

Localism Bill Committee
25th January 2011 Afternoon Session

The Committee consisted of the following Members:

Chairs: Mr David Amess , † Hugh Bayley

† Alexander, Heidi (*Lewisham East*) (Lab)

† Barwell, Gavin (*Croydon Central*) (Con)

† Bruce, Fiona (*Congleton*) (Con)

† Cairns, Alun (*Vale of Glamorgan*) (Con)

† Clark, Greg (*Minister of State, Department for Communities and Local Government*)

† Dakin, Nic (*Scunthorpe*) (Lab)

† Dromey, Jack (*Birmingham, Erdington*) (Lab)

† Elliott, Julie (*Sunderland Central*) (Lab)

Gilbert, Stephen (*St Austell and Newquay*) (LD)

† Howell, John (*Henley*) (Con)

† Keeley, Barbara (*Worsley and Eccles South*) (Lab)

† Lewis, Brandon (*Great Yarmouth*) (Con)

† McDonagh, Siobhain (*Mitcham and Morden*) (Lab)

† Mearns, Ian (*Gateshead*) (Lab)

† Morris, James (*Halesowen and Rowley Regis*) (Con)

† Neill, Robert (*Parliamentary Under-Secretary of State for Communities and Local Government*)

† Ollerenshaw, Eric (*Lancaster and Fleetwood*) (Con)

† Raynsford, Mr Nick (*Greenwich and Woolwich*) (Lab)

† Reynolds, Jonathan (*Stalybridge and Hyde*) (Lab/Co-op)

† Seabeck, Alison (*Plymouth, Moor View*) (Lab)

† Simpson, David (*Upper Bann*) (DUP)

† Smith, Henry (*Crawley*) (Con)

† Stewart, Iain (*Milton Keynes South*) (Con)

† Stunell, Andrew (*Parliamentary Under-Secretary of State for Communities and Local Government*)

† Ward, Mr David (*Bradford East*) (LD)

† Wiggin, Bill (*North Herefordshire*) (Con)

Sarah Davies, *Committee Clerk*

† attended the Committee

Richard Capie, Deputy Chief Executive, Chartered Institute of Housing Campbell Robb, Chief Executive, Shelter David Orr, Chief Executive, National Housing Federation Jacky Peacock OBE, Executive Director, Brent Private Tenants Rights Group Anthony Mayer, Chairman, Tenant Services Authority Roy Donson, Regional Planning and Strategic Land Director, Barratt Developments Jennie Daly, Managing Director, Harrow Estates, Redrow Pete Redfern, Chief Executive, Taylor Wimpey Alan White, Chairman, Emerson Group Andrew Whitaker, Planning Director, Home Builders Federation Liz Peace, Chief Executive, British Property Federation Alison Inman, Independent Chair, National Federation of ALMOs Adrian Penfold, Head of Planning and Corporate Responsibility, British Land
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Public Bill Committee

Tuesday 25 January 2011

(Afternoon)

[Hugh Bayley in the Chair]

4 pm

The Committee deliberated in private.

4.3 pm

On resuming—

The Chair: We now have to hear oral evidence from the Chartered Institute of Housing, Shelter, the National Housing Federation, Brent Private Tenants Rights Group and the Tenant Services Authority. I would like to welcome our five witnesses, and I invite you to each introduce yourselves for 30 seconds or so. We do not want to hear everything you have to tell us, because we have an hour to question you, but just give us a couple of headlines on where you are coming from.

Richard Capie: Good afternoon, my name is Richard Capie and I am deputy chief executive at the Chartered Institute of Housing. We are the main membership organisation for housing professionals, whether in the private sector, housing associations or local authorities, right across the profession.

In relation to the Bill, I would say that our membership has been open to reform, both in the housing and planning systems. In particular, it has articulated a willingness and an enthusiasm for reform of the social sector previously. However, we have significant concerns about some of the clauses that are being taken forward in the Bill, in particular on some of the flexible tenancies that are on offer in the social sector, on the ability to change the terms of a tenancy at the end of that tenancy, and on the housing revenue account. We also have concerns about the discharge of the homelessness duty into the private rented sector, not over whether that might be a positive solution for supporting people with options, but over whether we have sufficient quality and provision in the private rented sector at this time, particularly in the light of changes and reforms to the housing benefit system, as was discussed in the Lords yesterday.

Campbell Robb: I am Campbell Robb. I am the chief executive of Shelter. I have a number of things to say. With the greatest of respect to the Committee, we have significant concerns about the consultation process that has led to this reform, and about some of the work done behind the reforms and the lack of an impact assessment. We are most interested in discussing a possible change to the discharge of the homelessness duty into the private rented sector, without there being any significant or meaningful regulation of that sector, which offers some real challenges to very vulnerable families.

We also have issues about, although we recognise the need for, reform of security of tenure, but some of the proposals are very stark, and they will again pose a

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real challenge. Other Government proposals will have a real impact on worklessness and incentives to work, and will create a bureaucratic nightmare that we do not need in these circumstances. Finally, many of us here would like the Committee to look at how the Government will measure the success of the reforms in terms of the impact on local housing need, and at having clear guidance for local authorities on how they will measure such matters.

David Orr: I am David Orr. I am the chief executive of the National Housing Federation, which is the trade body for all the housing associations in England. I will try not to repeat what colleagues have said. First, on planning—as far as I understand it, the guiding thinking behind the planning issues in the Bill comes from the Conservative party’s work on open source planning, which starts from—and has right at its centre—a presumption in favour of sustainable development. In an environment where we need all the help we can get to build the new homes that we desperately need, it seems to us that a presumption in favour of sustainable development should be in the Bill, and not just in the planning framework, and we will argue in favour of that.

Secondly, and on the same basis about how we manage to build new homes in a very difficult economic environment, a lot of what is on offer is described as flexibility.

The Chair: Can I ask you to be brief?

David Orr: I will finish this sentence. What we think is absolutely critical is that flexibility, as offered, is flexibility delivered. There are areas in the Bill as it is written that seem to reduce rather than to increase flexibility, and we will look to challenge in those areas.

Jacky Peacock: I am Jacky Peacock. I am the director of the Brent Private Tenants Rights Group. As the name of our organisation implies, our main interest is the private rented sector and the impact that the changes in the Bill, most notably the discharge of duty to the private rented sector, will have. The Committee needs to be very aware that we are talking about a sector that is currently largely deregulated. With the forthcoming reductions in housing benefit, there will be increased demand for the lower end of the sector in terms of the rent levels that might be covered by housing benefit.

To give a quick example from my borough, if the current housing benefit claimants were able to acquire all the properties in the lower 30th percentile, that would leave another 4,000 current claimants with no accommodation that was affordable in the borough. If you talk about increasing the pressure by placing more and more families that are largely dependent on housing benefit into the sector, where landlords anyway predict further growth from non-claimants—yesterday, I read that 46% of landlords plan to increase rents due to demand in the coming year—we are looking at some very real problems. If I may briefly add—

The Chair: I think, Jacky, I am going to switch you off there. I know that you are all keen to get your message across, but there will be plenty of opportunity when we come to questions. Finally, Anthony Mayor—or Mayer. I beg your pardon.

Anthony Mayer: Mayer, although my father was mayor of Bath once, so it is an easy mistake to make.

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I feel a bit like a Doncaster Rovers forward against all these Manchester United players, because I represent a quango, not a representative organisation. I chair the Tenant Services Authority. It is possibly relevant that I was a chief executive of the Greater London authority for eight and a half years and was the chief executive of the Housing Corporation for 10 years. As far as we, in the TSA, are concerned, we are a quango and we know our place. We are there to do the jobs given to us by the elected Government, and we will get on with it and do our best. Said in 25 seconds.

The Chair: Very good.

Thank you all for the introductions and the headlines. I invite colleagues to indicate to me that they wish to ask a question. I shall first call Barbara Keeley. Other colleagues are also trying to catch my eye.

Q 103103 Barbara Keeley (Worsley and Eccles South) (Lab): Will those members of the panel who want to do so expand their views on tenure reform? If someone has to move out of social housing, if and when their circumstances improve, what impact will that have on any aspect of their tenancy or anything else? I am asking about the aspect of tenancy reform under which people would have to move out.

Richard Capie: That is interesting. We are supportive of some tenure reform measures. What our membership have expressed quite clearly, however, is nervousness that if someone's circumstances improve, they would be required to exit the tenancy. There is a willingness and an enthusiasm to look at things such as changing the terms of the tenancy for the existing property; for example, if someone's circumstances manifestly improved, they could be charged more rent or supported into shared ownership to realise some aspirations on home ownership, if that was what they wanted. However, there is a lot of nervousness about the idea that if someone's circumstances improve, they would be forced to leave the property.

The concern is twofold: first, the administrative burden of managing such a property, and, secondly, the community impact of the idea that someone who has got on in life and taken advantage of the fact that they have a sub-market rent and a stable home is disincentivised for being successful. The person who acts as a role model in the community—the one who has got on with things—is, in effect, forced to leave the community. You get what we have termed “the revolving door of poverty”, which is something we are concerned about.

Campbell Robb: I echo that. One of our most significant concerns will be that this just creates a disincentive for people to do well in communities because of the pressure they will be under and the changes they face. In particular, having a random two years to get people back on their feet and to change their lives around—with the movement away from schools, communities and support networks, while constantly putting a whole range of other things that exist in communities under threat—would be a real challenge for many people with whom we work. It would be a huge social change for them. Many of them have been living in communities for a long time.

To make a final point, social landlords already have the power under ground 9 legislation to make some of these provisions, as long as there is a suitable alternative available. Why not give people security of tenure? It gives them a sense of stability.

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David Orr: I agree with Richard and Campbell. Given that the overwhelming problem is lack of supply, the critical thing is how we use what supply we have most effectively. If you get the job, you do better for yourself and the inevitable consequence is that you lose your home, it is not going to work very well. If there is a relationship between landlord and tenant that says, “As your circumstances change, it may be possible for us to help you find something that meets your new circumstances more closely”, that is fine, but an arbitrary cut-off could potentially bring significant problems.

The Chair: You do not all have to answer every question.

Jacky Peacock: I just want to add one quick point, having worked in the private rented sector for more than two decades, I have seen the effect of the introduction and evolution of shorthold tenancies. Now the vast majority of tenants have shortholds. I have also noticed that people do not relate to their homes in the same way, because they do not know how long they are going to live there. They do not invest their own money in making it look nice or doing minor repairs and improvements. Even though tenants may be in the same home for many years, the very fact that they could be forced to move at any time, through no fault of their own, can create all sorts of stress and makes it very difficult to plan—getting children into school, or moving them just before exams, as frequently happens, and so on. There are many disadvantages.

Also, although we like to think that social landlords are in the main more responsible than private landlords, they are not perfect. If private tenants have a shorthold, they do not campaign or exercise their rights, because if they do, they risk losing their home altogether. That to me is a major liability, which should be thought about very carefully.

The Chair: I should remind everyone that 15 of our 60 minutes have already gone. Colleagues might, therefore, want to ask questions of a particular panellist, rather than necessarily of the whole panel.

Q 104 Henry Smith (Crawley) (Con): We just had a question from Barbara Keeley about lifetime tenancy agreements and perhaps ending them for new entrants to social housing. Is there a case for ending lifetime tenancy agreements to ensure the availability of a flexible housing mix? For example, when children leave home, if we did not have a couple in a three or four-bedroom house, perhaps the housing stock could be used more effectively. I am interested to hear views on that.

David Orr: Flexibility of tenure is, potentially, a very good idea, but flexibility must include the ability to include a lifetime tenancy if that is an appropriate response for that family and household. One of my anxieties about this conversation is that a discussion about flexible tenure is in danger of closing off something that we know works very well for some people, providing exactly the kind of security that they need to feel confident about their role in the world.

The question of under-occupation and when children leave home is important. We have to make much more use of our ability to move people around within existing housing association and local authority stock, and to

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offer more internal transfers, but, fundamentally, the way to encourage people to move when they are under-occupying is to have a good offer, not to punish them for their children growing up.

Plenty of people in owner-occupation are hugely under-occupying. None of us would say that those people should be required to move out because they are under-occupying. We should be trying to create an environment in which the offer we have for older couples or older people is a much better one than at present, therefore unlocking the housing stock currently locked up.

Campbell Robb: I endorse the comments about arbitrariness of the proposals, the lack of provision for suitable alternatives and the lack of understanding that—exactly as David said—lifetime tenure can make a huge difference to certain categories of people. We would be very nervous of the nature of some of the amendments setting a minimum which becomes the norm, as opposed to really understanding what needs to happen and the alternatives provided. I am conscious of the time so I will not say any more, Chair.

Richard Capie: There is a degree of sympathy out there among providers, where you have people in over-occupation and people in under-occupation. They want to be able to do something about it. There is actually a commitment and a real appetite to do so, but the question is how. Having an arbitrary measure which, in effect, forces people to downsize when you don't have appropriate stock for them to downsize into is not actually resolving the problem. It's just, in effect, transplanting it or creating a different problem.

Q 105 Mr Nick Raynsford (Greenwich and Woolwich) (Lab): May I pick up David Orr's comment about the overriding importance of supply? May I ask all of you whether you believe that the measures in the Bill, as currently drafted, will have the effect of increasing the supply of housing overall and the supply of affordable housing for people in need? Will it improve or not improve the prospects of people looking for housing because they are homeless or badly housed?

Campbell Robb: Chair, he gets three questions, but we only get one answer.

The Chair: Nick has asked the whole panel, so you will all have to concentrate on every issue. Campbell, do you want to go?

Campbell Robb: Let me focus on affordable housing. Its definition is not right, because 80% of market rent is still vastly beyond what many people are able to pay in most areas. We have a real concern about that, and I do not think that the Bill will deliver the extra affordable housing that is needed. I shall keep it short by answering that part of the question.

David Orr: The system as presently envisaged effectively changes the new supply subsidy from a capital to a revenue subsidy. The revenue subsidy comes in the form of higher rents. It is always possible to build more homes on the back of a revenue subsidy rather than a capital subsidy. We have argued that flexibilities might allow that to happen.

Our assessment of what is likely to happen with this system, as we understand it, is that it will probably deliver new homes, but at intermediate rents. The overall stock of property available for letting at what we currently

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call social rent will significantly diminish—probably by between 125,000 and 130,000. There will, in fact, be a transfer away from social rent to higher intermediate rents.

