

Housing, Communities and Local Government Committee

Oral evidence: Long-term delivery of social and affordable rented housing, HC 173

Monday 9 March 2020

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[Watch the meeting](#)

Members present: Bob Blackman (Chair); Ian Byrne; Brendan Clarke-Smith; Ben Everitt; Paul Holmes; Rachel Hopkins; Daniel Kawczynski; Abena Oppong-Asare; Mary Robinson; Mohammad Yasin.

Questions 1 - 84

Witnesses

[I:](#) George Clarke, TV presenter and housing campaigner.

[II:](#) Councillor Rachel Blake, Deputy Mayor and Cabinet Member for Planning, Air Quality and Tackling Poverty, London Borough of Tower Hamlets; Mayor Philip Glanville, London Borough of Hackney, and Member of the Environment, Economy, Housing and Transport Board, Local Government Association; Deputy Mayor Lynn Hinnigan, Cabinet Member for Housing, Liverpool City Council; Councillor Richard Johnson, Executive Councillor for Housing, Cambridge City Council.

Examination of Witness

Witness: George Clarke.

Chair: Welcome to the first meeting in the new Parliament of the Housing, Communities and Local Government Select Committee. The elected Chairman, Clive Betts, is unfortunately unable to be with us because of family circumstances, so the Committee has asked me to step into his place. Before we start the proceedings, we will go around the table and declare any interests that are relevant to this inquiry. I am a vice-president of the Local Government Association, and I employ a councillor in my office.

Abena Oppong-Asare: I am Abena Oppong-Asare, and I currently have a councillor working in my office.

Ian Byrne: I am Ian Byrne, MP for Liverpool West Derby, and I am



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currently a Liverpool city councillor.

Brendan Clarke-Smith: I am Brendan Clarke-Smith, the MP for Bassetlaw, and I am a district councillor for Newark and Sherwood.

Paul Holmes: I am Paul Holmes, the Member of Parliament for Eastleigh, and my previous interest is that I worked for the UK's largest housing association before my election.

Daniel Kawczynski: I am Daniel Kawczynski, the Member of Parliament for Shrewsbury.

Mohammad Yasin: I am Mohammad Yasin, the Member of Parliament for Bedford.

Rachel Hopkins: I am Rachel Hopkins, the Member of Parliament for Luton South, and I am currently still a Luton borough councillor.

Q1 **Chair:** Welcome to our meeting, George. Just for the record, would you tell us who you are and who you are representing today?

George Clarke: I am George Clarke, an architect, a TV presenter for Channel 4 and a campaigner for council and social housing. I suppose I am representing the people of Britain, if that is not too arrogant.

Q2 **Chair:** Welcome and thank you for coming along to give us evidence. What made you start this campaign for council housing?

George Clarke: First, it was seeing such a lack of council house building and social house building; seeing a net loss of that building across the country; seeing a loss of council houses being taken out of the system under the Right to Buy, which I am sure we will talk about more on what is quite an unequal financial system; and seeing house prices rise by such a considerable amount and become unaffordable for so many.

When the three pillars of the welfare state are health, education and housing—and I know we are not here necessarily to talk directly about health and education—there is a massive impact on the health and education of people who are living in substandard housing, or suffering from stress and depression and, even worse, cases of suicide related to being in substandard housing.

We also have one of the longest housing waiting lists that we have ever seen, with 1.15 million people on housing waiting lists and 320,000 people officially classified as being homeless. Around 100,000 of those are children, which is having a massive impact on their lives, their education and their health from being in temporary accommodation. The social cost is also enormous.

I am not even sure if the numbers have ever really been done, to be honest. Being an ambassador for Shelter and being an architect involved in housing since I was 16 years old, I have seen the industry change massively, being privatised at the level that it has been, and the state, in effect, take a step back from building at scale, in terms of social housing



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and council housing provision. That is having such a detrimental effect on society as a whole that it is creating haves and have nots: those who have property, those who are on the property ladder and who are doing quite well out of it as house prices increase year on year; and those who have not, those who are struggling to get on the property ladder and those who are struggling to pay their rent or save for a deposit in order to buy.

We also have a Government who are obsessed with home ownership. Other forms of tenure are not given the priority that home ownership is being given, and that is a problem. My big point for the campaign—hence why I called it a scandal, which I am sure we will get into more—is that the country has failed in its provision of state-built housing for those who are most in need.

Q3 Chair: Can I just zero in on one or two things that you have said? The first is that the Secretary of State, when he gave evidence to this Committee, was challenged not only on building more properties but on the variety of tenure, and he refused to give an answer on the social-rented—

George Clarke: Yes, it seemed to me.

Chair: That happened in your programme to the predecessor.

George Clarke: It did.

Chair: Do you think it is important to have housing targets and targets for specific types of tenure?

George Clarke: Yes.

Q4 Chair: What do you think those should be?

George Clarke: The Secretary of State's predecessor, James Brokenshire, has given you a figure of 300,000 houses a year. When I asked him how many of those would be council housing or social housing—I see them as being part of the same thing, if I am honest—he would not commit and just said, "We have committed to build 300,000 houses per year." It is negligent for a Secretary of State or a Housing Minister to be unable to declare a social housing and council house building programme. Why give preference to home ownership targets and not give any preference to council housing or social housing? The campaign has pushed for 100,000 every year over the next 30 years, so 3 million homes. That would be to replenish the stock that has been lost. Before the introduction of the Right to Buy in 1979 or 1980, we had 6.5 million council houses. We now have 2 million, so 4.5 million have been sold off.

In some ways, I am not entirely against the Right to Buy, because that has provided stable home ownership for quite a lot of people.

Q5 Chair: We can explore Right to Buy in a bit more detail later. You



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specifically mentioned council housing. What about properties provided by housing associations? Do you classify those as being different, or are we looking at social housing to include both council housing and housing association properties?

George Clarke: They are different in the sense that you have affordable rents and then you have social housing rents, which are two different percentage discounts. For me, they are still social housing or subsidised housing for rent.

Chair: You do not distort—

George Clarke: I do not distort those figures. Housing associations built something like 40,000 houses in 2019. Just over 6,000 council houses were built. That is 50% less than the number I am asking for. We also lost 17,000 houses under Right to Buy last year. They were taken out of the system, so we have to stop the leaking bucket.

Q6 **Chair:** The other area that I want to touch on before I invite other colleagues to join in is your TV programme, when you went to a lot of temporary accommodation where office accommodation had been converted into housing of a type. Do you think there is a place for that type of housing in providing social housing?

George Clarke: It is interesting that you said “housing of a type.” I wonder what you meant by that. The problem is that that system has been abused. Permitted development rights might initially seem like a very good idea in order to increase the numbers of homes that are brought into the system. If you have redundant commercial buildings, why would you not want to bring those into use and have them converted into residential homes?

The problem is that the system does not work, because it takes it out of the planning system. That means that planning fees are not paid, which means that councils are not getting in any revenues to then support any form of house building. The quality standards are then out of their control. How do they monitor whether it has decent space standards, or a decent level of design? I have seen some pretty terrible examples of buildings that have been converted from commercial into residential. It is kind of out of control and we are in danger of creating slum housing.

