant concerns with the type of services that are used to rank settlements.

KEY FIGURES: PERCENTAGE OF LOCAL AUTHORITIES THAT INCLUDE SERVICES IN HIERARCHY

Service	%
Post Office	98%
Primary school	96%
Food shop	96%
GP	96%
Meeting place / Village hall	94%
Pub	92%
Bus service	92%
Library	86%
Secondary school	78%
Recreation space	72%
Other shops	62%
Employment	62%
Sports facilities	54%
Banks	48%
Café / Restaurant / Takeaway	44%
Petrol station	44%
Pharmacy	42%
Pre-school	38%
Garage	22%
Population	22%
Broadband	18%
Specialist care facilities	10%
Telephone box	2%

BROADBAND AND SUSTAINABILITY

Perhaps the most startling fact from the analysis, considering the impact it has on modern life is that only 18% of local authorities consider broadband when determining the sustainability of a settlement.
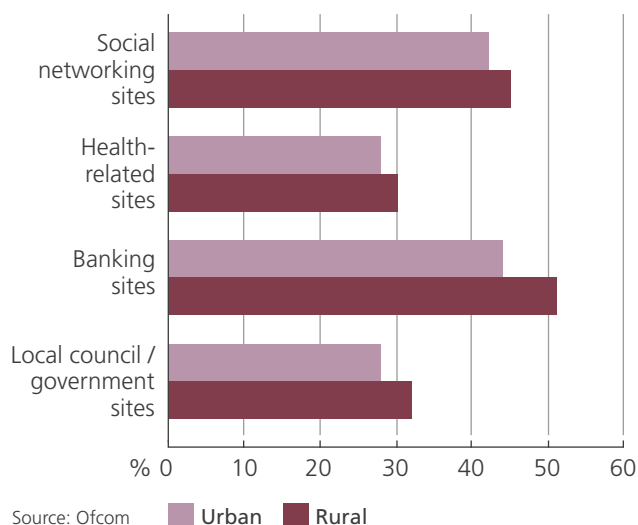
Internet access has a substantial impact on a wide facet of rural life. It reduces isolation and opens up access to services like banking, shopping, education, healthcare, communication, employment and entertainment services.

Technology and digitalisation is already helping to address the most significant challenge facing policymakers when considering how to ensure rural communities remain robust – how to deliver services to small numbers of people over larger distances?

Ofcom analysis of the internet use of people in rural and urban areas shows inhabitants[5] of rural areas use the internet to access services more than urban inhabitants. The biggest difference occurs in the use of banking sites in rural areas, with a majority of adults in rural areas (51%) reporting this use, compared with 44% of urban area internet users, but across the board rural residents make greater use of the internet to access goods and services.

While this reflects the fact that physical services are not as accessible or closing in rural areas, it also shows behaviour is adapting and policy must adapt with it. Assessing communities on how they lived 50 years ago is leading to perverse outcomes and stagnation. If we are to truly understand what makes a place sustainable in the 21st century we must use 21st century criteria. Access to the internet unlocks a large number of services currently assessed by local authorities when establishing settlement hierarchies.

The Government has confirmed that universal high speed broadband will be delivered by a Universal Service Obligation giving everyone in the UK a legal right to access to speeds of at least 10 Mbps by 2020.

KEY FIGURES: USE OF DIFFERENT TYPES OF INTERNET SITE: BY AREA TYPE 2010

England, percentage of users aged 15 and over.

Source: Ofcom   Urban   Rural

CASE STUDY: 'DIGITAL VILLAGES' IN GERMANY

The "Digital Villages" project was initiated by the Ministry of Internal Affairs and Sports Rhineland-Palatinate and the Fraunhofer Institute for Experimental Software Engineering in the summer of 2015 (running until 2019) and has a total budget of around €4.5 million. Through an open innovation competition, associations of municipalities were invited to submit project ideas to improve the quality of life in their area by the means of digital services.

Key target domains for digital services were local products and services, voluntary work and communication. The scenario of local products and services is based on a local online marketplace (BestellBar), where local vendors can sell their products online.