Jacky Peacock: If there is anything that is likely to increase supply, I am afraid that I have missed it. If anything, rented housing will be depleted, because those people who succeed in increasing their income will surely exercise any right to acquire or buy their property rather than face eviction, and that will lead to property being lost from the rented sector.

Richard Capie: We need to see this in the light of the obvious fact that the comprehensive spending review settlement for housing full stop represents a significant cut. The affordable rent model itself is seen as pretty problematic. There is an idea of having rent flexibility for a narrow range of the portfolio, but the modelling that we have carried out in relation to disposals and actually using affordable rent shows that its impact would be fairly negligible. In particular, there is concern about the interrelationship with some of the welfare reforms being put forward, especially universal credit and the limits on housing benefit. If we are looking at the revenue subsidy taking the strain to support new supply, there will be limitations, certainly from a private funding model. Some associations might be able to exploit this in some markets, but there will be real limitations. It is not a long-term, sustainable model. Having said that, there is an appetite to look at rent flexibility, but we are just not convinced that this is the right option.

Q 106 James Morris (Halesowen and Rowley Regis) (Con): May I ask Mr Capie specifically about some of the planning provisions in the Bill? The Bill tries to solve the problem that you raised about the number of houses that we need to build. Is it not the case that we have not had a particularly great track record of building new homes in this country in the past 15 years? Do you think that one of the reasons behind that was the regional spatial strategies and our regional planning system, which was very good at producing strategies, but not very good at producing the homes?

Richard Capie: This is certainly one area of the Bill that could lead to significant changes. The jury is still out on what impact the planning reforms might have. Will there be an ability to unlock land and to bring land into the market to provide new housing in a way that we have not seen before? We do not know. One risk will be during the transition from the existing framework. Whether or not people believe that that framework delivered, it was something against which people could operate—

Q 107 James Morris: We know how that framework operated historically, so would it be madness for us to continue to pursue the same policy, because it did not work?

Richard Capie: People have been open to reviewing the planning framework to see whether things could be done better. Having said that, we must appreciate that planning does not operate in isolation. It is linked to things such as the availability of cheap mortgage finance, which is obviously a key issue now in relation to supply. If we look at the 2008 to 2011 round of the CSR, we had a record settlement that enabled us to get over the

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£200,000 threshold with that existing planning framework. The system that we have going forward, regardless of the planning framework, will be fundamentally different because of

constraints on mortgage finance and public investment in housing full stop. It will be difficult.

Campbell Robb: May I make a related point? This is not a direct answer to the question, but it is something around planning that would be a valuable addition to the Bill. One of our real fears is about the lack of consistent methodology for assessing planning need in a locality. This is not about bringing back regional strategies, but we absolutely need to be able to understand the situation. If the Government want a set of armchair auditors to be poring over housing need in a local—

Q 108 James Morris: So you accept that the removal of regional strategies—

Campbell Robb: What is not in here is any way for any of us to be able to assess local authority against local authority, and their planning needs. The Bill could benefit from consistent guidance to local authorities about how they assess that local housing need, and how they are going to address that need. That is a different issue from whether regional planning strategies work, and it is something that needs to be thought about with local authorities, so organisations such as ourselves can help local authorities, and assess them against each other to see how successful they have been.

David Orr: I am apprehensive about the easy equating of the collapse in house building with the regional spatial strategies. I do not think that there is any evidence that allows you to say that one is a consequence of the other.

Q 109 James Morris: I was not making that point.

David Orr: In the overall scheme of things, the fact that, last year, we built the smallest number of new homes since 1923 is a consequence of the credit crunch, the collapse in the housing market, the fact that a lot of the major developers had real struggles, and the real difficulty of the availability of mortgage finance. That will be made worse by the significant cut in capital investment for new affordable housing. Transfer to this revenue-funded basis might allow us to recover some of that.

Removing regional spatial strategies, without putting anything in their place, was a short-term mistake, because it meant that property planning applications, which were going through the system and may have delivered new homes, were withdrawn. I think that Campbell is absolutely right: if we take away regional spatial strategies, about which I do not have a very strong view, there should be some proper mechanism—and this is what I really care about—for assessing local housing need. Having a planning system that says, “We accept that need, and therefore we accept the need to deliver to meet that need”—that is what I think the planning system needs to do.

Q 110 Alison Seabeck (Plymouth, Moor View) (Lab): My question is in two strands, but it is specific to a group—vulnerable adults, families, and 16 and 17-year-olds. How confident are you that the Bill, as it stands, has safeguards to protect those groups when they present as homeless? Is their voice strong enough, if and when

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they become tenants? Are there weaknesses in relation to their voices? Perhaps Anthony Mayer has a view on that.

Anthony Mayer: I cannot comment on the narrow question of 16 and 17-year-olds.

Q 111 Alison Seabeck: On the general point about vulnerability.

Anthony Mayer: With tenants, it is well known that the Minister has decided that he wants to go for the TSA having a role as a backstop consumer regulator. The Government have proposed that there will be a tenant panel standard, whereby all associations will be expected to set up tenant panels to get a channel of tenants, basically, representing tenants' interests both with the housing association and with the regulator. Although it is very early days—the legislation has not gone through and the standard is yet to go—I am expecting and hoping that the tenant panels are a most effective mechanism for representing the needs of all tenants, in the event of something going wrong in the relationship between tenants and housing associations. All the evidence I have so far is that housing associations are up for the new regime. It is very early days to make a judgment about how it all works. Within the pattern of tenants who are 16 and 17 years old, I cannot comment, but those experts can, I am sure.

Richard Capie: We are clear; we have been supportive of the consumer regulatory role of the TSA. Interestingly, there was a pretty broad consensus across the whole of the affordable housing domain that that was a good thing. So, to see that weakened is something about which people have been a little disappointed.

The other area that it would be great to see looked at, in relation to the Bill, is tenants' ability to complain directly to the ombudsman without having necessarily to go through this local democratic filter. The idea is admirable—the idea that you will approach your council or your local MP in the first instance, but the reality is that that usually happens at the first point. It is important to protect that right for somebody who has a complaint or dispute that needs access to the expertise of ombudsmen. It is particularly disappointing if we are asking all our local councillors to take on an additional role and responsibility, in which they potentially might not have the expertise. Having that direct route through to the ombudsman is something we would like to see addressed in the legislation.

Jacky Peacock: The Bill presents an opportunity to try to bring a little more consistency across the rented sectors. For example, I think it would be well worth while the Committee taking off the shelf and dusting the Law Commission proposals to reform private renting. Among the key recommendations from that report was introducing consumer contracts—standard landlord-neutral contracts setting out clearly all the rights and obligations of both parties, which are currently spread across no fewer than 49 statutes and innumerable pieces of case law. That would make an enormous difference, but people cannot exercise their rights or have a voice unless they understand what those rights and obligations are.

Campbell Robb: Regarding the first part of the question about the impact on vulnerable groups—not just 16 and 17-year-olds—we think that the provisions to allow the discharge of homeless duty into the private rented

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sector will significantly threaten the stability that they might have. We will see a revolving door, with people constantly being in short-term lets in the private rented sector re-presenting as homeless. It does not give them a secure settled home and does not understand the nature

of the problems they are facing. We would strongly contend that this is the wrong solution and that it will create significant difficulties in those areas.

Q 112 The Parliamentary Under-Secretary of State for Communities and Local

Government (Andrew Stunell): Picking up that point, the alternative we have at the moment is that homeless families are kept in temporary accommodation, often for very long periods, particularly in London. Is there any viable way of avoiding that, which does not go down the route we have outlined?

Campbell Robb: That is a good question. What this proposal lacks, if the Government wish to go down this route, is any licensing or regulation of the private rented sector. It will see a greater dispersal of very vulnerable people into the already least regulated sector. One of the Government's first moves was to remove any agenda in the Rugg review or any desire to put more regulation into the private rented sector. That is a mistake. If the Government were willing to consider further regulation, particularly in London or areas where that was going to happen, it might have potential. Some of the types of property and landlord will potentially put very vulnerable people at risk. That is not the answer. You need to do more than this measure to make it a viable proposition.

Richard Capie: To support that, our membership has been open to the idea of being able to discharge that duty into the private rented sector, with the caveat that you can ensure that you are putting somebody into settled accommodation in a well managed, well run private rented sector. As Campbell said, one of the issues that we have—and I think it is a wider housing policy issue—is around our expectations of the private rented sector, given that it will house an increasing proportion of our population. Certainly, if we are going to enable people to discharge that duty into the private rented sector, there need to be greater powers or better regulation in the local authority area. It is also timely to review this nationally again. It is not a case of more regulation; it is a case of what better regulation for that sector looks like.

Q 113 Andrew Stunell: So, you are making the point about not the transfer into the private sector but the quality of the accommodation. Have I understood that correctly?

Richard Capie: The quality, the suitability and the stability of that accommodation. You have to be very careful that you do not transfer somebody into the private rented sector, where the tenancy fails and then you effectively repeat the process time and again, with quite a vulnerable client group. It has got to be a good quality, sustainable offer in the first instance. If we have that surety, then I think people are open to exploring.

Anthony Mayer: People like me do not often get the opportunity to speak to so many MPs at the same time. I do so about once a year. Can I just ride my hobby-horse, which is beyond the TSA? Ever since I arrived at the Housing Corporation in 1990, I have been of the view that there is a hidden social housing sector that has

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been ignored, ignored, ignored: tenants in the private sector paying housing benefit to landlords, where there is no control of the quality of service provided by those landlords, other than, marginally, in houses in multiple occupation. If I have a general plea speaking as Anthony Mayer—not as the chairman of the TSA—I would say that it will be interesting to see whether the Localism Bill or any other housing Bill can be used as a vehicle to consider, as they have done very well in Scotland, the opportunity for Government and society to look

into the hidden social housing sector. Through that a greater degree of protection could be given to people who are very poor, on housing benefit, in the private sector and who, by and large, are completely marginalised in terms of the attention that the Government give them.

Campbell Robb: I just want to come back on the discussion we had in answer to Nick Raynsford's question on how we do not believe that this will produce new, proper, affordable, social rented accommodation when combined with the dispersal into the private rented sector. We would like to see more affordable, good quality social housing, in which the most vulnerable people could be housed. Then we could have a discussion on how you would begin perhaps to put people into the private rented sector, with decent regulation to ensure standards. This summer, Shelter exposed the activities of rogue landlords working in this area, exploiting tenants repeatedly in terrible conditions. We do not want to see a return to that, so some regulation in this area is absolutely essential.

David Orr: We have to use up all the good accommodation that we can, but our analysis is that the proposed changes to housing benefit make the discharge of that homelessness duty into the private sector much more difficult to achieve. We have to understand how these different things relate to each other. In saying that, may I welcome the statement last night from Lord Freud that there will be an independent review of the housing benefit proposals? There are some significant issues in this agenda that have not been properly analysed or understood.

Campbell Robb: I absolutely agree with that.

Q 114 Heidi Alexander (Lewisham East) (Lab): I would like to continue this discussion on the private rented sector and the discharge of duties into it. In your opinion, what capacity do you think the sector has at the moment to cope with additional demand? What, in your view, will that additional demand do to rent levels in the private rented sector? I was particularly struck by Mr Orr's comments towards the end, about the interplay with housing benefit, because the Government are telling us that by reducing housing benefit, they are hoping that private sector rents will decrease, yet we might see huge additional demand, and I would appreciate your comments.

Campbell Robb: Let us be clear for a start: only 30% of the private rented sector in any one area will be available under the proposals because the Government have made it clear that that is the rate at which it will be paid. All those people who are being discharged will go into that—the bottom 30% in any one area. The Government are acting on the heroic assumption that landlords will put their rents down. We have seen no evidence from landlords or anyone else that rents will go down. Everything would suggest a marketplace with

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an increased demand and no increase in supply, where the prices will go up and up. We have pushed and pushed the Government on this, for their evidence as to what it suggests, and we have pushed the Department for Work and Pensions and the Ministers for the evidence, and they have shown us none. We are fearful that a lot of these assumptions are based on the misconception that rents will go down. It is a significant problem both for this Bill and the welfare Bill.

Richard Capie: On a wider point, a lot of local authorities—not on the homelessness side of things—provide an awful lot of advice and support, and help settle people into good quality

private rented accommodation as part of their wider housing responsibilities. There is a strong platform where it is taking place. The number of people who will be settled if this clause is accepted will probably be relatively small, because it will be contingent on what good quality sustainable lettings in the local area are actually available. As Campbell said, the amount of property that is available to settle somebody is falling.

The 30% squeeze, the squeeze from the universal credit, the squeeze from the consumer prices index adjustments to housing benefit over time—we know that that proportion of the market will be further and further constrained. As has been said, there is very strong evidence in the Social Security Advisory Committee, for example, which looked at the impact of the housing benefit changes, highlighting that this will be very problematic in terms of the role that housing benefit will play in the private rented sector.

Will we see the kind of downward pressure on private rents? Certainly, we have not seen any evidence from DWP that that will be the case. The latest data coming from landlords suggest the opposite, which is that private rents are going up as people who would usually be among the 100,000 people who secure a mortgage, but who cannot do so just now, are renting because they cannot buy. There is additional pressure on private rents, and those prices seem to be going up rather than falling.

Jacky Peacock: We believe that some landlords will be willing to reduce their rent, but they will offer accommodation that is of such poor quality and so badly managed that, notwithstanding the increased demand, they will not get people other than those reliant on housing benefit to take it. It will, therefore, drive standards down rather than up. In addition, local authorities, because they cannot find anywhere locally to discharge their duty, will place families further and further afield to fight the demand on those new places. The local authorities bordering our own borough, where they can see that coming, are already worried about rents going up there. You will push people further and further out as demand drives rents up. Not only that, of course, but once you remove people from their roots and their informal support networks, you actually place more expense on the local authorities where they end up—on the schools, the health services, the social services and so on. It does not actually save public money, because it will cost more elsewhere.

David Orr: If I may, just another little dichotomy. We can all talk about how these things relate to each other. If rents come down, it makes it much less possible to meet the new-build targets that are predicated on a revenue stream from higher rents. Either you win in

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terms of rents coming down in relation to the housing benefit bill and lose against new supply, or you win against new supply but only because rents are going up. Which would you prefer?