Q7 **Chair:** Just to clarify for the record, if it was not under permitted development, but office accommodation was being converted through the planning system to be provided for housing, you would see that as having a place in the provision.

George Clarke: Absolutely. If commercial space is sitting there empty and abandoned and there is no use for it, it would be fantastic to bring it into residential use. I made *The Restoration Man* for 10 years for Channel 4, and it was all about repurposing old buildings, but it needs to be done properly.



Q8 **Chair:** So the problem is the permitted development issue.

George Clarke: It is the permitted development issue because, in effect, standards then drop and councils cannot take any planning fees, and you cannot impose any section 106s, which would otherwise make provision for the community through those houses being built. It is all happening under the radar.

Q9 **Ian Byrne:** George, I was absolutely delighted that you have brought the words “council housing” back into the vernacular. As someone who was extremely proud to be brought up on a council estate in Liverpool, I thought your programme was excellent and enlightening. Shelter has asked for £12.8 billion a year to be spent on housing. The Secretary of State suggested he would negotiate with the Chancellor ahead of this year’s spending review. How realistic is that figure? Is it in danger of being seen as a fantasy figure by the Treasury, which will never agree to it?

George Clarke: Some £25 billion a year is paid by the state for housing benefit, and £9 billion of that is paid to private landlords or renting back to the state. Straight away you could say that there is a pot of cash there of £9 billion that could be retained within the system. That could still help and contribute to housing benefit, but if that was paying rents on buildings that the state owned, the council owned or social housing providers owned, that would be a good pot of money every single year. Take the average house price as being just over £200,000—I think it is £235,000 to £238,000 at the moment. Even if a subsidy was given by Government of 20% of that—and I am calling for 100,000 social or council houses to be built every year—that would be £4 billion. That £4 billion is still 50% less than the state is paying every single year to private landlords in housing benefit.

It comes back to the social cost. I am not going to try to quantify that here, because I am not an economist, but we need to look beyond housing and consider how housing affects health, wellbeing, communities and education. If you do not have a safe, stable and secure home, it affects so many other things in your life. We need to be thinking about this in more holistic terms and putting a value on the bigger social costs.

Q10 **Ian Byrne:** If the Government are not thinking in holistic terms, what is plan B?

George Clarke: The Government need to think in holistic terms because what the system needs is long-term, stable and secure funding to create long-term, secure and stable homes. They have to do that. It is not just a Shelter thing or a homelessness thing; it is an affordability crisis thing and it is a housing crisis thing. I have been a supporter of and ambassador for Shelter for many years, and I have just seen the problem get worse and worse, year on year. Unless the Government have a long-term strategy—ideally it would be a cross-party strategy—we are just going to be fighting a losing battle.



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I cannot even get into the number of Housing Ministers I have met in the past 10 years—I think we have had 10 in the past 10 years, and 18 in the past 20 years. I am not sure if my numbers are right but it is up there. We have a revolving door of Housing Ministers. We have a revolving door of planning officers. The planning system is under a massive amount of pressure as well. I feel desperately sorry for council treasurers. I do not know how on earth they balance their budgets, particularly when they have Right to Buy stacked against them, which I am sure we will come on to in more detail later.

Q11 Ian Byrne: Moving on from that, what do you think of the Government's proposal for First Homes to help first-time buyers into home ownership?

George Clarke: It is a terrible idea, because how do we pay for it? It is either going to be paid through section 106s or it is going to be some sort of additional burden that is put on to private house builders. It is a little like us allocating affordable housing provision to the big house builders and saying, "You have to build 20% affordable"—whatever that is, because it is generally not that affordable, to be honest.

There are some good things about First Homes initially, where discounts are kept in perpetuity, which is good. If you get a 30% discount under that scheme, and if the house is then sold on, that 30% discount is still carried on. That is very good in principle. Housing for local people and local needs is all very good in principle as well. I notice, however, that the discount is not in perpetuity if the house is repossessed, so if it goes back to the banks it is valued at full market value rather than 30%, so the banks will always be fine.

There are things in there that are good in principle. What worries me is how it is built and how it is funded. The worst situation for us to get in is if a stigma is then attached to the First Homes buildings on a site, because what we have seen through some affordable housing building by the big house builders is substandard building for the affordable, and an architectural and quality distinction between the affordable housing on one part of the site and the homes for sale on another part. They tend to be put on the worst part of the site as well, which brings the overall quality down and again raises the stigma—I am sure we will talk about stigma a lot more over this session. That is what worries me. It seems like a good idea in principle, but I am worried that we are going to go down a similar path to what we have done with affordable housing provision being funded by private house builders.

Q12 Ian Byrne: At the end of this inquiry, we will question the new Housing Minister—

George Clarke: That is if he is still in the job by the end of the inquiry. Sorry.

Ian Byrne: What are the most important questions you still believe have not been answered by the Government?



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George Clarke: The first is setting a target on social housing and council housing, because we do not have one. As I said, the Government are still obsessed by home ownership. If the system worked and home ownership was the only way forward that was going to answer all the questions, and if all of us had a safe, stable, secure and affordable home, I would not be sitting here now and we would not be having this conversation. The reason the Addison Act came in in 1919 was because the state needed to provide for those in need. I still think that, in the society that we have built, we need to make that provision. The state needs to build. We have tried to get the private system to build state housing.

I have been in this game since I was 16. I have sat in many meetings—far too many—where I have heard developers say, “I have some great news: we have got rid of the affordable housing provision. Is that not fantastic?” My heart just sinks. I have been around a number of dinner tables where people say, “Great; my house has gone up by 20% in the last year.” Great for them—fantastic—but then you are leaving a whole generation of young people behind.

The Government need to think not just about the numbers in the provision, but about how it is funded, which I am sure we will talk about in a bit more detail. It cannot just be grant funding; there needs to be long-term, stable funding. I called for a 30-year plan in the campaign, with cross-party consensus. There have to be some things that the different parties will agree on, and I am hoping they can, because otherwise we are fighting a losing battle. A 30-year plan that is funded properly will bring stability to an industry that is struggling in many areas, with skills shortages and so on, which we will talk about.

Q13 **Daniel Kawczynski:** On that very point—that this needs to be funded—you are in the fortunate position of not having to balance the public finances. We were borrowing £150 billion a year when we came into office, and we are still borrowing £24 billion a year. How would you fund this? It is very easy to talk about the need to fund it, but which Department would you cut? Would you increase borrowing or would you increase taxation on people like yourself in order to fund it?

George Clarke: It is about rebalancing the books, is it not? You could increase taxation. We went to Vienna as part of the campaign, where 62% of all people live in state-built housing, which is a system that cares. There is higher taxation, in fairness, to be able to pay for that. It is about rebalancing the books. If you take something like Right to Buy, that is a straightforward, simple option. Councils have a virtually impossible job with Right to Buy in its existing form. I would prefer to see it scrapped for new build. We would not want to change the system for existing properties, because that would be unfair. If someone has lived in a council property for 20 or 30 years, taking that right away from them might be unfair.

The Housing Revenue Account borrowing cap was removed by Theresa May’s Government, which was a great first step. When a house is sold off



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under Right to Buy, part of the capital receipts go directly to the Treasury for use for other things, so it is taken away from local need; it is taken away from the council budget and it is used for other things—not in its entirety, but part of it is. This has to stop. Councils have less and less money to replace any house that has been sold off, so that money should not be taken away from them. Councils should be able to keep all the receipts and keep that money locally.