Participating vendors include local bakeries, organic farms, vegetable farmer, regular supermarkets, but also non-food vendors, such as sports stores, pharmacies, laundries and libraries to name just a few. Once an order is registered, the system generates deliveries, which volunteers can help with using a mobile app (LieferBar). The idea is that people travelling on the required route could deliver a parcel to their neighbour. To motivate voluntary deliveries, those participating can earn so called DigiTaler (a virtual currency) that they can spend on other parts of the system to get benefits. The ecosystem is supplemented by parcel terminals, where residents can also collect purchased items.[6]

[5] Rural and urban areas: comparing lives using rural/urban classifications, ONS 2011
[6] European Network for Rural Development, Digital Villages Germany Working document

TRANSPORT AND SUSTAINABILITY

Almost all of the local authority documents reviewed by the CLA deemed a reliance on private car use made communities less sustainable. This is reflected in the importance attached to the availability of bus travel in assessments, as public transport links can get residents to services in another settlement, thus making it a more 'sustainable' location.

Beyond the obvious concern that settlements are being penalised for bus services being at their lowest point for nearly 30 years[7], from a policy point of view as well as from a practical sense, the current approach adopted by local authorities lacks coherence.

Those who work in the countryside face house prices that far outstrip local salaries and therefore have to travel from where housing is more affordable to their place of work. To reduce carbon emissions from reverse commuters, local planning policies should be more supportive of building homes people can afford close to employment.

This point regarding the need for housing to reduce travel was made by the Affordable Rural Housing Commission in its final report in 2006 which stated "the lack of affordable development for those who work in the countryside has led to increased car use as low income families are forced to move to urban areas and commute back to their jobs."[8]

The National Planning Policy Framework (NPPF) requires development to be located where the need to travel will be minimised and the use of sustainable transport modes can be maximised, but it does caveat this by explaining that different sustainable transport policies will be required in rural areas. This is not being reflected in the vast majority of local development policies.

Again, technology can play a role in reducing the carbon footprint of living in sparser locations. For example, none of the settlement hierarchies the CLA examined assessed settlements for charging points for electric cars, but they are set to become crucial infrastructure in reducing carbon emissions from car travel.

CASE STUDY: THE ARUNDELL ARMS HOTEL

The Arundell Arms Hotel in the village of Lifton in Devon has installed Tesla charging points as part of its efforts to improve the sustainability of the business and the local area. It is an example of a business doing the right thing for the environment but also innovating to attract a new customer base. It is in many ways a 21st century coaching inn, albeit that an in-car navigation system directs drivers to the hotel and lets them know how many bays are free. Customers come and enjoy the facilities of the hotel and when their car is ready to go, it lets them know via an app on their phone.

[7] BBC News: Britain's bus coverage hits 28-year low February 2018
[8] Affordable Rural Housing Commission final report 2006

WHAT HAPPENS TO UNSUSTAINABLE VILLAGES?

In practice, housing allocation is a trickle-down process. Housing sites are allocated in the settlements high up the settlement hierarchy. The settlements identified by the CLA are left with small-scale infill development, redevelopment or converting buildings within existing boundaries, Rural Exception Sites or Entry Level Exception Sites as the only options. The alternative is to produce a neighbourhood plan and allocate additional housing via that, which can take two or more years.

Some of the communities identified by the CLA have had their settlement boundary removed, which results in them being designated as open countryside in planning terms. This removes the possibility of any development with only a few exceptions.

Even when neighbourhood plans are put in place, there is no statutory requirement for neighbourhood plans to conduct a Housing Needs Assessment. If neighbourhood planners opt to conduct one, the NPPF advises groups against collecting their own primary data from residents, stating it is disproportionate to collect this data when other sources are available. Instead, it advocates using data from the Local Plan to inform what housing an area needs. The CLA is concerned that this data will likely be at a strategic level and may therefore not reflect local need.

Villages that are cut off from the local planning process must either go through a neighbourhood plan or look to pursue a windfall site if housing needs are to be met. This puts an emphasis on local people to push forward development themselves via neighbourhood plans or windfall sites, such as Rural Exception sites. Unfortunately, these policies are not delivering at sufficient scale to be a national solution.

Having said that, some local authorities are very proactive in meeting the housing needs of small rural communities. While Cornwall has the highest number of unsustainable communities, between 2012 and 2017 it built roughly a third of all the affordable homes built on rural exception sites of the local authorities analysed by the CLA. This shows that while tools are available, they are not being used to their full potential by many local authorities.

i WHAT IS A HOUSING NEEDS ASSESSMENT?

Establishes how many people with a local connection to the parish have a need for affordable housing. It will also inform what size and type of housing they require.

i WHAT IS A WINDFALL SITE?

A site which has not been specifically identified as available in the Local Plan process such as a rural exception site or entry level exception site.