Q 115 Brandon Lewis (Great Yarmouth) (Con): I have two questions in one, in a sense. Mr Orr, when you were speaking earlier about new houses in the regional spatial strategy, to my mind you were effectively arguing for the status quo and arguing that allowing local communities to design might not lead to any house building—but certainly not enough. Bearing in mind that we had some evidence this morning from councils and the LGA who

were telling us that local communities know what they need and want to build it, but they want the right thing in the right place, are you arguing for the status quo or another option?

The second question relates to that and is addressed to anyone on the panel. As a result of what the Government are proposing, do you think there would be an increase in house building beyond the last couple of years? The lack of house building is not just a feature of the last year or two during the recession; it has characterised the past 10 years. That goes way beyond the recession, despite what has been mentioned. Do you think there will be an increase in house building on these plans, or do you have another option?

David Orr: I am not arguing in favour of the status quo in regard to planning. I think that the fundamental issue with planning is not about systems and structures—it's not about whether PPS3 works or doesn't work—it's cultural. It is whether planning is fundamentally seen as development control, which it has been, or whether it is seen as a kind of active, creative engagement with local communities that asks what the community needs and how we as planners can assist in delivering that.

I think that ideas such as the new homes bonus and the proposals in respect of community right to build are very interesting. There is not enough evidence yet to say whether they will be, in themselves, sufficient to generate the kind of new supply that is necessary. We are absolutely in favour of discussing all that, but it has to be based on a presumption in favour of sustainable development. If we don't have that, we will not see the new supply. The only time that there was a significant increase in house building over the past 10 years was in the 2008 to 2011 period, particularly in the early part before the impact of the credit crunch had really kicked in. Housing associations and others were able to build more affordable homes, because there was additional capital investment. That was the one time that we got close to the 200,000 limit. Planning is very important, it is not fundamentally about the planning process; it is much more about the planning culture. That's not just an issue for planners; it's an issue about local political leadership.

Q 116 Brandon Lewis: So if the current plans were, in a sense, to work, do you think increasing numbers of houses would be being built?

David Orr: If you didn't change any other circumstances and you only made these changes, it is possible that there would be an increase, but there are so many other things in play that it is difficult to identify specific cause and effect.

Campbell Robb: May I make a point?

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The Chair: I think I am going to move on, otherwise some of the Members will not get in.

Q 117 Siobhain McDonagh (Mitcham and Morden) (Lab): We all know that at the moment local authorities may discharge their duty to the private sector when the family agrees that it is a good idea, and for some it is. What worries me are not the most vulnerable groups, but those families that are more mature and in work but are forced into the private sector, where giving up employment is likely to have an impact. Does the panel have any views about the interaction between housing benefit and families in work?

Campbell Robb: I can't give you a definitive view on that. We continue to be worried about two things. The first is forcing people into any one tenure against their will. That goes back to the discussion that we had earlier about the incentive for people to feel generally that they are stable in one place and can build a life in that community, and that they are not being disincentivised to stop working because they may lose their home. The general point remains, regardless of the group. If, as the Government propose, you would face a review of your income and your circumstances every two years, it does not create an incentive to build a long-term future in that place. You would have constantly to consider your options about what you choose to do in that area. I think it is the same problem as we had before.

Richard Capie: If you look at the welfare reforms, the wider reforms, the propositions in the universal credit—the disregards, for example—and enabling people to keep more of the money they earn above the threshold, such measures are very welcome. The key thing is that there needs to be consistency between that particular move in welfare policy and what you are trying to achieve in housing policy in terms of a stable home that somebody can live in.

As I said, we are open to looking at and working with tenants to support them as their circumstances change. The key thing is that it is not a case of if you do well, you have to leave. That is administratively difficult, and it is counter-productive to other elements of the welfare reforms, which are about supporting people to be successful, to realise their aspirations and to get out and get on with work.

The Chair: Jacky, I ask you to be brief, because I need to force the pace.

Jacky Peacock: If the proposal goes ahead, it is essential that there is a clear definition of suitable private rented accommodation. That must include affordability, because it is important that families are placed not only somewhere where the rent is covered by housing benefit, which, as I said before, will be no mean feat in itself, but somewhere that does not keep them on housing benefit for the rest of their life because they could never afford those rents if they come off it. That poses enormous problems, which I do not think are easy to resolve.

Q 118 The Minister of State, Department for Communities and Local Government

(Greg Clark): I have a couple of quick questions, one for David and one for Campbell. David, I can understand why your members might be resistant to the idea of being banned from giving lifetime

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tenure, but given that the proposal is to give them that as an option, why should you, representing the federation, not want them to have that option? Do you not trust them to exercise it?

David Orr: I do. I am quite happy that there should be an option to offer different tenancy agreements. The best place for such decisions to be made is in the relationship between the housing officer, representing the landlord, and the tenant themselves.

Q 119 Greg Clark: So the discretion should not be forced on them, but it should be one of the options available?

David Orr: It should be an option.

Q 120 Greg Clark: That clarification is helpful.

I thought that, in David and Campbell, I had found the last two people in Britain who were going to argue that we should keep the RSSs, but David has explained that that is not the case. Campbell, are you the last man standing? Do you think that we should keep the RSSs?

Campbell Robb: That is unfair, because I never professed any support for RSSs. What I said was that I think that if the Government move to the plan, as it currently stands, there will be no way in which we and you can judge whether local authorities are meeting their targets locally. There will be no means of assessing local housing need—I stressed local housing need. There is no way that you can build the consensus that we all need to get locally to persuade a lot of people that developments need to happen in their area. Shelter has a responsibility in that, alongside everyone else, if we want more houses built. We want to see some consistent methodology, which ensures that organisations such as ours can work with local authorities on their local housing need and on making that happen.

Greg Clark: So it is about what the right reform is, but there is no one here who thinks that we should leave the RSSs intact.

Q 121 Ian Mearns (Gateshead) (Lab): On the private rented sector, I represented a ward in Gateshead for 27 years that has about a third of its property in the private rented sector, so it is something that I am quite familiar with. I see a particular problem where a number of properties may have been bought recently for a buy-to-let process, and I cannot see any mileage in terms of rents coming down, because, from my understanding, mortgages have not depressed massively in the recent past. How will landlords manage to bring rents down if they are determined to keep a particular level of rent in order to pay the mortgage? That is the first question.

The second question is that if we are expecting people to move on after a couple of years of tenancy if their circumstances change, how will landlords monitor how those circumstances have actually changed in the first place?

Campbell Robb: The first question is not to us; it is to the Government, because it is the Government's assumption that landlords' rents will come down. We do not believe that landlords will put their rents down. National Landlords Association surveys have shown that it does not expect landlords to put their rents down either. We would love

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to see the Government's evidence on which they are basing the assumption that landlords will put their rents down. I do not see that happening.

One of our concerns with the proposals, particularly on a two-year basis—David and others will be better placed to answer this—is that you will have to create a significant bureaucratic system to monitor regularly details of people's incomes and circumstances. You will have to create a whole range of records about what they are doing and assess that. You will need a set of people to make those assessments. How that would be done is not clear from the legislation and what is happening. David and others may have more detail on that, but that is our concern with the proposals.

Richard Capie: On the PRS, the profile of the private rented sector in this country is such that you are actually right; most landlords are not big institutional landlords. There are lots of mum-and-dad landlords who make decisions based on quite variable financial circumstances. We may see some marginal adjustments. For example, if someone has a really good tenant that they like and want to keep and if the cost to them of a void after getting that person out was high, they might make a decision to accept a bit of a hit in terms of rent. The reality is, however, that you are not going to make a long-term financial decision based on that. That is why you may see some movements, but at a very marginal level. The volatility that exists in our sector is largely to do with the nature of the landlords themselves.

In terms of the monitoring of circumstances, that was something that came through as a very clear message when talking to our members about this. As I said, people are open to looking at flexibility in tenancies, but there is recognition that this is a fundamentally different ask of people in relation to housing management. There are also the changes that are coming through in relation to the housing benefit adjustments including, for example, knowing who of your tenants has been on jobseeker's allowance for 12 months or more, because of the risk that they will get 10% of their HB cut. There are many landlords out there in the social sector who are frantically running round trying to profile their tenants, because that information is not there. Ensuring that you know the changes in someone's circumstances in the level of detail required, if, for example, there was only a two-year cycle, would be very difficult and, potentially, quite an administrative burden for people in relation to housing management. At the same time, if you have something like a review over a five-year period, that is a slightly different proposition, but two years is far too short.

The Chair: Inevitably, I am in an impossible position. We have six minutes left. Alun Cairns is indicating. We have one question from each of the Front Benchers, so I am afraid, David, that I will have to leave you out.

Q 122 Alun Cairns (Vale of Glamorgan) (Con): I shall express my questions to Mr Robb in the first instance. Given some of the areas of criticism of the Bill as it stands, is it not fair to say that they are in relation to distinct aspects rather than totality in its various elements? We have just been talking of housing management. Would you not accept that housing management is extremely important in terms of bringing about some of the positive changes, and therefore another part of the Bill would allow an organisation such as Shelter to

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express an interest in running elements of the housing department and taking over some of the management from the local authority? Do you not think that that would be a positive overall influence? My second question is, what evidence is there—

The Chair: Alun, I hate to do this, but if you go to two questions, there will not be time for answers.

Campbell Robb: We have to recognise that reform is needed in the system. The system is not perfect and it needs to be reformed. We have concerns, and I said this right at the beginning—we do not think enough work was done on this Bill, on the housing elements of it, before it came to Parliament. A lot more work could have been done. The impact assessment should have been published by the Department in advance so that many of us could make more detailed and proper analysis of what we are doing. Many of us are making suppositions based on a lack of evidence of the impact that the Government have brought

about. Of course there are reforms in here that could bring benefits. Some of them we welcome; some of them we would like to see. Some of them are sledgehammers to crack nuts, and we would love to work with and bring positive amendments to the Committee and to the Bill to try to make it work better. That is the offer. We are not standing here saying nothing must change. Absolutely not. I hope that answers your question.

The Chair: If people will forgive me, I will turn to Alison Seabeck for a question.

Q 123 Alison Seabeck: We have heard in this and other sessions the concerns about revenue streams coming in, particularly to housing associations, as a result of changing tenure and rent levels. We also heard concerns about development and whether it will happen, because of the proposals in the planning element of the Bill. Are you picking up any concerns at all from lenders, as a result of some of the areas of the Bill that seem not to relate to each other and, generally, are slightly destabilising?

David Orr: The risk profile in respect of lending into the housing association sector will change. If lenders perceive that the risk is greater, then the cost of money will increase—that is fairly basic. The present position is that it is still possible for housing associations to access money at relatively fine margins. A THFC bond earlier this week was at 5.4% all in, which is a very good price. So, there is institutional appetite. However, kind of following what Campbell says, with so much of this there is so much change in the relationships of one bit to the other—all of the parts are moving at the same time—so it is very difficult to pin this down and say, “Right, we’ll hold that steady, and what would be the impact of this change or that change?” We are trying to change everything at once. I think that at the moment the lenders are saying that we like the risk of investing in housing associations, but that risk profile looks like it will change, so we need to wait and see what it looks like. My guess is that it will probably mean that there will be some additional costs to finance.

Q 124 Andrew Stunell: What I have heard, particularly from David, is that revenue subsidy works, a belief that rents in the private sector will stay high and a belief that the tenure reform package is optional. So, why do you believe that the affordability and social housing programme can’t be delivered? It is there, isn’t it?

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David Orr: I said that it is obviously possible to build new homes. What characterises subsidised houses? Answer: subsidy. Where do we get the subsidy from? You can get it from selling assets and bringing some cross-subsidy; you can get it from capital subsidy from the public purse; or you can get it from revenue subsidy. We are changing that balance, so it should still be possible to build the new homes. But if the consequence of that change is that some rents are £250 where before they were £85, it changes the relationship between landlord and tenant, and the relationship that the tenant has between benefit and work.

All those changes are likely to mean that some people will get more entrenched in a benefit trap than they are at present. I am not saying that that is inevitably the case, but the balance of probability is that it will be one of the consequences of the change. We are changing so many things at the same time that it is quite difficult to assess exactly the impact of one component compared with the rest.

The Chair: I thank all the witnesses for sharing their experience and knowledge with us. I apologise to them and members of the Committee for cutting them off in their prime, but under our rules the clock stops for no one. I again thank the witnesses for giving evidence to us.

5.1 pm

The Chair: I invite the next panel of witnesses to the table. It is my great pleasure to welcome Roy Donson from Barratt Developments, Jennie Daly from Harrow Estates, Peter Redfern from Taylor Wimpey and Alan White from the Emerson Group. I ask them to introduce themselves and give members of the Committee one or two top headlines of what they intend to speak about.

Roy Donson : My name is Roy Donson. I am the regional planning and strategic land director for Barratt Developments. If I were to sum up where I am coming from, I would be a one-club golfer. In fact, I am concerned only with the delivery of housing, so anything under the Bill that I perceive to be an obstacle to delivery, I would like changed. Things that I do not see as an obstacle to delivery, but which are positive, I would very much like to keep and run with as fast as possible.

Jennie Daly: Good afternoon. My name is Jennie Daly, and I am the managing director of Harrow Estates, which is part of the Redrow group, a national house builder that has delivered more than 2,500 homes up to June 2010. I am concerned today with the planning provisions and elements in the Bill. We support a planning system that provides certainty and confidence for both developers and communities, and one that facilitates the delivery of much-needed homes. There are a number of elements in the Bill that are welcome; however, several issues are of concern, such as the lack of reference to the presumption in favour of sustainable development and its definition, the lack of linkage to the new homes bonus as an incentive to authorities to deliver homes, and a reliance on secondary legislation and regulation for much of the operational detail.

Pete Redfern: Good afternoon. I am Pete Redfern, the chief executive of Taylor Wimpey. We built about 10,000 homes in the UK last year. We are also the

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10th largest home builder in north America—it is interesting, because the planning system there bears some relation to some elements of the Bill—and the only UK developer with a significant business that operates in a different planning system outside the UK. My overall view is that we do not find it difficult to support the principle of localism, and we certainly do not find it difficult to support the principle of change to the planning system. Most of our reservations centre around the scale and time of transition risk from an old to a new system, which we believe will impact negatively on planning permissions in the short term, and therefore on housing delivery. The issue is how you can mitigate that impact, not necessarily to change the end result massively, but to make sure that, in getting there, we do not throw the baby out with the bathwater.