The other thing is that the discounts are way too big. It is just not enough to replace one house for another one. Right to Buy is one option, and we have already talked about the fact that £9 billion a year is spent in housing benefit to private landlords. Around 42% of all homes that have been sold under Right to Buy are now in the hands of private landlords who are renting it back to the system. I hear stories every day about councils that are now trying to buy back Right to Buy properties, which just seems mad to me. Without having to increase taxation or anything else, there can be a rebalancing.

Q14 Daniel Kawczynski: My council says that their single biggest problem is the cost of adult social care. They are lobbying for more money for adult social care, so why should we be giving them more money for what you are prioritising?

George Clarke: First, I am not a politician. Secondly, I am not an economist. I am sure you have had many people sit in this room from health, education, and many different sides, asking for more money. On that point, I would love to know why they need more money for social care. I am sure poor-quality housing has had an effect on that.

Q15 Mohammad Yasin: Thank you, Mr Clarke, for coming here and answering our questions. You have already touched on Right to Buy. My question will give you another opportunity to say a few more things on that, if you wish. You believe that Right to Buy should be reformed. Which aspects would you like to see changed?

George Clarke: I have covered that, to be honest. As I said, any form of capital receipts going back to the Treasury to be used for other things is not right; it should be kept locally. The discount should not be as much. Housing associations have Right to Acquire, but the discount is an awful lot less, at 10%. I wonder why the Right to Buy discounts are so high when Right to Acquire has a different form of discount. That is why it should be reduced.

Q16 Mohammad Yasin: You believe that councils end up with only a third of receipts from a house when it is sold through Right to Buy. Do you think it is unfair on councils?

George Clarke: I do. As I say, I would not want to be a treasurer for a council. I do not know how they do their job. It is unbelievably difficult. I know for a fact that a number of councils—I will not name them—when they look at their 30-year plan for their housing revenue accounts, are going to be many millions of pounds in deficit. Where is the incentive for



councils to build when they know that here is going to be a net loss on their books? They just do not want to do that. If you think about it, if the Treasury is taking a percentage of the capital receipts and that is putting councils off building, councils will not build, so the Treasury will not get those receipts either. Straight away there is a kind of dark cloud hanging over council house building, which is why we built only just over 6,000 last year.

Q17 **Mohammad Yasin:** Finally, do you think that the Government can both increase home ownership and deliver sufficient social housing, or are those competing demands?

George Clarke: We need mixed forms of tenure, and the country has had that for some time. I am talking about a rebalancing. At the minute we have a Government obsessed with home ownership and not with any form of state building. Housing associations are not being given the funds they need to build at scale. If they were to build at scale and provide more genuinely affordable homes for many, many people, it would start to get rid of the stigma attached to social housing and council housing in this country. It is all about a rebalancing of the money and the budget, and a rebalancing of priorities. We have tried to get the private house building industry to build our social and affordable housing provision, and it just has not been done at scale. It is still too low. We are now building the lowest level of social housing that the country has seen since 1921.

Q18 **Abena Oppong-Asare:** You have briefly touched upon stigma and the Government's obsession with property ownership. What conversations have you had with councils about their difficulties in building social housing?

George Clarke: Councils want to build again—the vast majority that have contacted us since the campaign have said that they would like to build again—but where are the incentives for them to do so? Land is a massive issue. We cannot have this conversation without talking about land. For me, public land should be used for public housing. That is not the system at the moment. Public land is sold off to the highest bidder. As I say, I am not an economist, but you do not really have to be to understand that, if you have to get maximum value for a piece of land, it might affect the quality of the homes that are being built on that land, certainly for the profits that need to be made by the private house builders. Pressure is being put on the system all the time.

I was brought up in Washington new town in the north-east, where provision was made very quickly to build a mix of private homes and council housing for over 60,000 families. We all felt like we were in the same boat, though, because the standard of the private housing was as good as that of the social housing; it was fantastic—it was even quite competitive between one estate and the next with the design teams that were put on there. What made the entire development stack up for the Washington Development Corporation is that the land was put in at agricultural costs. That is what made it stand up. It is that simple. The



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Lambton family, who were big estate owners, put it in at agricultural costs for the Washington Development Corporation to build on, which meant that they could properly invest in long-term, sustainable homes in good communities.

Q19 Abena Oppong-Asare: As you mentioned earlier, house building by councils has declined substantially. Do you feel that councils have the expertise and skills to develop social housing at scale?

George Clarke: I do, because they have had long-term relationships with housing associations around planning policy. They do not have the departments that they had back in the day when they were doing social house building at scale, and they no longer have architectural departments or perhaps even surveying departments, but there are enough architects and surveyors out there in the house building industry to help support councils.

Do they fully have the skills? I could not speak for every single council, but I know that we have been bombarded since 31 July last year—the 100th anniversary of the Addison Act—by councils that are desperate to build again, but they want the incentives to do it.

Q20 Abena Oppong-Asare: I know that you cannot speak for every single council.

George Clarke: Unfortunately not.

Abena Oppong-Asare: However, we did read that you did work for Manchester City Council. I want to hear about your experience there.

George Clarke: We were working with a number of different councils, and Manchester was one of them. We featured it on the programme. It made an announcement that it would build 1,000 council houses over the next five years. What worries me, however, is that a lot of big announcements are made on the level of ambition of the number of houses that people would like to build; I am not sure whether the funding is there to be able to do it. I am not sure whether the incentives from the Government are there for them to do it, so I get slightly nervous about big targets being bandied around, because we might not meet them. I am as much to blame for that by setting a target of 100,000 houses a year, and the main reason we came up with that figure was to replenish the stock that had been lost, but the money needed to do that—£4 billion a year—needs to be put in place.

Q21 Abena Oppong-Asare: Could you give us a bit more information about your experience of working on that council estate for Manchester City Council?

George Clarke: It is all too slow because we are talking about systematic change. We are looking to change the system to get councils to build in a different way and raise design standards, and deal with the climate crisis, and try to be zero-carbon. As soon as you start having



those conversations about zero-carbon, you know that you are going to be adding to the initial capital cost of any development. Again, that is a hard balance to strike, but the system is painfully slow.

Q22 Abena Oppong-Asare: Just for clarification, you are talking about the system not in relation to Manchester City Council.

George Clarke: No, I am talking about nearly every council, but that is systematic, if you like. The things that I hear back quite a lot are financial issues. We have talked about that in terms of Right to Buy, incentives and funding, and there being no long-term strategy in place. It goes down to even very simple things, such as councils being very apprehensive about creating decent green spaces and places for children to play in. Who is going to maintain that? Who is going to pay for it? Who is going to look after it? Councils are confused about parking allocation and how many car parking spaces we should have per development. Should it be one for one? Should we be making any provision for car parking spaces if we are trying to encourage people to take up public transport? Should we be investing in electric charging points now, in the hope that those cars are going to become more and more affordable?