KEY FIGURE

→ **Since 2011** just under **8,000 affordable homes have been built** on rural exception sites in settlements of **3,000** or less, in England.

REDUCTION IN SOCIAL CAPITAL OF RURAL COMMUNITIES

ℹ WHAT IS SOCIAL CAPITAL?

The networks of relationships among people who live and work in a particular society, enabling that society to function effectively.

When discussing the sustainability of rural areas, one of the points not considered by the planning system is 'social capital'. These community links and informal support networks, especially in more sparsely located rural communities are vital to maintaining support structures when state services withdraw. The ONS examined the social capital of rural and urban communities in 2011 and found:

➔ **Rural residents are more trusting** of people in their neighbourhood **(78% compared with 61% in urban areas),**

➔ Feel that others in their local area are **willing to help their neighbours (81%** compared with 67%),

➔ **Feel safe walking alone after dark** in their local area **(82% compared with 71%),** and

➔ **Feel a sense of belonging** to their neighbourhood **(72% compared with 61%).**[9]

THE NPPF STATES THAT:

"where there are groups of smaller settlements, development in one village may also support services in a village nearby. "[10]

While there are a multitude of factors for why people of all ages leave their rural community, the provision of housing is an important one. Communities deemed to be unsustainable will more likely see a reduction in social capital as homes to support the next generation will not be built.

Current planning policy recognises services in one settlement can support those in another. A post office in one village can be used by people living nearby. This clustering reflects how villages are mutually dependent and do not need to be self-sufficient. This works both ways. The loss of a service in one village has a correspondingly negative impact on the sustainability of others in the cluster. While clustering makes sense for service provision, it is less effective for housing. A carer who has to move away is less able to fulfil that role for a relative or neighbour. A fundamental part of sustaining the social capital of rural areas is the provision of housing in the same community to keep these links intact.

[9] Social Capital in the UK: 2011 to 2012, ONS, 2012
https://www.ons.gov.uk/peoplepopulationandcommunity/wellbeing/articles/socialcapitalacrosstheuk/2011to2012
[10] NPPF

REDEFINING SUSTAINABILITY

Having reviewed the services assessed to develop settlement hierarchies it is hard not to conclude that in many ways settlements are being ranked using criteria more reflective of the way people lived several generations ago than in the 21st century. Without proactively planning for the future now, rural communities will miss out on the advantages technological change will bring.

In their critique of rural planning Nigel Cohen and Stephen Owen conclude that "rural planning should be pursued as a continuous process of improving the sustainable development of each and every rural locality"[11]. Similarly, the Taylor Review states – "sustainable development is about action, not just maintaining the status quo, and it's about more than just the environment, it has to address environmental, social and economic issues together."

The current system does not go far enough in accomplishing this concept of continuous improvement. Rather than simply assessing settlements for the services they have now as we currently do, the question we must be asking is what do we want our community to look like in the next two decades or more and how can we work to achieve this?

The starting point for sustainable communities has to be the people who live and work there and a strong economy. While technology has changed how people access services, future services and businesses will only be located in areas with robust diversified economies. Improving the rural economy and creating higher paid jobs will make housing more affordable as wages increase to reduce the ratio between house prices and salaries.

While a strong economy is the only long-term solution to the rural housing crisis, there are steps that need to be taken now to address the challenges posed by the high cost of housing. The loss of young people to urban areas, the reduction in social capital as people are priced out of an area and the environmental cost of people reverse commuting all weaken the sustainability of rural communities.

Putting people first

If planning is to shape sustainable communities it needs to be proactive in understanding the needs of the people living in them. While assessing services gives a snapshot in time, it does not reflect what the people living and working in those communities want to see happen in the future.

As can be seen in the case study opposite, only by asking communities what their needs are for the future will planning be able to meet them. This is the element missing from the current system.

CASE STUDY: 'BLUEPRINT' WINCHESTER CITY COUNCIL

Blueprint is a community engagement toolkit designed by Winchester City Council. It is aimed at helping local people tell the Council what they think their local communities need now and in the future by asking them to consider the needs of different people; how their needs may be supported; and how things may need to change so that planning policies reflect local requirements. Communities were asked to consider three questions as part of their responses:

→ Looking ahead ten or even twenty years what kind of places do we want to live in?

→ How do we allow them to change?

→ What matters most as we look into the future at the social and economic issues that affect us?