Alan White: I am Alan White, deputy chairman of the Emerson Group and chairman of the housing division. Emerson Group is one of the largest private property companies in the country, with interests in Florida and Portugal as well. Primarily on the housing front, we support the Localism Bill, which we believe can work.

We have three principal concerns: that in driving down and in improving deregulation, there might be a bottom-up approach that would prove counter-productive to some policies in the Bill; that there might be a propensity to gold-plate national regulations—things like zero carbon—through the more local forum; and, from our own experience of dealing with local authorities for the past year, that local councillors might not have the abilities to take on board the more free-thinking aspects of the Bill to gain the most advantage from it. As it stands at the moment, they have lived in a regime for many years, and there are many advantages of the Bill that they will just not grasp, or which they will take a long time to grasp, on both the planning and housing delivery front and the financial front.

Q 125 Alison Seabeck: A number of you mentioned what I would describe as potential blockages to housing development. I would welcome your thoughts on how you see those blockages in the Bill as currently drafted, because we want to improve it in Committee. Where can those issues be mitigated? Pete, you mentioned mitigation; we would like to hear your thoughts.

Pete Redfern: Sure. The first issue that I commented on, and an issue where you need to focus on mitigation, is the transition period. There is a whole series of significant issues; local authorities, neighbourhoods, parish councils, the development industry, planning officers and chief executives of local authorities—the whole system—are used to one way of doing things, which does not work hugely well, and needs to adapt. That will take a massive amount of time.

Our view is that we should have some kind of safety net through that process—a regular test to make sure that the provisions are broadly working, as people adjust. Having a time scale for implementation, to make sure that people are given time to adjust to that process, is critical to ensuring that there is not more damage caused in the short term than there are gains in the long term. Our argument all the way through discussions about the localism agenda and planning has been that there should be some sort of transition arrangement, and measurement of what the planning progression is on a local level, how local communities are adapting,

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and how they are dealing with lack of resourcing. The first key is to have some form of measurement of whether the Bill is working or not.

There are more detailed elements in the Bill that will be most difficult to move through the transition, particularly down at the local neighbourhood level, where there is no structure or resourcing at the moment, when local authorities are struggling to meet their existing services. It might be better if the parts of the Bill that push the concepts further, and therefore take longer to adjust to, are phased in over time, when some of the basic principles are better understood.

Roy Danson: I agree with that, but I will raise two other issues. They may seem a little out of left field, but they are not. On referendums, there is a fairly low level of requirement to start the process, which is easy to get into. As I read the Bill, the consequence of it might be a 12-month-plus delay. I do not very much welcome that, if it relates to planning and planning content. It is a matter for a future order, and I would beg the Secretary of State to make an order to exempt planning and planning content from referendums.

Q 126 Greg Clark: May I just clarify? I am slightly mystified by that; there is no referendum that impacts on any planning application. The only provisions for referendums are for the non-binding ones, other than those for adopting a neighbourhood plan, the council tax referendum and the mayoral referendum. There is nothing that affects planning decisions, is there?

Roy Donson: Sorry, but the Bill refers to environment, social and community matters; I think planning falls into that.

Greg Clark: To clarify, that is a non-binding referendum and has no impact on the timing of the planning system.

Alan White: May I just add that I read it the same way? I thought the neighbourhood plans and referendums would deal with planning events that the neighbourhood, as defined, wanted.

Greg Clark: It is helpful to hear that; we will clarify that.

Jennie Daly: May I just add to Pete's comments on transitional arrangements? The Bill provides for the abolition of regional spatial strategies, which is a high profile issue, and that removes one layer of the planning system. However, the Bill then introduces neighbourhood planning frameworks, so we are effectively removing one tier and replacing it with another. The number of hurdles that must be considered in order to navigate the planning process and deliver housing remains effectively the same. There are certainly issues with the RSS and housing numbers; the assistance and housing delivery was only one element of it. The neighbourhood development plans can potentially introduce a plethora of issues, but at an extremely local and detailed level. The burden on the house building industry—the cost and investment of resources in order to deliver houses—potentially remains the same. So the opportunity for the Bill to reduce some of the delay and cost burden and to stimulate housing delivery, in terms of an actual process, remains the same.

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Q 127 John Howell (Henley) (Con): I want to pick up on a point that Alan White raised in relation to the amount of culture change that is anticipated, particularly looking at it from the neighbourhood side. There is an equal amount of culture change that must take place on the development industry's side. My question is principally aimed at Pete Redfern. My experience is that many parts of the development industry are already accepting that change and are moving ahead with it; is that your experience of how the industry is reacting to this?

Alan White: Yes. I was in negotiations with a number of local planning authorities on these issues—issues such as the private rented sector, and all sorts of new initiatives that will provide more open-market housing and affordable housing, while also providing additional revenue streams for the local authority in the round. I think that people in local authorities have yet to get their minds around what the very good parts of this Bill can deliver. Local authorities have been staid in the way that they run for so long that those parts will be difficult to bring to the fore. We may get the bad bits rather than the good bits.

Q 128 John Howell: You should have been here this morning; you would have heard two council leaders taking a very positive view of it. Can I ask Pete Redfern to comment on that question?

Pete Redfern: You are right that the industry is already starting to adapt well. The culture change must be significant, but it will happen. The culture change around PPG3 10 years ago was significant—though probably not as marked as this—and it happened. My concerns around culture change are that it is much harder for Government institutions to change; they can be elected or, in some instances, not elected, or do not currently exist in a lot of cases, and it is much more difficult for them to change—they do not have the resources.

We already find with the existing system that one of the key brakes is the level of planning officer skill and availability in order to get things done. That will become more difficult for local authorities as we go through the economic constraints of the next few years. They will need to resource an extra, much bigger tier of the iceberg below the surface. It will take a long time for culture change to happen. We have had not just 10 years, as I heard mentioned in a previous session, but at least 30 years of a development control based planning system. The culture change is massive. It will take a long time for people to adapt and get the balance right. But yes, the industry itself will probably change more quickly, because it will adapt to what it needs to do to make the system work.

Q 129 John Howell: May I ask a follow-up question in relation to the development control point? Presumably, you welcome the Bill's emphasis away from development control and to real planning?

Pete Redfern: I absolutely believe that if the principles of the Bill are executed effectively, in 10 years' time we could end up with a far better planning system than we have today. There are risks around that execution, and the challenge is thinking through the detail and giving it the proper time and controls to make it happen.

Q 130 Heidi Alexander: Earlier today, in questions to the people who preceded you in those seats, we heard about the fact that local people will welcome development if it is the right thing in the right place. In my experience,

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the right thing in the right place is often commercially unviable. On the building up of neighbourhood plans, how do you see your role as developers in trying to resolve the tension between the idea of 27 bungalows instead of a block of 50 flats? I would also like your comments on the possibility of developers having to pick up the tab for neighbourhood plans, given that local authority planning resources will be under huge pressure. Do you have any concerns about that, and about the public perception—about how that looks—in terms of the planning process?

Roy Donson: The first point is that there is an element in the Bill about community consultation. We do it all the time, anyway, so that is not new. That is also quite costly and time-consuming, but we pick up the tab for that in any case, and I do not imagine that that will be any different, going forward.

Interestingly, on the issue of the right development in the right place, one of the tests of a neighbourhood development order—and, by definition, the neighbourhood development plan,

too—is that it should not be contradictory to the strategic local plan policy. But I did not see, unless I missed it, the definition of strategic. We are not changing the current planning system, in terms of development plans, so we have core strategies and allocations documents. I see “strategic” as perhaps being the core strategy. That means that the local development plan will be mainly about the allocations—where the detailed allocations go.

You need quite a bit of important knowledge about viability and developability—all those tests that currently sit within PPS3—to make proper informed decisions about that. That is not beyond the wit of local neighbours—far from it—but an educated process has to take place, because there has to be an understanding that you cannot just build anything anywhere at any time. There is a price to pay. The bottom line has to be viability. I start and end with viability. I want that writ large in anything that goes through because, without viability, development does not happen. You can have the best system in the world, but if it is not predicated on viability, development does not happen. It is very important that there is an educated process and viability throughout the whole Bill.

Jennie Daly: May I just add to the point that Roy picked up on about the pre-application consultation? We would all agree that we already subscribe to best practice. The majority of our developments are preceded by good-quality public engagement. In terms of the minutiae of the Bill, there is a reference to developers having regard to advice from local authorities. Local authorities have myriad guidance notes on community engagement and what they consider to be good practice within their areas. A slight concern is that, potentially, what one local authority considers to be good practice could get bigger and bigger and become a hurdle to the proper delivery of development.

The second small element, just to dwell on the minutiae of the Bill, is that there is then a duty to have regard to comments and responses made by the community and by specified persons. We would all subscribe to best practice and seek to do it, but often the responses are not similar—one person would like a flat roof and someone else would like a pitched roof. I would like to see that qualified in some way, so that it is “due regard”,

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and so that there is some rationale, because to have regard to every comment would be impossible for development, which is a dynamic thing. Design is very often a matter of personal taste, anyway. I would ask Members to have regard to that small element.

On neighbourhood plans, and understanding the desire to engage the community, I would reinforce Roy’s comment that plans sit within a hierarchy. The Bill seems to make reference to the hierarchy remaining, as in having regard to the local plan, but it is not clear. That goes back to one of my opening comments, which is that there is a concern that much is left to regulation and secondary legislation.

So there is a lack of clarity in the Bill on how neighbourhood plans would actually work. For them to sit within a local plan framework and be consistent, a core strategy would already have to have evolved. That means that it would already have to have started identifying locations for development. As neighbourhood development plans will not be required by statute, an authority will have a difficulty, in that it will not be a level playing field. They cannot plan to a certain level and then see if neighbourhood plans develop. They have to start either specifying where development will go, or not. In which case, what is the purpose of a

neighbourhood development plan? Does community engagement not revolve around the authority engaging in a more holistic and in-depth manner through their local plan?

Q 131 Fiona Bruce (Congleton) (Con): Mr Howell has largely pre-empted a number of the issues that I wanted to address regarding cultural change, so I shall ask just one particular question. The Bill clearly provides many opportunities for local engagement, but I am concerned that Mr Redfern has said that it could take up to 30 years. How can national Government accelerate that cultural change by sending out messages to local government and beyond?

Pete Redfern: I want to clarify that the reference to 30 years was backward-looking. We have had a control-based system for at least 30 years. A reference forward—this is my view, and it is not based on any science—is that it takes 10 years for this sort of change to be really effective.

National Government have a big role, and to be frank, one of the areas in which the industry has struggled over the past nine months is being comfortable with how that culture change has been effected. You need to send clear, consistent signals about what is going to happen. The speed with which regional spatial strategies were withdrawn, for instance, sent the wrong signal, although to be fair, the speed with which the details of the new homes bonus were released in the autumn helped to counterbalance that somewhat. During that period I was having a very active dialogue with local authorities, and you could see that affecting their views of the direction in which things were going. After the attempt to change RSS policy overnight, people shut up shop, not because they were anti-development but because they didn't know where things were going. Yet when they started to receive the mitigating messages about the new homes bonus and that direction, people opened up and started to understand. So it is about having a clear communication strategy, making it consistent, giving people a chance to adapt and having proper consultation—all the standard basics.

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Partly picking up on another element of your question, and partly referring back to the previous question, we as an industry do a lot of consultation at the moment. The one thing on which I wouldn't necessarily agree with my two colleagues—I don't think they will object to my saying this—is that the quality of it is not necessarily brilliant. There are a number of reasons for that. It is a relatively new process.

The quality of consultation is far better in Scotland than it is in England, because it has been an effective part of the system for longer. It has taken the industry time to adapt to what has been a relatively low-key level of consultation, and it has taken local authorities a long time to adapt. It is not an easy process, and time is very much the key. Consultation isn't that easy for the public as a whole, either. There isn't a body to engage with. One of the fears, which must be taken seriously, in terms of how national Government deals with it, but also how the Bill goes through, relates to the ability of a very small element of a local community to control the process without having the overall social and economic well-being of the local community at heart.

Some very clear messages should be given, almost to tell local communities what sorts of questions they should ask—not necessarily dictating the answers, but telling them what good-quality consultation looks like. That is an important part of the process.

Roy Donson: One of the things that you have to do is to put the missing element back in the Bill, and that is the presumption in favour of sustainable development. I am very surprised, given the amount of publicity it has had, and the commitment I have seen in statements to that presumption, that it isn't in the Bill.

It has been my view for a considerable length of time that the presumption would effect a cultural change. That is a very important starting point. It was said, either in the previous session, or by John Howell, I think, that we want to change from a development control negative outlook, to a development management positive outlook. One of the ways of doing so is to have the presumption in favour of sustainable development as the key test throughout the planning process.

Q 132 Nic Dakin (Scunthorpe) (Lab): In the previous session, Jacky Peacock from Brent Private Tenants' Rights Group said that 4,000 people would need to move out of their current accommodation and find cheaper accommodation to let when the housing benefit changes take effect. Is the private sector well placed within this framework to provide low-rent accommodation for such people, whose situation will be replicated across the country?

Pete Redfern: The quick, easy answer is no. It's not about provision of the built infrastructure; it is about two factors. One is the availability of sites with planning. The other is, effectively, mortgage and finance availability for the private rented sector.

We as an organisation—and I am absolutely sure that we are not on our own at this table—have looked very closely at whether we can become a private rented provider. We have seen a gap for a good quality private rented provider and seen a good fit with our own business model, and have thought of taking some of our land sites into that sort of model. It is almost

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impossible, however, to make the economics work because of the balance between the cost of financing that sort of portfolio and where rents sit at the moment.

Having heard the tail end of the previous discussion about rents falling, I would very much concur: I can't see that happening at a point when the availability of capital is low and house prices are still relatively high. The only meaningful long-term solution involves a greater degree of housing supply, because that brings down the overall cost of housing, whether for private owners or the rented sector.

Q 133 Nic Dakin: So the logical outcome of that—if your excellent work in the private sector cannot produce those homes—would be an increase in homelessness.

Pete Redfern: But it is a finance issue and a planning issue rather than a house building issue. That is the only distinction.