That is where councils do not necessarily have the skills to make all those judgment calls, because there just is not a long-term plan. If councils could plan for the next 30 years and create a long-term, stable, well-funded state building programme, it would make a massive difference to so many people, including in skills and in the capital investment on green technology. If you are going to put an air source heat pump into a house, that is going to cost £8,000. If you are going to put an oil-fired boiler in there, that is going to cost £1,500. Which one are they going to go for? Even developers are reluctant to put a lot of that green technology in, because they have to pay for it upfront but the benefit is to the person who lives in the house, because they are going to get the reduced energy bills. Where is the incentive for that developer to do that? Again, we need a long-term, revolutionary plan.

Q23 Abena Oppong-Asare: Am I correct in assuming that it is more down to the Government changing legislation?

George Clarke: It is about changing the culture. That might sound like quite a vague statement, but at the minute the house building industry really does feel like a battleground. Councils are put under pressure to announce the number of homes that they are going to build. If they do not meet those numbers, they can be penalised for it. They then have to go through a certain process to sell off land. Rather than public land for public housing, they have to sell it off for the maximum value. That has to go to the biggest bidder.

If someone has paid the largest amount of money for that piece of land, they are going to start squeezing houses on there. The densities might be an issue. The quality might be compromised in some way. Green spaces are compromised on. Public amenities are compromised on. I probably



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get 1,000 emails a day from people saying, “An estate is being built in our backyard and it is bloody awful”—pardon my language. They are not really affordable homes. There is no truly affordable housing requirement. The standards are not good enough. At the same time, the big house builders are making huge announcements of their profits for the year.

That is why it has become a bit of a battleground. Over 70% of the public who have been surveyed on this have said that they are more than happy for truly affordable homes to be built in their area, because they know they need them. If they are sold off to other people and are not for local need, it becomes a big problem. That is why, rather than having a cohesive system where we all work together for the betterment of society, the built environment and communities, it has become incredibly divisive. Nimbyism has risen massively because of substandard estates being built in their backyard for quite expensive housing that has not satisfied the local need and certainly does not have public amenities.

Q24 Abena Oppong-Asare: I want to follow up on your comments about local authorities being under pressure to deliver social housing. Do you think that for-profit providers could be helpful in delivering social housing?

George Clarke: The thing that concerns me about for-profit providers is that they are being branded as housing associations. When the general public think of housing associations, they generally think of not-for-profit organisations. Just because an organisation makes a profit does not mean that it does not care—we have to be careful there—but if significant profits are being made, to the detriment of good-quality housing and good-quality communities being built, that becomes a massive problem. I am not quite sure why we have for-profit providers, to be perfectly honest. The influx of money and investment from them is going to help and it is going to get projects away, but if they are building for profits and they become significant, I can see a problem emerging.

Q25 Abena Oppong-Asare: I have one final question. Do you think the construction industry has the skills and capacity to deliver the number of homes you are calling for?

George Clarke: No. If you look at a graph showing the number of houses that have been built by private house builders and by the state since the 1970s, you will see that the number of houses being provided by national house builders has been roughly the same. There has been a bit of boom-and-bust along the way, but generally it has ranged from 150,000 to 180,000 up to 235,000 to 240,000, which is what it was in 2019. What has collapsed is the state building programme. In the early 1970s the number of houses built by the state was similar to the number being built by private industry. We were in the high-300,000s of houses at the peak of state-built housing alongside private housebuilding. That has collapsed and dropped off.



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There is an argument in the industry, which I kind of agree with, that we are getting close to the limit of the number that the private sector can build. We have a massive skills shortage. If I am honest, that is going to be made worse by Brexit, because we have a lot of European workers—and a lot of them are very good workers—who would have come over but are now leaving. The system is not providing enough skilled young people. There is a phrase in our industry that there is a lot of grey hair on building sites. That is not a bad thing, because it means they have a lot of knowledge and experience, and grey hair can hand down a lot of knowledge and experience to young people.

Unfortunately, we have a bit of an image crisis in the construction industry. The Egan report, “Rethinking Construction”, interestingly came out the same year that Google started. You see other industries, such as engineering, IT and aerospace. You see the work that has been done by Dyson, the work that has been done by Tesla and by Jaguar Land Rover. There are some amazing industries out there doing really innovative R&D. There is big investment in young people and young apprentices.

What is exciting when you look at those other industries is that it has a huge amount of diversity. In some of those companies and some of the courses that are out there, there are more girls and more women coming into those industries, which is fantastic. If you are working in factories, there is more provision for people with disabilities to contribute as well.

If you start comparing that to the housebuilding industry, we have an image reputation—it is seen as dirty, messy, quite inefficient and very slow. Cars and other products are built in factories, whereas most of ours are built in the rain and on cold building sites. You are not going to see someone in a wheelchair on a building site, for obvious reasons—it is very difficult and quite unsafe for them to get around.

It is fantastic that we are seeing a very mini change in the industry with offsite manufacturing in housing and looking at modern methods of construction. Mark Farmer was commissioned by the Government to write the Farmer report, called “Modernise or Die”, which was brilliant. It talked about the inefficiencies in our industry.

The industry has to really look at itself. If it has an image reputation, and young people are not going to want to come into it. We need to turn that around. It is not going to happen by chance; it needs to happen through the industry changing. That is why modern methods of construction and factory-built homes—Homes England has invested in a number of modular house businesses, which is great—is opening a whole world of exciting opportunities for young people wanting to come into the industry. They are seeing it as something more innovative, more clean-tech and more R&D, just like being a car designer, I suppose. At the minute there is a massive skills shortage and I genuinely think we are at the limit. I might be wrong but we might be coming close to the limit of the number of houses that the private sector can build.



Q26 **Brendan Clarke-Smith:** Good evening, Mr Clarke. You mentioned that this country has done it before and it can do it again with council housing. I come from what was one of the biggest council estates in Europe when it was built in the 1950s, in Nottingham, but costs have gone up significantly since then—they have quadrupled since the mid-1990s. Have you also been looking at the price of land as part of your campaign?

George Clarke: Yes. That is one of the biggest reasons for house prices going up. One is land and land provision, which then dips into planning. It is not just about land; it is also about the planning system, which needs some sort of reform. Under Harold Macmillan, we built 198,000 houses. I did the maths on this: that is one every two minutes and 40 seconds. You could argue that we have had to pull down a lot of those houses because they were built too quickly and were substandard.

What I always get really apprehensive about is this just becoming a numbers game. If the Government say, "We are going to build 300,000 houses a year," I constantly say, "That sounds great, but how good are they going to be? How green are they going to be? How long are they going to last? What are their forms of tenure? How are they going to contribute to society? How are they going to reduce the overall social cost? What are they?" I have never been given an answer. We need to be careful about the numbers. It cannot just be about the number that we build; it has to be about what we build and how we build it, which is a little bit about the Farmer report as well.

Just remember that Harold Macmillan built one every two minutes and 40 seconds. When it came to affordable housing, we did 37,825 last year, which is one every 13 minutes and 53 seconds—this is my maths, by the way, so if it does not stack up I am happy to be criticised. When it came to council houses—not affordable housing but council housing; the public still do not understand the difference between them, but they are different discounted rates of rent—we built one every one hour and 23 minutes. When you compare that to the two minutes and 40 seconds in 1953, we are miles off. That is a big problem for me. It is about the efficiency of the industry.