Blueprint 'packs' were prepared to help parish councils and local groups to run their own discussion events. Each pack contained information on a collection of six 'characters' which broadly represent the general population of the district. Their purpose was designed to get communities discussing the role of each character in their local area and how their housing, employment and community requirements may change over the longer term and whether their needs are or should be met in their local area. The purpose of these characters was not only to prompt debate and discussion, but to challenge people to put themselves in the position of others and to help provide focused responses.

The consultation exercise identified what was of most importance to people in their community. The key issues highlighted included housing for local people – for both young and old – broadband, small business units, support for local shops and services which provide jobs, car parking and leisure facilities. These concerns were fed in to the development of rural planning policies.

[11] Rural planning in England: A critique of current policy, Nigel Curry and Stephen Owen

CLA | POLICY BRIEFING

THE SOLUTIONS

The impact of not taking more proactive steps to improve the sustainability of small rural locations will be a continuation and deterioration of the metrics shown in this paper.

Policy change at the national level is part of the response, but it is at the local level that change is most needed. The most important change required is for the Government to require local authorities to take a proactive role in supporting communities currently considered 'unsustainable'.

CLA policy recommendations:

1. Criteria fit for the modern age

Settlement hierarchies provide a good evidence base for understanding the decline or regeneration of villages. However, no action has been taken to address the long-term sustainability of those settlements that do not come towards the top of the hierarchy.

Current criteria used to make these assessments are no longer fit for the modern, digital age and must be re-examined. Local authorities should take greater account of access to services such as broadband which provides vital connections to other services and amenities which reflect 21st century living.

A failure to think in these terms now will leave English villages trapped in analogue when the rest of the world is in the digital age. Updating sustainability assessments to capture this information on technological changes will also give local authorities and private enterprises a clearer picture of where investment in digital infrastructure is needed.

In addition, social capital should be assessed. This is not so much related to the way people in a community feel about their local area as it is about tangible examples of social capital in action, such as community transport arrangements, farmers markets or community bulk purchasing agreements for fuel.

2. Mandatory housing needs assessments

Central government should require local planning authorities to conduct housing needs assessments in those communities not allocated housing in Local Plans. In addition, local authorities should learn from the experiences of the Winchester City Council 'Blueprint' and conduct consultations with the rural population to understand their current socio-economic needs and how they believe these will change in the next few decades.

To ensure there are resources to carry this out, the Government should allocate funding from the Community Housing Fund to local authorities for housing needs assessments. These could then be completed by the local authority, the community or the parish council.

3. Continue with windfall sites and small site allocations

There is an argument that windfall sites should no longer exist and all housing should be allocated through the Local Plan. The concern with this is that applications for small sites in these settlements would not be picked up in the Local Plan in favour of larger more strategic sites, or arguments relating to sustainability would continue to restrict development.

4. Introduce cross subsidy on Entry Level Exception Sites

Having assessed the housing need in small rural communities not featured in Local Plans, the next step is to build the homes, raising the question of who will build them and who will pay for them?

Windfall sites depend on landowners donating or selling land just above agricultural value, which is significantly less than the value of land with planning permission for market housing. It is this reduction in price which provides the bulk of the subsidy required to build the affordable homes.

THE SOLUTIONS

From a landowners' perspective, the decision to pursue a windfall site is socially motivated rather than in expectation of significant financial remuneration. However, selling land at reduced value is something only a small proportion of landowners will be financially able to do.

In order to provide sufficient incentive for a landowner/developer to build the homes identified in the needs assessment, there must be a financial interest. A lack of cross subsidy on entry level exception sites will reduce the likelihood of sites coming forward.

Some will be concerned about market homes being built on windfall sites, however, there is a need for all tenures of housing in rural areas and we should always be looking to build mixed communities. Homes for affordable or social rent could be managed by housing associations, community groups, the local authority or landowners themselves. There is a need for flexibility if homes are to come forward.

KEY FIGURE

→ **13% of CLA members** have **donated land for affordable housing** in the last five years.

CONCLUSION

Without recognising and adapting to the changes in how people live their lives in the 21st century the planning system will only continue to reduce the sustainability of rural communities.

For too long, villages which have fallen into the sustainability trap have been left with too few options to change. Rather than abandon them, local authorities must be more proactive in seeking to improve these areas.

Technology and digital connectivity have huge potential to achieve this and strengthen the rural economy. Ultimately, addressing the economic and social needs of the people who live in that area is the long-term solution to the rural housing crisis. The planning system has a huge role to play in facilitating this.

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