Alan White: I am not going to disagree with what Pete has said, but as I said earlier, we are a property company, not just a house builder, and we have a very large commercial portfolio that we retain in all aspects of development. So we have been doing private rented ourselves for the last two years. It is about economics: if the land is at the right price, I can rent houses at about social housing rent levels—is it called the local housing allowance levels? We can make that work and give us a yield that we would find acceptable on a return, but that is not

giving it to another investor; that is doing it ourselves, because we have the cash to do it. We would work that model and we continue to work it.

Q 134 Robert Neill (Bromley and Chislehurst) (Con): There is something I want to pick up with Roy Donson about writing the presumption in favour sustainable development into the Bill. When I have talked to people in the past, a lot of people from the development world felt that in the 1980s when there was a presumption in favour of development—the Nick Ridley presumption—that was advantageous. As I recall, that was not in primary legislation; it was in the guidance. If it worked then, without being in primary legislation, why is it necessary to have a provision in primary legislation now, provided it is defined in a sensible way in the appropriate guidance or secondary legislation?

Roy Donson: That particular piece of legislation was 30 years ago: Circular 22/80.

Q 135 Robert Neill: What has changed so that it needs to be primary now?

Roy Donson: A complete cultural change of a growth of negativity, if the truth be told. My best example is going with a planning application to a local authority. Everything is in place and I talk to the planning officer at a pre-application meeting and he says that he cannot see a reason to refuse it. That is the cultural attitude and it has to change. That was not prevalent in 1980.

Q 136 Robert Neill: Could you hazard a guess at what has caused that negativity?

Roy Donson: It could be all sorts of things. I think it has built up over a long time; it is not a new thing. That is a very big challenge. I do not underestimate the

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challenge to make that change. I know it is central to Government thinking; I also want to see it central within this Bill.

Pete Redfern: I would just add one thing that ties that point in with the earlier question. It is one of the signals that national Government can change. We have talked a lot about cultural change; the Bill is hitting people's perceptions earlier than the national planning framework and a lot of the other elements. It is the chance to make a statement. That is why it is important; it is not so much about whether it is in primary legislation or guidance. It is where it carries weight and having it early. It is saying that there is a real commitment to a positive presumption. That is why it is important.

Q 137 Mr Raynsford: We have been through what many might describe as a perfect storm: the impact of the recession, the mortgage famine, the uncertainty in the planning system, the deep cuts in public investment in housing and the withdrawal of schemes such as HomeBuy Direct, which I know many of you found useful. Output at the moment is probably at one of the lowest levels in your life. You probably subscribe to the Kate Barker view that we need to build a hell of a lot more, even if you do not necessarily want to sign up for the 240,000 a year. I am not asking for details of your own firms, as I understand the commercial and competitive issues involved, but can you give an estimate of when the industry is likely to produce homes again, not at the Barker level but at that achieved around 2007-08, before the recession?

Pete Redfern: With or without this Bill?

Q 138 Mr Raynsford: There are two scenarios: previous planning framework, and Bill. Will it be different? I do not know.

Pete Redfern: Yes, and this is a personal estimate. Without the Bill, with the status quo, it would probably be somewhere around six years before you saw the industry producing at the same level. With the Bill, I would estimate longer, because I think the transition will slow things down. Plucking a year out of thin air, that would be more like seven or eight years. It will make a difference to the speed of planning permissions, but it will be slow. It will not be slow because of the industry's ability to build. It will be slow because of mortgage and planning permission availability.

The number of active sites the industry is operating from at the moment is running at about 20% below the peak. That is all down to the planning system now; it is very little to do with our ability financially to start sites. Even if the market and mortgage availability were the same, that slowing down of planning permission—which I am not putting down to the Bill, but a whole series of factors over the past few years—will still take a long time to catch up.

The Chair: Jennie, did you want to comment?

Jennie Daly: Yes. I was going to confirm Pete's view. There are three elements in the delivery of housing. I think most of us would agree that there is certainly the capacity; most of us are underusing our resources at the moment. The liquidity in the market and mortgage availability is certainly an issue, as is the planning system. The biggest element is that in any change—

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Pete has referred to the importance of transitional arrangements—as an industry we make short, medium and long-term investment decisions. When uncertainty arises and when we have concerns, whether or not they ultimately mature into positives that we can embrace, in the interim those short, medium and long-term investment decisions are put to one side or slowed down. A hiatus in delivery, or a slow-down in the scale of delivery, is the only result.

Q 139 Mr Raynsford: May I ask whether any of the others differ from Pete's view, broadly, about length of recovery?

Roy Donson: I do not differ broadly, but can I tell you my great fear? In three years' time, it all stops. We are operating currently on existing consent and on land banks. We need a flow of consent coming through the process to maintain and grow business. I fear that we will reach a point, in about three years' time, when what we have currently on the stocks runs out, where in fact we have not got that supply coming through. That is the big challenge. That is the sort of transition that Pete and Jennie are talking about, which so badly needs to be addressed.

Jennie Daly: I think the other concern is how we peg housing supply and housing requirements now that the RSS targets are to be abolished. How are we to ensure that the necessary level of homes is delivered? PPS3 has a multitude of documents that we can refer to. You referred to the 240,000 homes from Kate Barker, but PPS3 asks us to review strategic housing market assessments and household projections, which now sit at around 232,000—

just 8,000 short of Kate Barker's aspirations—but which one is an authority to use? You can have a spreadsheet of any number of housing targets that one should seek to achieve or, if you do not want to use the word “target”, of housing need that needs to be accommodated. How can that be transferred down through the system to planning consents and houses on the ground?

Alan White: May I add one final thing to that? I want to keep track of the time here. I have this fear. For many years when we did have higher supply it was, as mentioned in the last session, in the affordable housing sector. The open-market sector has been relatively steady for many years, although it has gone down in the past three years. To get to the higher levels, if the provision of affordable housing has to rely on the open market to provide them, the subsidy has to come from the open market either by a higher land value or a lot less planning gain. It has to come from somewhere; you cannot have it all. It has to add up and to be financially viable.

I would hate to think that for the next 20 years housing developers will be doing nothing but going into planning offices with viability and talking mathematics with planners. I do not know, but I fear that, because every developer's margins and requirements are different. The increase has to come through more land being on the market. The amount of it that is allocated for certain categories of affordable housing will then have a value that attaches to that, which will enable the affordable housing to be provided at a profitable level for the developer. That is the only way that the numbers will go up, in my opinion. When that is in place, I think that they could go up quickly, because we will have to build a lot more to get the margin.

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Q 140 Henry Smith: Would you like the right of presumption written into the Bill, and the right of third party appeal?

Roy Donson: I have already said that I would like the presumption written in, but I don't think there is a need for the third party right of appeal. With the combination of the neighbourhood planning and the consultation process, you have ample opportunity for the neighbourhood or local view—or the objective view, if you want to put it that way—to be well heard. You have to remember that the planning system operates on the basis that decisions are made in the public interest. If you make a decision in the public interest, set against community consultation and neighbourhood planning, there is no need for a right of third party appeal.

Pete Redfern: May I add a couple of statistics to that? I will give the same answer. Last year—we were reviewing the statistics this morning, which is why they are clear in my mind—we had a 94% success rate on appeals. The average time for an appeal was nine months. Effectively the process of appeal delayed the average site that went through that process by three quarters of a year. Only one in 20 of those delays had legal merit. That is the nature of the appeal process, and it always has been. Our success rate has always been very high, but it is a significant delay.

You have to remember that that nine months is often on top of five or six years of planning negotiation and process. If you take out nine months of supply, that is 150,000 houses. That is not slowing things down, but taking things out of the system, which will impact on the next

three or four years. If you include an additional right of third party appeal for somebody who does not have to justify any economic interest in the site, you just create an extra opportunity for significant unjustified delay. If there was a higher success rate, if the outcomes were 50:50, it might be a justified position, but the number of successful appeals in that way is very low.

Q 141 Barbara Keeley: I would like to draw out a couple of points from your submissions. Pete Redfern said that he had concerns about potential unfair and unintended consequences, and Alan White said that he had concerns about the changes to the community infrastructure levy. Can you tell the Committee about those concerns?

Pete Redfern: If I may, I will pick up on the assets of community value. We hear the assets of community value described as pubs and post offices—things that are in existing, formal, community use. There is a desire to protect them, so we can understand the provision. We accept that that has gone into the Bill relatively late in the drafting and that therefore there is not an awful lot of detail. Our fear is that it has huge potential for abuse. It is a little like the third party right of appeal. It grants the potential for a significant delay by someone who has no genuine interest in the site. In theory, as drafted, it could give someone the right to stop a site with planning permission from being sold. That creates a huge additional delay in the process. I think this comment was made earlier, but, in particular, it restricts a developer's ability to put financial risk into a site, when they could have that sort of delay imposed on them relatively arbitrarily. If its operation is tightly defined and clear cut, we can see how it achieves its purpose, but at the moment it is very wide-ranging and loose in theory.

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Alan White: My concern about the CIL and the infrastructure is very simple. I understand the CIL and the infrastructure that it will provide. It quite clearly reads that they want developers to provide sufficient funds for maintenance and management of that new infrastructure. That will not apply retrospectively to all infrastructure. If it is left to the local authority to determine what level or how many years of commuted sum will be required to maintain roads, street lights, or whatever the infrastructure is, the amounts will be enormous. If somebody wants the commuted sums to be in perpetuity—for 80 years—there will be nothing left in the viability to provide any infrastructure. The maintenance is currently paid by everyone, through rates and council tax, so the new people will presumably have sufficient money to fund the maintenance and ongoing costs of the new infrastructure. I cannot see that you can put 80 years' costs to the developer and get any housing.

Q 142 James Morris: I have a question for Mr Redfern. In your written evidence, you talked about having concerns about the definition and resourcing of neighbourhoods. I think I understand that definition, but I am not clear what you mean by “resourcing of neighbourhoods”.

Pete Redfern: The definition was particularly about the relatively low bar of local community membership of a neighbourhood forum that you initially needed. There is the fear, which was mentioned earlier, that you could have someone with no real local interest coming in and almost taking over the decision, without really getting a lot of community support behind them.

On resourcing, the concern is not so much that we would pay for the planning process—the point has been made that, effectively, we do that already, and to be honest, I think we can manage that—but that there is no neighbourhood structure with which to engage, or to consult. There is no elected structure; the quality of skills and resourcing in any neighbourhood forum under this system will vary enormously. So, you are actually giving a formal role on some big decisions, which impact on significant social issues locally, such as affordable housing—significant financially for the developer in the local community—to a very unclear group, who will need resources. I made the point before about planning officers, and how their lack in certain areas at the moment is a key brake on the process. Think of how much more difficult that can be if you are actually engaging with local neighbourhood forums that have no formal resourcing at all. That is a huge issue.

Again, it goes back to time and cultural change.

Q 143 James Morris: In principle, do you think that building the capacity for neighbourhoods to be able to take on that function should be supported?

Pete Redfern: On the principle of engaging with local communities, let us talk about the higher level first and work down. Engaging with them in a positive way, and, as an industry, being forced to explain to people what we bring that is positive and justify what we bring that is negative, because we understand that the things we do have positive and negative impacts, and why the balance is right—I think that is a healthy thing. My fear, when you take that down to a level that does not exist for engagement at the moment, is that the time it takes—

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Q 144 James Morris: Do you accept that if we get that right and it is enshrined in the Bill, it will lead to more development?

Pete Redfern: If we get that right, it can lead to more development, yes.

Q 145 Siobhain McDonagh: May I take you back to some comments about whether being a private landlord works for you financially, as property builders? Mr White, you told us that your company was also a property company, and that you currently let properties out at the local housing allowance, which is up to 50% of the current market value. Could you make that work if your rents were forced to be 40% lower than that?

Alan White: Do you mean 40% lower than 50%?

Q 146 Siobhain McDonagh: No, if the figure were capped at 30% of the current level.

Alan White: I have done two models that are out, at the moment, with RSLs—for them to manage the properties and charge the rents to the tenants. I will own the properties and do a 25-year lease to the RSL.

Q 147 Siobhain McDonagh: Can you tell us what the rent levels are?

Alan White: I have done those at 80%.

Q 148 Siobhain McDonagh: Is that 80% of market value?

Alan White: Yes—but it is not market value, is it? It is the local housing allowance. I have worked those fees in there with two RSLs for them to decide whether they want to do that. They will have a five-year right to buy, and stepped increases on RPI on the rent.

Q 149 Siobhain McDonagh: Have you done any schemes that are similar to that?

Alan White: Those are the first two I have put out.

Q 150 Siobhain McDonagh: Could you mention what part of the country they are in?

Alan White: They are in the north-west. One is in Greater Manchester, and the other is in Merseyside.

Q 151 Greg Clark: May I ask Pete Redfern a question? In a world of neighbourhood planning, what do you think the characteristics of successful house builders will be?

Pete Redfern: This goes back to John Howell's question about what we are looking at, at the moment. I think you will have to be far more engaged and far more clued up about the sensitive issues locally, as well as about the positives that local communities, local politicians and local planning officers are looking for, which is a healthy thing. That is why we can support the basic principles of where it can go. I commented before that I have been visiting local authorities over the past few months, and I have seen about 25 different chief executives and chief planning officers. To be honest, I did not spend anything like as much time on that process a year ago. It is a healthy thing, and there are definitely positives in it.

Q 152 Greg Clark: To what extent is that initiated by you, or is it down to the local authorities? Is it a mutual thing about realising what is coming down the road?

Pete Redfern: We have initiated it. This goes back to the previous comment: to be honest, it would be poor performance by us, as an industry, if we were unable to

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react and move more quickly. That is the nature of what we do. It is 100% of my job and, perhaps, 5% or 10% of the job of my opposite number in a local authority, so we lead it, but that is okay. The fear is the speed with which the resources can be there to be able to move with that.

Q 153 Greg Clark: In general terms, we are probably moving to a world in which the commercial firms that succeed are those that manage to reorientate themselves rather than try to wangle allocations in a regional plan through intimate knowledge of the regional bureaucracy—those who have a freer relationship with local authorities and communities. Do you expect companies such as yours to be typical in moving to that world, in that behaviour will change to reflect it, or do you expect a change in the pecking order of companies? Do you think that, in 10 years, those companies that relied on imposing developments on communities, in spite of local wishes, will acquire a toxic reputation and be supplanted by those that have a more community-based approach? Will there be replacement or will the current incumbents learn?