This is why I keep calling for a long-term, stable, secure funding strategy and a cross-party approach. If there is a 30-year approach where we can have a certain level of fairly constant house building, we do not get into the boom-and-bust. We know that the big house builders do not want to take enormous risks. When we talk about modern methods of construction, it is a big step for any house builder to want to build a factory and start changing the industry. That is a huge amount of capital investment. In fairness, Homes England is stepping in and supporting some of those initiatives, which is brilliant. When it comes to skills shortages, the recession that followed the big crash was a disaster for skills in the UK. People were training in colleges on all sorts of skills in the construction industry, and then they had to get completely different jobs because the industry jobs just were not there.



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The state has a fantastic opportunity, with councils and housing associations, to provide a steady stream of genuinely affordable housing provision over the next 30 years. The benefits to everybody, including the state, are massive. Think about all the people who are desperate to get a genuinely affordable home for social rent, and all the people who contribute to society as a whole: not just the nurses, those in the fire service the, teachers and people in the armed forces, but cleaners and people who genuinely want to live close to their work and do not want to travel massive distances to work. They want decent, genuinely affordable, social housing for rent.

Q27 **Brendan Clarke-Smith:** You mentioned Vienna in your show, and with this Committee I have been there once.

George Clarke: I thought you were going to break into song there with, "Oh Vienna".

Brendan Clarke-Smith: I have been there once before; it is the only time I have visited.

George Clarke: It is always in my head when people mention it.

Brendan Clarke-Smith: They own a lot of their land, and one of the problems that councils here have is acquiring land. How do we fix that?

George Clarke: This becomes a dark area for me, and I have tried to do quite a lot of research about just how much land the state owns. When I say the "state", there are also transport organisations and the MoD. There are lots of other state bodies out there that have substantial amounts of land. I cannot put a figure on the amount of redundant land that is out there.

As I say, it is a little bit of a dark horse, but you could start off with the principle of public land for public housing done in an economic way. If you look at the Stirling prize winner for the housing in Norwich last year, for a social housing project to win the RIBA Stirling prize is a game changer. That is amazing. For really good, high-quality housing, built by a council, to win the Stirling prize was just unbelievable. That was 70% council and 30% private.

That was a revolution for me. For many years, all I have heard is 80% private, 20% affordable—not even social housing. To go to Norwich and see 70:30, and for them to have done the maths, they told me that it was just over £8,000 extra that they had to put in as grant for that to work, which I am staggered by. I have not scrutinised their numbers. I am calling for £40,000 per house with a £4 billion commitment from Government, not just this year but every year for the next 30 years. For them to have to put just £8,000 in is staggering. Public housing on public land would be a great start.

Q28 **Brendan Clarke-Smith:** You spoke earlier about new towns. Do you think that is a way forward for delivering that?



George Clarke: We need a new Addison Act. That Act was brought in when we did not have a Housing Minister—and we have had a lot since. The Housing Minister was the Health Secretary. On the reason he said the state needed to build state housing for the first time, everybody thinks it was homes for heroes and that people coming back from the first world war needed housing, but that is not true because, unfortunately, fewer people came back and we still had the same number of housing. British Army generals said that the men who went to fight were not fit or strong enough—I am not sure if I agree with that—and were not necessarily prepared because they had been living in such substandard, squalid housing before the first world war. That is why the state decided to build again.

For Dr Christopher Addison to come in with that Act and say that the state had a responsibility—that was before the state welfare system—and to say that we needed to build at scale, that was really important. If we do not build at scale and it is just tiny little pockets of social housing development, it is not going to work. We need to build at scale to make it work and make it stack up. That is going to become more affordable anyway, with lower management costs and things like that.

Q29 **Brendan Clarke-Smith:** This Government have spoken about new town development corporations and so on. How successful do you think they have been with that?

George Clarke: They have not been successful. We have had everything. We have had ecovillages and one initiative after another. If I talk to anybody in the housebuilding industry, or if I talk to civil servants, they will say that we need at-scale social housing for rent. If we cannot do that basic stuff right, the system is not going to work.

Q30 **Brendan Clarke-Smith:** In terms of numbers, the Government had some criticism, saying that their efforts to sell public land would result in only about 3% being there for social rent and about 15% overall for affordable housing. Do you think the Government need to focus more on their public land assets in future? Is that the way forward?

George Clarke: I do. I think they should. In fairness to the Government, other forms of funding have been put in place that some people do not know about. There is a fund for the remuneration of contaminated land. We have a lot of brownfield sites and there is a big debate about building on the green belt, and the re-categorisation of green-belt land, because some people think that certain green belt should not be green belt—but that is a debate that I am not going to get into.

Particularly in the North, where I am from, and throughout the North, when I am travelling, the number of brownfield sites is staggering. It is going to take a more holistic economic approach. There is no point building the housing if there are no jobs in the local area, so you have to create the housing and the employment, and the public amenities, and the communities at the same time. Again, that is about long-term place-



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making, not just house building. One thing that they should stop doing is calling them units, by the way. How many times have I sat in meetings, with people saying, “We have built 76 units this year”? They are not units; they are homes. It is all part of the stigma.

People have asked me how we can get rid of the stigma. We should stop categorising council housing, social housing and private housing in these pigeonholes. We are also not building lots of them. On the estate that I was brought up on, we all lived in council houses, but we all worked. All parents worked. There might have been some people on benefits but it was a minority back when we first moved there. Everyone paid their rent and everyone was very proud of their house. A lot of people were not even interested in owning their house, because they used phrases like, “They will take me out of this house in a box.” Once you had that council house, as long as you paid that rent, you were all right. We were all in the same boat and it was fantastic.

The problem now is that, because we are building so few, the stigma has got worse. Because the small amount that is being built has to go to those people in society who might be having a really difficult time. It has to go to those most in need. If we built more and we had people from different classes of the working-class system—because the housing crisis is affecting the middle classes and young people who just cannot afford to get on the property ladder, whose mums and dads have to subsidise it in some way.

The average age of the first-time buyer now is 35 years old; in London it is 38. It is 7.8 times the average salary to buy a house. Back in the 1970s, it was 3.5 times salary. In the early 1990s, the average wage was £16,000 a year and the average house price was just over £50,000. That was affordable. Now the average wage is just over £30,000 but the average house price is nearly a quarter of a million quid. That is just mad. That is an affordability gap and an affordability crisis that the country has never had before. If we do not wake up to that, the problem is going to get worse and worse.

Q31 **Paul Holmes:** George, thank you for coming in. You have just answered a lot of the questions that I was going to ask.

George Clarke: Sorry. Shall we try again? I might give a better answer this time.

Paul Holmes: We will come back in a second. I want to ask one generic, quick question, and I want to ask you about space and the quality of future housing, and then we will come on to stigma. First, how do we ensure that the next generation of social housing is of the right size and the right quality, in generic terms?

George Clarke: It is interesting when we talk about size. I have to be very careful because I make a series called “Amazing Spaces”, which is all about innovative small-space design. I have to be really careful. There



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were minimum space standards, as we know, in state-built housing in the 1960s. These were the Parker Morris standards, which were fantastic. My mum's house, which was built in 1968, complied with the Parker Morris standards and it was brilliant, with really good-sized rooms. It had storage, which you do not often see in many new-build houses these days. It was and still is—my mum still lives there now—a fantastic house to live in.

Just because they have become smaller is not a problem if they are well-designed, because you could argue that if we build a smaller footprint of house it has a smaller carbon footprint because it has less embodied energy and has used fewer materials. We are starting to change in this country. We used to value houses based on the number of bedrooms, but we are slightly changing that now and basing it on square footage, which started in London. If it is less square footage, it is going to cost you less money to buy. There comes a point where, if the space standards are too bad and the space is badly designed, it is an awful place to live. It will have an impact on health and wellbeing, and on your mental state.

It is a difficult one for me to answer as an architect, because I know that there are lots of good architects out there who can design small houses that are really beautiful and have all the things that people need. One interesting point that you touched on is futureproofing. That is really fascinating. I designed a house recently up in the north-east, which, funnily enough, did not go ahead. We called it the expandable home. It was a modular house and you could add modules on to it, which also meant you could have an extended family living there. Interestingly, on my mum's estate, we had a whole mix in one square of bungalows, which generally went to the elderly, although I should not compartmentalise like that. There were two-storey, four-bedroom houses, and then on the other side of the street there were two-storey, four-bedroom and three-storey, six-bedroom homes. That was fantastic for extended families and multi-generational living. It was brilliant. We are not really thinking like that.

The big house builders out there have a product that they know very well. Councils are under pressure to go ahead with that product because they need to meet their numbers to get houses built. Some of them reluctantly go ahead with that. The houses that are being built—this is probably me being a very snobby architect—are what I call “Noddy box housing”, with no sense of place making, no conversations about multi-generational living and very few differences in density. You do not see many bungalows being built against three, four, five or six-bedroom houses, or apartment blocks. It does not really work like that. It is normally one size fits all at the moment, which is a real shame.

The big house builders do not employ the best architects in the country, and they will say that is because they cannot afford them. I am going to say this as an architect, but I say it in the most holistic sense of the word that I can: it is all about design. It is about designing the right funding



strategy, designing the right long-term housing strategy and designing the right houses in the right places for the right people who want to live there.

Q32 Paul Holmes: That brings me to my next question. I grew up on a council estate in south London, and I remember even I got the raised eyebrow around stigma during the 1980s and 1990s. What is the relationship between design and location of recent council housing estates and the stigma that, arguably, surrounds social housing? If I can elaborate on that, when I worked with a housing association, there was a saying in the industry about “poor doors.” If we were given land that was a private developer, and we were given a section to build or fill out our section, it was called “poor doors” because the fittings were not as good, and they were not put in a good place—you mentioned that in a previous answer. Is that situation being looked at, because awareness is being raised and it is getting better, or is there still a fundamental problem in the industry where we have that segregation?

George Clarke: There is a massive problem in the industry with that. There are some isolated developments out there that have got over it. I have mentioned the Norwich development already—if you have not already been, you should go, because it is a joy to walk around. You cannot tell the difference between the 70% that are council housing and the 30% that are private. They are built to a very good standard. I know that I keep banging on about it, but it comes back to that long-term plan again. What is the point in building substandard social housing with low-quality kitchens and low-quality fittings that an organisation is going to have to go and replace in five years’ time? That is terrible environmentally, and it is just mad in terms of any form of economic policy. The better we build and the greener we build, the greener it is going to be for the country. It genuinely worries me when we make statements about being zero-carbon by 2050. I am obsessed with the environment and being green.

I set up the Ministry of Building Innovation + Education to try to inspire young kids into green, good-quality, well-designed homes. We have design challenges, where we go out to schools. Off our own back, we have just set up an educational charity. A lot of schools have lost their CDT programmes because it has been taken out of the national curriculum. When we have companies such as Apple, Tesla and Dyson, it astonishes me that we have a system that does not value great design and great engineering. We set up MOBIE to try to help schools and support young children into creating generational change, because they have the opportunity to do it.

Q33 Paul Holmes: You already mentioned the Goldsmith Street estate in Norwich, which you quite rightly say is a success. Whose responsibility is it to try to replicate that ambition across the country? Does it require tougher regulation nationally, or best practice and better implementation at a local level?



George Clarke: That is a massive question; I could talk about that all week.

Paul Holmes: Please do not.

George Clarke: I know, from my own personal experience, that there is resistance in the industry to improved building and ecological standards. The argument—and I feel sorry for the Government when it comes to this—is that they are threatened that if they raise standards, it is going to push up house prices. I do not think there is any Housing Minister—even if they are there for more than 10 minutes—who wants to be responsible for massive house price increases.

Again, I am not an economist, but if you are going to raise design standards overall—which I think we should, and the Government have just finished the consultation on the Future Homes standard, which is brilliant—and everybody is competing at that level, land prices should be falling. There will come a point where house prices cannot rise any further. It is already fairly unaffordable. There is only so much we can borrow from the banks against our earnings. If you think about it, let us say that 10 house builders were bidding for an individual piece of land. There is always someone out there who can do it cheaper. That is always going to happen. If a minimum green standard, a minimum quality standard and a minimum social and council housing standard were to be brought in, which everybody would have to work to, then land prices could fall—again, I am not an economist.

Q34 **Paul Holmes:** You have mentioned quality, and I understand what you are saying, but is that the same with size? If you start placing more size regulations on new social homes, will the urgency that house builders see, or the output, potentially decrease?

George Clarke: I would love to see minimum space standards brought back. We have talked about permitted development, with commercial spaces being converted into residential. I am seeing things that look like the worst prison cells you have ever seen, with no space standards at all, but we just do not have space standards across the country anymore. They should be brought back. I am not saying that they should be Parker Morris standards—I would love it if they were, but the world has changed. Young people are happy to live in smaller spaces with multifunctional living.

That is why I keep banging on about design. Interestingly, on “George Clarke’s Amazing Spaces”—talking about yourself in the third person is always weird—most of those spaces, ironically, do not need planning permission and do not need building regs, because they are small spaces at the end of the garden, or treehouses, or garden studios. Unfortunately, they are not for permanent habitation. That is a whole other discussion about the planning system.



It is mad that, if a family have a house with a big garden, they cannot build a house at the end of the garden for their kids. I genuinely think that is nuts. They go, "No, you cannot. You could build something for a holiday let, because that will increase money coming into the area, and Airbnb, but your kids cannot live in that house at the end of the garden." Anyway, that is a separate discussion.

On "Amazing Spaces" they are self-build projects. We have not talked about self-build today because we do not have a big self-build initiative in this country, which I think we should have. If we had a big self-build programme, the people who build high-quality housing that is very sustainable and green and that lasts a long time are self-builders, because they will invest more upfront in the capital investment of that property, because it is for them. It is for people, not for profit, which is a big headline for me and the entire campaign. We should be putting people before profit. On "Amazing Spaces" people create the most wonderful, magical, fantastic things. Ironically, there is no planning and no building regulations.

It is interesting that, when you talk about quality, if you think about all the buildings that we list now—Georgian terraces and Victorian estates—we create all these fantastic conservation areas, and we should. They were all built before planning came into place. How on earth have we got ourselves in a situation where we have massive amounts of regulation, massive amounts of planning and huge amounts of red tape, but what we are building is of lower quality and more expensive than the Victorians built?