Pete Redfern: People will move at different speeds, take slightly different approaches and be slightly more or less successful at implementing them, but, yes, one would expect the names

on the doors of the people who successfully make the process work to change. I think that we cannot get away from the fact that things will be lost on the way. There will definitely be a slow-down in that process, but, in doing so, you put pressure on people to perform differently. The industry is very pragmatic and pretty responsive in changing the system—sometimes too responsive, and that needs to be watched carefully.

If you go back to PPG3, no one in the room would be unaware that the industry built too many apartments in 2006-07. That was not because we desperately loved apartments or even because we necessarily made more money on them, but because we were reacting to a planning system that made high-density schemes far more likely to win planning permission. To a degree, we have to react to the environment we are in. There is an awfully high risk of unintended consequences, which is why we are pushing on things such as the community assets and other elements. We can see what is trying to be achieved with some bits, but people react in different ways and make it work for them to some extent. In general, yes, the provisions in the Bill mean that the successful developers will be those who engage more effectively, persuade people that they are bringing something positive to the community, understand what the community wants and focus on it.

Q 154 Greg Clark: That will be reflected in commercial success, so, presumably, shareholders might have an interest in the strategy that their managers are taking.

Pete Redfern: That is true but, again, these things take time. Based on history, I think the companies that do not change initially will do better, because there is a huge resource commitment in this. There is a lot of commitment for two or three years, but very little gain in that time. We could lose one or two of the companies that are likely to be more successful in the long-term, because of the short-term nature of the financial world, so there is an issue of timing in this.

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Q 155 Mr Raynsford : Just on Pete Redfern's comment about apartments and PPG3, I am interested in what you feel the impact of the change implicit in the new approach will be in terms of the proportion of greenfield to brownfield development, and the densities of that.

Pete Redfern: It depends how you measure brownfield development. The number of actual housing units—I use that term to encompass apartments and housing—has gone up dramatically over the past 10 years, and PPG3 has been a big driver of that. The number of acres of brownfield land that has been used relative to greenfield land has gone up, but not as significantly. So I do not think that the Bill will lead to a reduction in the number of brownfield acres as long as the cost load, to which Alan referred, is not so great, because they are the sites that are most sensitive to viability issues. I do not think that it inherently favours either brownfield or greenfield. I think that you will inevitably see the number of housing units built on brownfield land reduce, because the densities driven by PPG3 were unsustainable, but that is going to be true whatever the planning system is. It is neutral overall.

Q 156 Mr Raynsford: So there will probably be about the same amount of brownfield land, but with fewer homes on that land, and either less homes overall or if there is to be an increase, it has to be on greenfield.

Pete Redfern: Yes, and less homes overall is the most likely in the short term.

Q 157 Mr Raynsford: So less overall?

Pete Redfern: Yes.

Jennie Daly: If I may comment on brownfield development, it is one part of development that Harrow Estates are particularly interested in. The changes to CIL are something that we want to welcome. The opportunity for a percentage of that to cascade to the local community is very important, but one of the elements of CIL, in the way that it is applied to brownfield sites, is that the flexibility for authorities to take into account viability to ensure that brownfield sites can still be delivered is a question mark that needs to be looked at.

Brownfield sites tend to be in more sustainable locations, and one should hope that, certainly in the geographical and locational elements of the definition of sustainable development that we are all seeking, brownfield sites should do well and be welcomed by local communities as a form of regeneration. Regeneration, however, is lacking in the vocabulary of the work that we have seen coming through in the past six months. It is not factoring highly, and my concern is that if there is no understanding of the difficulty that is applied to brownfield sites, both in terms of viability and location, and of how CIL, section 106 and other elements could act in an unexpected way, the ability to deliver brownfield sites would reduce, and, therefore, the need for greenfield release will increase.

Alan White: Moving on to greenfield sites and green belt boundaries, I think it is actually today that one of the local authorities in which I operate is going to propose moving green belt boundaries under the new regime. It is moving them in the area of least demand in the whole county. They will not need a new homes bonus in that area, because there will not be the demand for houses to pay it anyway.

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In areas where you do have affordability problems and where the new homes bonus might give local authorities the reason to grant planning consent, I venture to suggest that it is insufficient to actually make them in the more affluent areas of south Manchester and north Cheshire. They are not going to change their mind for the sake of £1,500, or whatever it is. They will not have development. We could end up giving the new homes bonus to areas that would build houses if there was any demand, in any event, without the bonus, and in fact it will not be sufficient to create houses where affordability is probably the worst.

Q 158 Mr Raynsford: Have you seen any modelling about the potential impact of the new homes bonus that gives any support to that?

Alan White: We have done models for the new housing models that I am discussing. We have done 25-year models, and it has a good impact, but it is something like 1% of the revenues that the local authority that I am working with actually receives anyway, so it is not major. It is significant, but it is not major. I think they have had a 4.4% cut or something. Although, I suppose that it is a quarter of the cut.

One final thing from me, looking at the time, is that in the last session there was lots of talk about measuring against need, which I was pleased to hear. I would like you to take away this

view: yes, measure against need, but also measure against demand. Lots of people in the housing association world talk about need only. The measure of housing is need and demand. It is a lot bigger and thicker.

The Chair: Thank you very much. That brings us to the end of our questions. On behalf of the Committee, I thank all four interviewees for attending and giving their evidence. We are grateful for your insights and experience. Thank you very much indeed.

I invite the third panel of the afternoon to take their places in the hot seats, please.

6 pm

The Chair: You are so quickly seated, you must be keen to get started. I welcome you, and thank you for coming to give evidence to our Committee. I invite each of you to introduce yourselves for a minute or so—no more—and to give one or two top lines about what you want to get across to members of the Committee.

I will run through the panel, from left to right as I see you. First, I invite Liz Peace to introduce herself.

Liz Peace: My name is Liz Peace. I am chief executive of the British Property Federation. We represent primarily the commercial property industry, so the sorts of people who provide shopping centres, office blocks, industrial parks and the whole range of property that is, generally speaking, occupied for rent, as opposed to those who you will hear from later, home builders who are building houses for sale.

We have a close interest in the Localism Bill, obviously. We are interested primarily in our members being able to develop property—to make a profit but also in a way that gives communities what they want. Our industry recognises that consultation with communities is hugely

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important to get the right sort of quality development that we need, for people to live and work in, and for economic growth.

We find many elements of the Bill to be positively helpful but we feel, to quote a truism, that the devil is always in the detail. Quite a lot is still to be worked out. If I had to pick out my top three subjects, which I would like to have the opportunity to expand on this afternoon, first, we are very keen that neighbourhoods should not be seen as just residential neighbourhoods. There are neighbourhoods in this country that are predominantly commercial or of very mixed use. We would like to explore how we can adapt the localism agenda to ensure that commercial and business activity—people who own business property and occupiers—have their voice in determining neighbourhoods.

My second and third points, very quickly—

The Chair: One line on each, Liz, at this stage—just to highlight your particular interests.

Liz Peace: We are concerned to see how the national planning policy framework pans out. We are also extremely interested in the presumption in favour of sustainable development.

The Chair: Thank you very much for your introduction.

Now Alison Inman from the National Federation of ALMOs.

Alison Inman: Indeed, a completely different part of the housing, planning or whatever world.

The NFA represents 65 arm's length management organisations, which between them manage more than 1 million council homes. We are interested primarily in housing management but also in community sustainability.

Of three things to bring to your attention, first is that the NFA welcomes the measures in the Localism Bill reforming council housing finance. We think it is long overdue and we hope it has all-party support. I am from Colchester and our tenants are pleased that—

The Chair: Just the headlines again—we will have plenty of time to discuss the detail.

Alison Inman: The housing revenue account is one thing. Next is the definition of localism—are we talking about localism or local authority-ism? One of our main points is the right of tenants to decide who manages their homes. We will ask for a clause in the Bill to protect their rights. Thirdly, on security of tenure, we broadly support the rights of council tenants to have a home for life.

The Chair: Thank you very much for that introduction. I now introduce Adrian Penfold from British Land.

Adrian Penfold: I am head of planning and corporate responsibility at British Land, a FTSE 100 property investment and development company. I also led the review of non-planning consents last year, which reported in the summer. The Government responded to it in November, and I am still engaged on working on that response with the Department for Business, Innovation and Skills. I have more than 30 years' experience as

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a planner, working in both the public sector as a chief planner in local government and now in the private sector.

Making neighbourhood planning work, providing more incentives and improving how we deliver infrastructure are all important themes of the Bill. Put briefly, my concerns are the same as Liz's on the role of business and other groups in neighbourhood planning. There seems a great emphasis on residents—those who live, or want to live, I think was the phrase she used. Those who work and do other things in neighbourhood communities need to have a role, too. I am interested in the mechanics of neighbourhood planning, such as tests of soundness, examination and the relationship with the local plan. In the review that I referred to, one of the things that we looked at was a series of tank traps post-planning permission, and it seems that the designation of land of community value, if not dealt with properly, is potentially another tank trap that can be abused in order to stop development at a very late stage.

The Chair: Thank you. I call Andrew Whitaker from the Home Builders Federation.

Andrew Whitaker: My name is Andrew Whitaker, the planning director of the Home Builders Federation. We are the principal trade federation for the house building industry in England and Wales. Our members account for 80% of all houses built in any one year. It is nice to know that a lot of you are aware of one of the statistics that we put out in our press releases that last year saw us build the lowest number of homes since 1923. It was not meant to be a badge of honour. We are facing a housing crisis, and any change to a system must ensure that we can deliver more houses through the system, and that involves planning. We therefore need a system that is pro-growth, pro-development and removes barriers rather than erecting mazes of different processes—hurdles for people to continually jump. We need to strip back everything and ensure that we focus on what is important in a housing crisis—the delivery of housing.

The Chair: Thank you for your good, punchy introductions. I first call Barbara Keeley.

Q 159 Barbara Keeley: We heard a lot about planning in the introductions, but I want first to touch on community empowerment because a couple of witnesses have raised the community right to challenge and assets of community value as an area of concern where amendment may be needed. Will you expand on such points?

Adrian Penfold: I will pick up the land of community value point. It is slightly analogous to the village green designation process. It is a perfectly proper process. It is important to consider whether an area is a village green, certainly when someone is promoting or proposing a development on that area of land. Similarly, land of community value such as a post office needs to be properly considered through a process. In my review, the responses to our call for evidence were from people saying that calls for village greens were coming in when the bulldozers were moving on to the site. No one had even raised the issue throughout the planning process. It was clearly just being used as a tool. Two or three registered social landlords responded to that effect, and they were doing the development.

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I am talking about delays to the building of affordable housing late in the day, intended just to disrupt development. Whether or not land is of community value needs to be considered. There must be a mechanism for considering that at an earlier stage in the process. I am referring to the ability of someone to come in at a late date and raise such an issue. Perhaps I have misread the Bill, but the ability of someone to act in that way could be harmful.

I am thinking of referendums as well. I heard what was said earlier about their not being binding, but would a planning authority really want to go ahead and make a planning decision with a referendum on a particular proposal hanging over it, given that that might delay the decision? So again, if there is to be a referendum on a planning application—I would prefer that there was not—it needs to happen at a sufficiently early stage not to disrupt the process and impose more delay on development which is, in many cases, much needed.

Andrew Whitaker: We made very similar points to those which Mr Penfold has made. I was quite surprised by Greg Clark's response to the previous speaker about how the community right to challenge wasn't going to be applied to planning—surprised, because I don't read that in the Bill. We believe the planning system is already a very involved process anyway. It is quite a complicated process, but within it are a whole load of checks and balances that allow people to participate in it. It allows people to make their representations; it allows

people to make a balanced decision about what is the best thing to do. You can never please everybody all of the time: in a case of two sides there will always be someone who doesn't like the decision. If that is 5% of the population and they decide to challenge either the development plan process or the planning application process, then I don't see anything in the Bill that stops them from doing that.

I appreciate that the referendum is not mandatory on the local authority, but it will be a very brave authority that says, "No, we have taken that decision; we are not going to reassess it." Even the delay of holding the referendum to see whether people want to support that process or not fills us with fear. Planning is a very long process already; we don't want to make it even longer by being open to the referendum right to challenge at all turns.

Alison Inman: May I talk about a different aspect of the right to challenge—the right to challenge to run local authority services? We understand that CLG will consult on which services are going to be excluded from that, as well as on the procedure to be followed. The NFA is very interested in the idea that council tenants have the right to challenge local authorities over the running of their housing services and the ability to bid to run these themselves. That would be based on the ALMO model, with tenants setting the strategic direction and saying what services they want and how they want them to be run. So we would ask that housing is on the list of those things that attract the community right to challenge.

Greg Clark: The right to challenge is exactly as Alison has set out. There is no right to challenge that applies to the planning provisions. It is the right to challenge the delivery of services by an authority. Perhaps we might cover that.

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The Chair: Okay. This time is not for debate; it is to question the witnesses. Henry Smith?

Q 160 Henry Smith: I would contend—I think the evidence shows this, and we were discussing this earlier on—that house building over the last decade has been the lowest since the 1920s. I would argue that, ironically, the top-down process of planning has not worked. How do you believe that local people can be incentivised to accept much-needed housing for their areas?

Andrew Whitaker: I think it is quite difficult to change people's attitudes towards development; we have been trying for a long time to get people to accept more development. I disagree that the top-down process was indeed top-down. The regional strategies went through a full public inquiry. I attended most of those nine regional inquiries. There was a lot of challenge, a lot of debate, a lot of people were asking questions about where the evidence had come from. That evidence is still there and it will still be there. In my opinion, very few people will be able to show that in their area the evidence base does not support the kind of housing requirement that was eventually put into a regional spatial strategy.

Q 161 Henry Smith: I do not doubt that there is evidence on the need for housing. One reason why people have objected to housing is that they get the pain but they do not get any gain. I am trying to tease out in what ways people can be much more accepting of a development, when they see that they will get something for their community and do not just have more congested roads and more crowded doctors' surgeries or classrooms.

Andrew Whitaker: I cannot agree with you that housing development is pain with no gain. Housing development is, in itself, necessary infrastructure that this country needs. We need more housing, and people have to face the fact that we need more housing. The age of first-time buyers is going up and people are staying at home far longer, which is not the best situation for us, as an economically strong country. Therefore, we need to move people's views from housing as a polluter to housing as necessary infrastructure in its own right.