Q35 Paul Holmes: Lucky for you, we have a section on planning in a second. There is just one more question from me, if I may, and thank you for your answers, which have been clear and concise. I want to drill down particularly when it comes to net-zero ambitions in house building. I know you have touched on this, but the Government have previously committed to and built some of the eco-towns before they fell apart—the one in Bicester is a particularly good example. How do the Government tangibly ensure that the new generation of social housing contributes to net-zero? It is a skills thing? Is it more money?

George Clarke: The big thing is that cultural shift. Greta Thunberg and David Attenborough have talked about this. If there is one thing that we should all be coming together on, irrespective of party politics, funding, Government Departments, house builders and the battle between the public and house building, we should all be buying into the green agenda. Around 2.5 million people in this country are in fuel poverty. I cannot imagine what it must be like to have to make a decision about whether you eat or whether you heat your home. That is awful, on a grand scale.

Our building regulations are way behind where they should be now, even before all the announcements have been made about zero-carbon. It is mad that we do not triple-glaze homes. Our insulation standards should be way higher than they are. Insulation is not that expensive, to be



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honest. It is like you going out and buying a nicer jacket at Christmas; you are going to stay a bit warmer in the winter. Insulation, as a percentage of the overall cost of a new build house, is tiny, and we should be doing the basics really well.

I commend the Government for the Future Homes standard—it is not in yet, because it has only just been out for consultation—and measures such as the abolition of gas-fired boilers, and looking at renewable energy technology. We now have a really exciting renewable energy network in this country. It is absolutely fantastic and I would love to see that literally flowing through to housing on a grand scale.

We have a big issue with new build housing, as we know, and I do think we should be raising standards. The building regulations need to be increased massively. Of course, there is a financial impact from that, but that does not mean to say that we should not be doing it. Our biggest problem is the retrofit. We have 27 million existing houses in this country, so even if we build 240,000 houses a year, as we are now doing, that is less than 1% per year of the existing housing stock. Most of the British population live in older properties. Even if it was built in the 1970s, it is going to be way below the standard of the current building regs before we even improve them to be zero-carbon. To me, the retrofit challenge for Britain is bigger than the new build challenge, and we need to be doing both.

If you have a long-term strategy, there is technology out there that allows that to happen. I live in a former council house. Unfortunately, it was bought by someone years ago under Right to Buy, who made a massive profit from it. There is a stigma attached to that. Cabbies drop me off and say, "You live in that?" and I say, "Yes, this is the house that I lived in with my mum." It is in west London. It is ridiculously expensive but it is a former council house.

I have an air source heat pump outside. I do not have a gas boiler. I have put triple-glazing in that house. I am lucky enough that I have a few pennies and have been able to do that. I hardly put the heating on, and the heating that is generated is done through taking the heat from the air outside, but it is a big capital cost. The Government brought in the renewable heat incentive for air source heat pumps. If you qualify for the renewable heat incentive, you will get up £1,700 a year back over seven years, so it could pay for that technology. I do not qualify for it because I have not dry-lined every single wall on the inside of the house with insulation, which is mad. If you think about it, how many people in Britain are going to dry-line the inside of their Georgian house, their Victorian house or their terraced house? It means you have to take off all the skirting boards, all the architraves and all the picture rails. You have to take off all the architraves around the windows of your bay window to then dry-line the entire interior in order to comply with the renewable heat incentive. Not many of the 27 million existing households out there are going to do that, so that seems nuts to me.



If someone is going to put in an air source heat pump, you should reasonably assume that they have taken all of the steps they can, with the constraints that they have with their existing house. No one is going to put an air source heat pump in if they have single glazing. You have to assume that they have put double glazing in. Sometimes we over-regulate and constrain some of that money, which is a real shame.

Q36 Mary Robinson: You spoke earlier about modern methods of construction. That is quite wide and there are a lot of different methods encompassed in that. In terms of addressing the capacity problem—in other words, the numbers that we need to build—and also the energy efficiency issues, is offsite-built housing something that we should be looking at and putting more investment into?

George Clarke: The answer is yes. I mentioned earlier that that is a big decision for the industry to make, because you need a lot of upfront capital costs. You also need to reskill and teach construction skills in a different way. You are not going to need plasterers and bricklayers working in a factory doing modular housing. In some ways it is comparable with the car industry—although, I am always reluctant to compare housing with the car industry, because housing is way more complicated than cars. Cars are relatively cheap compared with houses, and houses need to sit on a piece of land and, hopefully, last 150 years. You cannot really compare it with the car industry.

However, when it comes to factory lines and factory production, and people being able to choose their house type and accessorise it in a certain way, it is a fantastic opportunity. I certainly think it is exciting when it comes to inspiring young people to come into the industry. As I said before, it has an image problem at the minute, because we know that a lot of young people do not want to come into the industry. If we become clean-tech and build in a factory, it is going to raise building standards and quality control standards.

You will all have seen the headlines of snagging problems on new build estates because a lot of them are built really quickly, sometimes with people who might not be at the skill level they should be. It has been rushed. The building standards are not high enough. Sometimes they are not even monitored at the level they should be, which brings us on to building regulations and NHBC. Has the insulation been put in properly? Have the damp-proof membranes been put in properly? Have wall ties been put in properly? To assess that, there needs to be some self-regulation by the industry, which you could bring in with factory-built housing.

On a very simple level, if you build in a factory, particularly in this country, you are building in dry conditions. You could also have a 24-hour workforce. You can have three eight-hour shifts, 24 hours a day, working in a factory. That is what a lot of the factory industry does. When it comes to design, which I talked about before, we then need to be thinking about design for manufacture, not design for building



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construction. That takes a whole different way of thinking, and the industry is not there yet. It has started. A number of the big housebuilders have invested. Berkeley Homes has a facility in Ebbsfleet. Urban Splash modular has a building in the north. Legal & General has invested nearly £100 million in a factory on the outskirts of Leeds. That is a big, big capital cost, but that is big, big industry change. That is rethinking, in a completely different way, how we build houses.

On the first modular factory-built houses I did we had a problem because they were timber frame and insurance companies did not want to insure against timber-frame buildings, because they tended to be burnt when they were onsite and that is when arson attacks happened. We had to justify to the insurance industry that, when these houses left the factory floor, they were fireproof so they could insure against them. That took us four years. All of those things have to change.

How we mortgage those properties could be looked at in a different way. How young people might want to rent them could be looked at in a different way. We live in a very mobile society now. A lot of young people do not want a 25-year mortgage. They do not want to stay in the same house, in the same place, for the rest of their days. They also know that, every time they move, they have to pay more stamp duty, which they do not want to do either. We are on the cusp of what could be a really exciting change in the home building industry.

Q37 **Chair:** On that note, thank you very much for attending and answering our questions.

George Clarke: Thanks for having me. I really appreciate it.

Examination of Witnesses

Witnesses: Philip Glanville, Lynn Hinnigan, Richard Johnson and Rachel Blake.

Q38 **Chair:** Good afternoon and thank you for waiting. Would you please introduce yourselves and say who you represent? We will start with Rachel.

Cllr Blake: Good afternoon. I am Councillor Rachel Blake, the Deputy Mayor at the London Borough of Tower Hamlets.