Adrian Penfold: I think that can be done. Our business model is slightly different from the house builder's business model. We tend to invest and build for the longer term, and we build and hold. We have good examples of developing good relationships with local communities, where we can really have grown-up conversations about those sorts of things. I have to say that section 106 agreements play an important role in those conversations, because local communities want some payback, which is not unreasonable. We end up doing some environmental improvements stretching beyond our site, which benefit local communities, and none of us has a problem with that. We get involved in some community facilities and we work with those local communities. I have experience of representatives of local communities getting up at planning committee meetings and saying, "We welcome this development. We want this development to happen."

It is hard work, and there needs to be cultural change from us, as well as from the local authorities. I have listened for the past couple of hours, and people have talked about the transition, and we will all have to

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change to adapt to the measures. But it can be done, and incentives will play an important role in that. A meaningful proportion of community infrastructure levy is important, as are what that means and to whom it goes. Those are questions that we need to think about and discuss more.

The duty to co-operate, which has not been mentioned very much while I have been here, also has an important role to play, because sometimes the obstacles we face are not with local communities and local authorities, but with some of the other agencies that get involved in planning. I will not mention any of them by name, but you probably all know who I am talking about. Putting a duty on them to co-operate seems to me very important, and I urge the Government to go ahead with that—not just for local authorities, but for other public bodies.

Alison Inman: I also think it is about who you talk to. It is really important, if this is truly a Localism Bill, that you talk to the whole community. I was somewhat disturbed to hear one of the witnesses in the last session say something like—I wrote it down—"Well, we're quite good at talking to the high-level people." Most of the people whom I represent would probably not fall into that bracket. If there is going to be a really successful development, it is important that you talk to everybody. One of the successes of the last Government on development was with pepperpotting and talking to everybody about developments that had something in them for everybody and not just for one tiny segment of the community.

Liz Peace: I think that this is also an issue about what sort of communities and developments you are planning. I will not comment specifically on what Andrew has said, but a lot of my members—Adrian's company is one of them—are interested in creating communities, and not in slapping down 500 houses. They are actually interested in creating something that is

not just the homes, but the infrastructure around them. The way they go about doing that is often a matter of language and of how it is presented to local communities and local people. They should not come in and say, “Here’s my plan—take it or leave it,” but, “This is what we have in mind to do—what do you think? Now, let’s actually engage in dialogue.”

I listened to the previous witnesses, and one of them—I am not sure which—said that they do that sort of thing. They are possibly going to be disadvantaged for a while, as they spend some time working out how to comply with this new extended level of neighbourhood consultation, but that is perfectly do-able, and there are plenty of developers out there who are very happy to do it.

The Chair: I am getting a long list of people—even longer—who want to get in. I say to the panel that you are free to answer any question you want, but we do not have to have an answer from everybody. Shorter, punchier questions will also mean that more colleagues will be able to get in.

Q 162 Julie Elliott (Sunderland Central) (Lab): In the last session we heard from some people that the changes to planning in the Localism Bill would probably make house building a little bit slower until it got going. As you have said you are interested in building houses, it was a relief to hear some positive things about regional

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spatial strategies, which have been a huge success in the north-east. What in the Bill will hinder house building, that we need to look at to see if it can be amended?

Andrew Whitaker: I think transition is the key one. What do you do when you move from a regional spatial strategy target into using your own evidence base, or a different evidence base that I have suggested will come up with a pretty similar answer? At the moment, we are fearful because we have seen a number of authorities say they think the number should be lower. They have no evidence base; they just start from a position of wanting a lower number. We know why they do that. It might well be because they don’t think they are going to get the infrastructure. That is what we have seen.

Only a couple of local authorities have said, “We want more housing round here”—and they are indeed in the north-east. We have seen a lot that have said, “We have got a strategy; we were perfectly happy with our strategy through the regional strategy and we are going to carry on with that.” That tends to define the north-west region. The regional strategy process in the north-west was a lot more positive than it was in, say, the south-east or south-west, where it was far more adversarial.

We have only seen the numbers go down and that is our fear. Therefore, it will take a few years for people to create the evidence base, do the housing needs tests and housing market assessments, to see that the numbers in the regional spatial strategy reflected people’s requirements and desires—their strategy as a local authority for growth, for change or for no change. The evidence base is there. Under the new process, an evidence base will take two years to come forward.

I think you heard some people in the last session say they were not frightened of the process. They believed that people who are positive and want to do things will do so no matter what the process—they will do it almost in spite of the process. Unfortunately, we are seeing

people who are using change as a very negative tool. Therefore, you can make positive statements such as, “As a country we are pro-growth, we are pro-development,” but things aren’t changing radically. You still have to produce a development plan for an area; you still have to have an evidence base. All of those things are important to ensure we don’t end up with a hiatus or policy vacuum.

Q 163 Eric Ollerenshaw (Lancaster and Fleetwood) (Con): In a sense, my question is a follow-up. Let us take the difference of opinion about regional spatial strategies. I suggest that one big hold-up that constantly happened in terms of your definition of the 5% was that the 5% were often people in the particular neighbourhood, who knew nothing about the spatial strategy, or even the local development plan, until the notice was put on the lamp post down the road. Suddenly a furore built up, councillors were brought in and there were all those delays that developers constantly talk about.

Perhaps, if we get this right in consulting that 5% in each of those little villages or neighbourhoods in metropolitan areas, they might begin to understand some of the things you are talking about and say yes. Therefore, we might move to a smoother system. At the moment, I suggest that the fact that they have never been involved in that system—at district, county or

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regional level—builds up opposition and negativity about the development and house building that we all agree we actually need.

Andrew Whitaker: I think I can agree with you on that. You are right; that is how people did feel. Don’t forget that regional strategies did a lot more than just have housing numbers in them. They actually looked at a much wider area than local, which people generally are very poor at doing. We are all very self-interested. We all like protecting what affects us and when we discover that a wind farm is needed to power the whole country we say, “You can have it anywhere you want as long as it’s not near me.” Similarly with waste disposal, with minerals and with all sorts of things.

Eric Ollerenshaw: To be fair to those people, my contention is that they were never, ever asked. That is where you get the problem. It was assumed that they would not understand, and that is where the problems began.

Q 164 Ian Mearns: Let me take us back to property of community value. I take the point about determining whether a property is of community value early in the game, because quite often a local community might come to the opinion that property is of some community value depending on the nature of the planning application that confronts them. You might have two buildings of exactly the same dimensions being proposed: one a nursing home, which is fairly neutral, but the other a bail hostel. If a bail hostel was proposed in your community, it might be automatically determined that a use had been found for that land as a community asset and of community value to avoid getting a bail hostel. Do you confront those sorts of problems on a regular basis?

Adrian Penfold: They do happen on a regular basis and they are usually resolved through the planning system. Often you will have something in a site that is designated as being of community value. You would have to prove to the local planning authority that it would be provided again elsewhere—that you would put something back on the site that was of equal

value; or that you would put something into the local community that might be of equal value. Planning is actually quite good at dealing with those sorts of things.

It seems to me that there is a danger of unintended consequences here, because I don't think that this "land of community value" provision is really aimed at planning, as I read it. It is aimed at enabling local people to get involved in the ownership and control of assets of community value. It seems to me that there must be a way through this, if we can say that planning is actually quite good at dealing with the issue broadly. This narrow issue of who should own it, if it is to be retained, can be dealt with separately but somehow parallel with planning. I have not really thought it through enough, but it does not seem to me the sort of problem that can't be sorted out with some constructive thinking.

Alison Inman: I think the people that I represent would say, in answer to your question about the bail hostel, that it always ends up where they live. We need a planning system that spreads places like that around, because big planners are too quick to say, "There is a council estate there, so we have no expectations of the people there or how we use that area."

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Q 165 Ian Mearns: On the points that you were making earlier, Andrew, about strategic planning, how do you see things such as demand for water, or gas installation and other utilities, fitting into the framework proposed in the Bill?

Andrew Whitaker: I think that a lot of things can happen at local authority level. Some things will continue to have to operate beyond local authority level, and it will be up to local authorities now to work together. They don't have a structure for doing that.

Local economic partnerships are set up for a particular reason. They are not there to do strategic planning. There is no remit for them to do strategic planning, but they can choose to do so if they want to. One would hope that they would all want to, because some of these things require that they think in that way. Obviously, the infrastructure providers themselves will still need to come forward for plans.

One of the most positive things about planning for the future is that you know where future development is going to go, and therefore you can plan the infrastructure. That addresses the problem that you suggested there was, namely that development happened without the infrastructure coming forward. If we plan in little pockets without a long-term plan, we won't be able to make that investment in long-term infrastructure; we will just make very small investments in a very small, localised way. We will never take the big decision to put in a big water pipe, because we are expecting a lot of development.

Liz Peace: We can put the proposals for dealing with major structure through the IPC on one side; we are all relatively comfortable with that. I agree with Andrew that stuff can be done at local authority level; that is fine. We are worried about the in-between position, not because we carry a candle for the regional level of planning—counties or whatever—but simply because the duty to co-operate under the Bill, to put it bluntly, seems spineless.

We must make sure that, where there is a real need to support development with cross-boundary infrastructure, it will actually happen, and that the duty to co-operate is not just a tick-box exercise; it shouldn't be, "Well, we wrote to the local authority next door and it

never replied”—tick, carry on. I appreciate that the problem is difficult. Can we put a financial incentive alongside the duty to co-operate that comes from having done the right sort of cross-border consultation on bigger-than-local infrastructure? Or perhaps there could be a penalty, but I suspect that an incentive would appeal more to Ministers. I think this is an important issue for the development community.

Q 166 Mr Ward: We have moved on a little, but I would like to refer to earlier comments. Liz was talking about builders wanting to build not just houses, but communities. The ward that I represented had an electorate that went up from 7,000 to 11,000 over 20-odd years, and my experience was that the builders just wanted to build houses, preferably on greenfield sites. Despite that large increase in the number of big housing estates in the ward over those years, there was not a single shop or pub, or anything other than houses, on those estates. Apart from a bit of section 106 money for a play area, which was then usually removed when the kids ruined it, we got very little. The issue that sprung to mind is the 7,000 empty properties that exist. It is difficult in a

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pretty crowded area to keep banging on about needing more new houses and providing more land for new houses. To me, dealing with the empty homes problem is a central issue.

Liz Peace: I agree; that sounds very sensible. Planning is about the coming together of a number of different agencies, and if some of those agencies are not doing what they should do and specifying what is needed, you probably cannot blame others in the private sector for taking advantage of that. A proper degree of local planning will yield the sort of mixed communities you want. There is good development and there is bad development. Good development provides a proper, mixed community with shops, leisure facilities and the right transport infrastructure. That is what I like to think the good guys whom I represent actually do well. Local authorities have a big role to play in taking a firm view on what sort of development they want to see, and working with the developers to deliver it.

Alison Inman: There is a lot of talk about talking to the local authority and professional organisations, but if you talk to the people who are going to live there, they are more than capable of saying what they need.

Andrew Whitaker: It is no good just quoting a headline figure of 7,000. Every one of those 7,000 houses has a story to tell about why it is empty. That is what people need to hear to bring empty homes back into use. You are absolutely right; I would have no problem with any strategy that you bring forward to bring empty homes back into use. I would welcome it. However, it is not the only solution. We cannot house the generations of the future solely in the empty houses that we currently have. There are all sorts of reasons why, but let us look at everything we can, see why they are empty, and see what we need to do.

Q 167 Alison Seabeck: Can we go back to the community infrastructure levy? We heard some interesting comments from the previous set of witnesses about commitments relating to ongoing costs and where the money is spent. Businesses would have a view on that. People are given rights if they just want to live somewhere, but businesses seem to be out of some equations. Adrian, could you have a go at defining what you think “meaningful” is? It is not defined in the Bill, and you have already mentioned it.

Adrian Penfold: I was going to ask the same question. It will mean different things in different areas, won't it? In some areas, the viability of the housing will be so low and so marginal that the amount of money coming from CIL will be relatively modest—the way that works will be tested through the CIL process—and there may be very large infrastructure requirements, too. Perhaps “meaningful” does not mean very much in such areas, because the money that there is, which will be relatively modest, will have to go into the infrastructure to ensure that the development happens at all.

In other areas, where viability is much better, there will be significant take from CIL and there will be an opportunity for a greater contribution to the more immediate local community. In non-parish areas, there is an issue about who that is and ensuring that the neighbourhood forum that is created is a legitimate

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group that has proper accountancy practices in place and can manage that money, because it could be a large sum.

Liz Peace: I seem to have been living with CIL for the past three years, since we started talking about it. The premise of CIL is that the amount to be collected is calculated in relation to the infrastructure that is needed in an area. It is not necessarily massive infrastructure; it could include community centres, schools, nurseries and other such things. So one hopes that the infrastructure plan for an area, which in turn dictates the level of CIL provided by the developers, would be of benefit to the communities in which development is to take place. Otherwise, one would wonder why the infrastructure was being built in the first place. It has to benefit somebody.

I am quite hopeful, and I understand where Ministers are coming from in wanting to give some direct benefit to communities, but I hope that large parts of the infrastructure plan would be of benefit to communities without having to siphon off too much from the top, thereby damaging the ability to deliver that infrastructure simply to give a handout to the community. If it is a small amount, fine, but if you take a whole lot off the top, you might diminish your ability to provide the infrastructure that you worked out was needed in the first place. We need to explore how to do this, and how to do it so that we please all parties.

Q 168 Gavin Barwell: I want to pick up a comment made by Mr Whitaker on regional spatial strategies and the current planning system. He said that he does not accept that it is top-down and centrist. I find those remarks very difficult to square with the experience of the community that I represent.

I shall give the example of a place in my constituency, Shirley. Over the past 10 years, it has seen a whole series of back-land developments on the main road—townhouses and blocks of flats completely out of character with the properties that were there beforehand. For a number of years, the council approved those applications. The council was then changed, and it started to turn down such applications. It has found that the applications can be referred to the Planning Inspectorate in Bristol. Officials who do not know the area and never bother to come to look at it have overturned decisions made by the local council.

How do you justify that statement? If you are right that it is a bottom-up system at the moment, what have my constituents been doing wrong that they have ended up with a whole series of developments that they hate?

Andrew Whitaker: That is because the strategy for that area was an urban-centric strategy. It was a dream of people that everyone ought to live in urban areas and that no one ought to be able to live in rural areas.

You have to forgive me. You all know who we are, but we do not all know who you are.

Q 169 Gavin Barwell: I live in Croydon Central. It was already an urban area. In character, the housing was semi-detached with gardens, and it has been replaced by townhouses and blocks of flats.

Andrew Whitaker: Right. So what happened was that we had a dream, or the Government had a dream, that we wanted urban areas to benefit from redevelopment, and that we would not allow any greenfield sites to come forward.

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Q 170 Gavin Barwell: That is top-down.

Andrew Whitaker: No. Nobody came forward to say, “Actually, no. Us, us, us! We want to release our greenfield sites, because we need development around here. By bunging it all into urban areas you are depriving us, the rural hinterland, of the development that we need.” I did not hear anybody say that at any of the inquiries. All of the rural hinterland said, “Yes, what a great strategy that is, putting it into the urban areas.” Now, the urban areas say, “We don’t want it all in here. That will result in high-density urban development. We’re bucking against that.” I do not see that as being centralist; it is merely planning strategy.

Change the strategy, and houses can be built in rural areas again. It does not require a whole change to the development system; just change the policy. You say, “We can build absolutely anything anywhere.” We can change our policy. We can have a rural-centric policy. We can build in all the market towns around here—it really does not matter. It is not top-down.

Q 171 Gavin Barwell: Why can we not have strategies for individual communities, like that place? Rather than saying we will have an urban-centric strategy or a rural-centric strategy, why can the people of Shirley not say, “This is how we want the community of Shirley to change over the next 10 to 15 years”?

Andrew Whitaker: The threat of that—I agree it is only a threat—is that you do not end up with enough development to cope with the actual amount of development wanted. The sum of the parts does not add up to the whole. You need to make some assessment, in my opinion, of the amount of development needed for the country as a whole in order to ensure that you do not deprive people of the right to live somewhere where they want to live.

Q 172 Gavin Barwell: It seems to me that what you are saying now is that our current system is top-down, but that we need to have it top-down because, if you allow it to become bottom-up, we might not build enough houses. What you are saying sounds pretty top-down to me.

The Chair: I think that has to be your last question.

Gavin Barwell: I will leave it there.

The Chair: Do Andrew or any others want to come in? Adrian.

Adrian Penfold: I would make one comment on that. You come back to incentives. Some acknowledgement that incentives, as a tool, can be adjusted would be useful. So, if Andrew's problem does arise, and there are issues about the amount of housing needed for the country, and we see evidence that housing waiting lists are growing and there is more homelessness and so on, there has to be an ability to adjust and to modify the approach. It seems to me that incentives are a way of doing that, potentially, and there ought to be an acknowledgement and recognition of that through this process.

The Chair: At the moment, I have six Back Benchers still trying to get in, so you know what you need to do.

Q 173 Heidi Alexander: I will try to help you out, Mr Bayley.

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I have a question specifically for Ms Inman. In your opening remarks, you referred to concerns about the abolition of HRA subsidy and security of tenure. Can you say a little more about that?

Alison Inman: We welcome the HRA reform; it is the only game in town, and there is no other option but that. However, we had been led to believe that there would be a full and final settlement, but the Bill seems to leave the door open for revisiting the matter in the future. Whether there was going to be further distribution of debt would be a real issue for a lot of authorities, which did their 30-year plans on the basis of what was in the original prospectus.

There is something around capital receipts; the original prospectus said that authorities would keep the capital receipts, but what is happening at the moment is that they are saying it would be for the life of the CSR period. Then the receipts would be split between Treasury and the local authority. We suggest that there ought to be an assumption that they would be returned to local communities, unless an order is agreed saying that the Treasury will keep some—that would be for subsequent CSR periods.

Secondly, there is security of tenure. Like Liz, we manage housing and communities, and we manage communities in which a lot of our tenants need a lot of support in order to sustain the tenancy and their place within the community. Security of tenure has an enormous effect on someone's access to health, education and all sorts of other things. If housing is not secure, then everything else seems to be at stake. That is not to say that there might not be some areas where niche products are needed, and where a short-term tenancy is all that someone needs, but that is for a specific group of people. For most of the people that we house in council-owned properties, security of tenure is absolutely key to work, education—everything.

Q 174 Fiona Bruce: I was very interested in Liz and Adrian's comments about the business community needing more of a voice. I became a local councillor in the area in which my business was situated. I realised that the business community is traditionally unrecognised and under-represented in terms of a local authority connection. If you consider their contribution to the well-being of a neighbourhood in employment provision, community life and character, not to mention the CSR, many community events and voluntary groups would not exist without local business support. I would like to explore how you think local

businesses and their contribution could have a greater voice, and how their contribution to localism could be enhanced. For example, in my community I set up a local business forum. Could we could set aside planning for a moment and look at other ways?

Liz Peace: I think there are a number of ways in which we can do this, and I am very grateful for the Minister's interest in this aspect of the Bill. We have promised Mr Clark that we will look at pilot areas where one might try to devise a commercially-based community. We have an interesting model for this already in the business improvement districts. Leaving aside the planning issues, we might try to model some of this concept of a commercial neighbourhood around the business improvement districts. If you took even a smallish town, a large chunk would be the high street, with shops, perhaps business units behind that, and

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some residential streets beyond—it will be a very mixed area. Under the plans set out in the appropriate schedule, only residents who pay council tax can band together to bid to become a neighbourhood forum. So why should we not have businesses, perhaps in conjunction with residents, being able to bid to become a neighbourhood forum? The corollary of that is that when you get to a referendum, these businesses ought to have a vote. So perhaps provision should be made for business rate payers—although I would like to go further than business rate payers because a defect of the bid legislation is that property owners do not have a vote. Sometimes property owners can be hugely valuable as catalysts for making a neighbourhood work. Look at the New West End Company, where the business owners drove the company not, initially, the occupiers. That is our vision for how this could be created. There could be a wide range of these sorts of things. Mr Howell and I have talked about the Slough trading estate—could you have a commercial neighbourhood that is a large trading estate that determines its own future in accordance with the strategic objectives of the local plan? It seems entirely practical.

Adrian Penfold: As a member of Liz's federation I do not always agree with everything she has to say, but this evening I do, so I have nothing to add.

Q 175 Nic Dakin: I will go back to Liz's opening remarks about the presumption in favour of sustainable development. This morning the point seemed to be coming through that having the commitment to sustainable development on the face of the Bill would improve it. I am interested in what this panel feels.

Liz Peace: I am having some trouble with this presumption in favour of sustainable development. It is interesting that it figured significantly in the growth White Paper. It was mentioned in the foreword and referred to as being a key plank of improving the planning system and making sure that it was not a barrier to growth. What we have ended up with in discussions about the Bill is the suggestion that somehow the presumption in favour of sustainable development is merely a default position when a local authority has failed to produce a plan. It seems to me that we are not making the most of a concept that, if we could define it—and I agree that definition of sustainable development is an interesting problem—is something we would presume would be allowed, rather than presuming it was allowed only when there is no local plan. We could consider including some reference in the Bill—and we will put an amendment forward to Mr Clark and his colleagues—to the concept of sustainable development underpinning development and the national planning policy framework of the different levels of development, right down to neighbourhood. We think it would be far more

effective if we could at least get it knobbed, if you like, in the Bill, so that it is up there for everybody to see.

Q 176 John Howell: I am going to go back to something that Andrew Whitaker said earlier—his view that people are involved in the planning system now. That is true, but, under the current system, consultation is the sort that asks either yes or no to a development; it does not engage people. In the last session, we heard from volume developers and house builders that they are moving to a process of real engagement, because they see a competitive advantage in it. They have been backed by Adrian and Liz. Clearly, one element of the incentives argument is

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that incentives are not only about cash, but about the level of engagement. The first question is whether you agree with that.

I get the feeling that the HBF is being left behind in all of this, and I wonder whether that is because you are reflecting the difference between the volume builders, who may or may not be your members, and small and medium-sized builders, who probably are.

Andrew Whitaker: I fundamentally disagree with the second point. The HBF is certainly not being left behind, and we certainly represent all types of developer, including all the people whom you had sitting here in front of you in the last session. You might not agree with everything that I say, because you do not necessarily like what I say, but that does not mean that it is not representative of what the industry does. The industry will change, and it will do whatever it needs to do to build houses, because it is a house-building industry and that is how it makes money, and it will continue to do that.

On whether the existing planning system, or any planning system, is one of engagement or consultation, you can always do things much better. I actually think that we had started moving towards an engagement process, and it can be helped by all sorts of things. We have recently gone through a consultation on whether planning application fees should be set locally. We think that you should open up the entire debate to considering whether the development process should be funded in a very different way, because, with this engagement with local communities, the actual submission of the planning application is going to be a tiny part of the whole development process. We liken it to a golf swing, where the actual hitting of the ball is a tiny part, and if you do not get the grip, the backswing and the follow-through right, you will play a bad golf shot, even though you hit the ball perfectly. Substituting hitting the golf ball for the planning application, it is a tiny part of the development process. You are right that we have to get the backswing, the follow-through and all of this right. We have to engage people at all those stages.

We need to move towards that process, and we are trying to do so. You have heard from a number of our members, who say, “Yep. That’s the kind of process we’re trying to move to.” It is very difficult to engage with everybody. I heard what Alison said. You have to ask all the right people; you cannot just ask the decision makers. It depends who the decision makers are. If we start changing the decision makers, you can bet that we will start talking to different people, because you have to talk to the right people.

The Chair: James Morris. Thank you for being patient.

Q 177 James Morris: Liz, you had reservations about the duty to co-operate and about local authorities working together, which you raised earlier. Are we not seeing a trend of more collaborative working in local government? If you take the area that I represent in the black country, the authorities there are co-operating on a several different issues—sometimes across the political divide. They are already doing it. Is there any particular reason why they should not, therefore, take their strategic planning responsibilities seriously? With a duty to co-operate on top, that would then solidify it further.

Liz Peace: I would very much hope that they took the duty to co-operate very seriously, but what do we do if they do not? The issues are too big to hope that it all

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turns out all right in the end. Of course, we welcome local authorities working together, and we are starting to see some very good examples of that, but why can we not just nail this? It would not take a huge amount more in the Bill to nail it and to ensure that they have to do it and that petty squabbles do not get in the way. It is not unknown for local authorities to have petty squabbles with the one next door. I have been party to several over the years. So, it is great stuff where they co-operate, but let us ensure that it happens everywhere.

Adrian Penfold: This is one of those occasions when I take a slightly view from Liz. There is a danger that the Government over-regulate the duty to co-operate. You have to allow local authorities, and, as I have said, other public bodies, the opportunity to come together and create their own ways of working. I suspect that if they do not want to work together, however much Government insist on it, they will spend all their time resisting doing so, and you are probably not going to achieve it anyway.

My most recent experience from local government was in north Kent. There was very successful co-operation between Dartford borough council, where I was, Gravesham borough council, and Kent county council to deliver the Thames Gateway-type initiatives. A lot of good work went on there, but not because central Government were saying, “You must do it in this particular way.” It was because we all wanted to achieve broadly the same thing.

Q 178 Mr Raynsford: I want to pick up on the one thing that Liz said in her introductory remarks that we have not touched on, which is the national banking policy framework. I would like to hear her views on that. What is the role of that framework? Should it be detailed guidance, which is primarily for those people who are developing or considering schemes in a planning authority, or is it a public document, which is designed to give a broad thrust of the overall purpose of planning policies? I am far from clear—I see some cosmetic virtue in the latter; I see a much more practical virtue in the former. There is a risk of the two being confused and I would welcome your views.

Liz Peace: We accept that it is the political will to push down as much as possible to local neighbourhoods and, in some cases, local authorities. I do not have a problem with that. Generally, however, in the analogy with business, it is best to delegate activities to their lowest level of performance. You still need a framework at the top, which the management textbooks used to call the tight-loose theory. You work out the small amount of tightness that you need to keep at the centre and you write it down, enforce it and do it—there is no negotiation. Everything else, you shove down.

I like to think that the national planning policy framework will be a very taut, tight, statement of what you want to achieve, and then everything else will be shoved down. That makes the planning system and how it handles sustainability very clear. It would be clear on what is required to handle the assessment of housing need, and then how that is actually done would be sent down to the lowest practical level.

We have had some very interesting dialogue with the Department and Ministers. The current issue is that none of us quite knows what the measure will look like

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in practice and what will come out at the other end. So we are all a bit nervous; we are circling round what the beast will be. Once we have a draft, we can have sensible engagement.

The Chair: I will shut you up there, otherwise the Minister will have no time at all.

Q 179 Greg Clark: We have talked a lot about detail and specific measures, but will the witnesses think at a broader level? Andrew Whitaker discussed the pressing need for homes and how, in our history, development has been a positive contributor to what Britain is today. Many of us will recognise, however, that over recent years we have experienced a rising tide of resistance to development. Why? What are the drivers of that?

Adrian Penfold: There has been a sense that development has been imposed on local people. It is always dangerous to generalise about such things, because there are some good examples of where development has happened, has worked, and local people have welcomed it. In many cases, however, it causes a feeling of imposition on local communities. They feel that it is development that they do not want, they did not ask for and they did not vote for, and there is a reaction against that. In my note, I said that regional government is often seen as an arm of central Government. So the situation is seen as central Government imposing on local people. That imposition also includes us as developers—we have to take it on the chin. The best situations are where we work with local authorities and communities to get around the feelings of imposition, and developments happen.

All sorts of other issues are relevant that were touched on in the earlier sessions, such as funding. We cannot put it all on the planning system.

The Chair: There are seconds to go.

Q 180 Greg Clark: Perhaps Liz wants to comment.

Liz Peace: I think a lot of the concerns are about the provision of adequate infrastructure, particularly in the context of the regional spatial strategies. Frankly, some areas had a cast-iron argument against them because, in general, there was inadequate funding of the infrastructure that was needed to go with it. That concerned pretty basic stuff, such as water supply and road transport systems.

In addition, people have become generally more litigious, and more willing to speak out than they would have been in the past, so we need the incentives—

Q 181 The Chair: I am afraid I have to stop you, because we have rigid time rules. I know that you are saying, “If only in the planning process,” but those are our rules here. That brings us to the end of questioning. On behalf of the Committee, I thank the four of you for coming, for staying so late, and for sharing your knowledge and expertise.

Ordered, That further consideration be now adjourned. —(*Mr Wiggin.*)

7 pm

Adjourned till Thursday 27 January at half-past Nine o'clock.