Philip Glanville: I am Phil Glanville, the elected Mayor of Hackney, representing the Local Government Association.

Cllr Hinnigan: I am Councillor Lynn Hinnigan, the Deputy Mayor for Liverpool.

Cllr Johnson: I am Councillor Richard Johnson, Executive Councillor for Housing at Cambridge City Council.

Q39 **Chair:** We have four of you on the panel and we have a number of



questions to ask you. If you agree with one another, there is no need to go into great detail about it. If you disagree with colleagues, then we would be very interested in the different points of view. Possibly there are questions that are lined up from colleagues here about particular aspects that you may each want to take up individually. I start with you, Phil, in relation to the current affordable homes programme. The Secretary of State has suggested that the Government will likely be announcing one in the multi-year spending review. What changes would you like to see—and I think this is probably on behalf of the Local Government Association as a whole—in that programme?

Philip Glanville: We want certainty in that programme, so we all want an affordable housing programme. We have had a Queen's Speech in which we did not really see housing mentioned explicitly. We have a Budget later this week. We need long-term investment in social housing and council housing. At the moment that simply has not really been there. If you look at the number of social units delivered in the existing programme, it is a very small proportion. I admit that there is affordable housing being delivered more broadly, and shared ownership units as well, but it is getting to the sorts of numbers that the previous panel looked at, whether it is 100,000 or a similar figure for delivering genuinely affordable social and council homes.

It is really important that that is available to all parts of the country. There are stockholding authorities and non-stockholding authorities. We need to make sure that it is available to housing associations as well as to those with HRAs. That is really important as well. We have seen quite a lot of funding initiatives and announcements over the last couple of years and there has not always been that equity that councils have been able to access that kind of funding.

It is not good enough to think about it just in terms of funding cycles. We need to make sure that there is long-term investment stability around rents as well. The announcement where we saw, at the start of the last decade, the Housing Revenue Account reforms was a positive step forward, but that came with a rent reduction swiftly afterwards, probably imposed by the Treasury. That period has now come to an end. We saw the announcement of the HRA debt cap rising and then we saw the announcement on the Public Works Loan Board.

We always seem to see some shift, in a positive direction, for the ability of local government to deliver the genuinely affordable homes that we need and then a step back from releasing the sector to deliver at scale. To deliver at scale, we need long-term certainty around grant levels and the funding settlement.

Q40 **Chair:** How long would you like to see the multi-year settlement last?

Philip Glanville: With capital infrastructure, it takes a long time to scale up a local authority's capacity to build. People are making long-term borrowing decisions, so something in the region of five or 10 years in



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terms of a capital settlement. Admittedly, a spending review is looking at revenue spend for Departments. I can understand why that might be a more short-term position but, in order to really see the delivery, we need something much more substantial.

Q41 **Chair:** Does the LGA have a view on how many years that should be? You said five to 10.

Philip Glanville: I am not sure that it has a consensus at the moment.

Q42 **Chair:** That is fine. Rachel, do you have any other views on what you would like to see?

Cllr Blake: I would agree with that, and I particularly agree that it cannot just be seen as being about funding rounds; it does need to be seen, in terms of certainty, in relation to rent levels and tenure levels. The point needs to be emphasised that when councils are expected to have 30-year HRA business plans, it is only reasonable to expect the Government to understand the kinds of investment decisions that we are making. I suppose that we all share the ambition that council home building is business as usual and that everybody should have a programme of council home building. That is what we heard George Clarke talking about earlier.

Q43 **Chair:** Do you agree with the current tenure mix that is proposed, particularly the emphasis on shared ownership?

Cllr Blake: Shared ownership in the borough that I represent, Tower Hamlets, is not in any way affordable. I noted with interest some of the figures that George Clarke was talking about. The median ratio of house prices to local earnings in Tower Hamlets is 12.7, which is higher than the English average of 8.0. We can face really considerable challenges in terms of delivering homes. When we have looked in detail at affordability locally, through our own affordability commission, we found that most families would need to be in social rent on the median incomes that we have in Tower Hamlets. The latest was about £30,000, but that is quite high, and most families will need to be spending significantly less than that of their own rent. Shared ownership is very much out of the reach of many residents in Tower Hamlets.

Q44 **Chair:** Linnie, do you have a view?

Cllr Hinnigan: In Liverpool we have a big mismatch now in terms of affordable housing. We have 11,500 people waiting for one-bedroom properties because of the bedroom tax. In terms of housing people, it is not just about affordable housing; it is also about having the right tenure of housing. We have this big list of 11,000 people in the city waiting for one-bedroom properties, so it is really difficult. We need to be building the right properties and getting our registered providers to look at that, where naturally they would not be looking at building one-bedroom properties.



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Q45 **Chair:** Are you looking for this affordable programme to look at the mix not only in tenure but in the size and scale of properties?

Cllr Hinnigan: Yes.

Q46 **Chair:** Would you want flexibility at a local level to determine that, rather than being determined from the top down?

Cllr Hinnigan: It has to be at a local level. We know what we need but we are working with the city region to come up with how we address this as a region.

Cllr Johnson: In Cambridge we have been quite lucky over the past few years because, as part of the devolution deal agreed with Cambridge City Council, Cambridgeshire County Council, Peterborough and others, we received £70 million. The £70 million is part of an overall package administered by the combined authority. We have had that money allocated to us to build at least 500 council homes over the next few years. We received that first tranche in 2017. It is anticipated that we will start onsite by at least 2022 for the 500, and that has allowed us to bring about a really enhanced level of skills available to us as a local authority not just to move forward with 500 council homes over the next few years, but to deliver more beyond that.

We have an investment partnership with Hill Residential, which has enabled us to buy in the skills that they have as a developer, in terms of land purchase and so forth, and quality of new build homes. We are very lucky in Cambridge that we have the grant funding to really deliver at scale, but of course this raises the question, as others have said, of having that grant funding in place for a sustained period of time, so not just for a five-year period like us; it has to be continuous. We all know that there is a dearth of social housing and council housing in this country, and central Government have to come in and assist local authorities to deliver the homes that really meet the requirements of a local area.

Q47 **Chair:** Do you have any concerns about the current proposals for the First Homes consultation, which has been criticised by some people?

Cllr Johnson: We do. This obsession with home ownership, as has been mentioned by George and others, is disconcerting to me. Of course it is a legitimate aim to look at helping first-time buyers on to the housing ladder, but there are 1,500 people on our housing needs register. It is a low number compared with some other local authorities and London boroughs, but we have to bear in mind that there is a paucity of affordable accommodation, and it is our responsibility, as a local authority, to make the arguments for adequate and sustainable social housing for our citizens. That is what I am focused on.

Q48 **Chair:** Are there any other views on the Government's First Homes proposals?



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Philip Glanville: I appeared on behalf of Hackney at the Bill Committee stage for the Housing and Planning Act, and I was very critical of starter homes. I am here for the LGA this time. Some of the things that were talked about in the previous session, where we might see First Homes in perpetuity at that level of discount, are a positive step, but when you look at how the number of homes being delivered through section 106 agreements, there is a balance between social rent and home ownership already, and that further dilution. There is a real challenge around trust in the planning system. People are contesting affordable housing and who that affordable housing is for.

Something like this further dilutes what we really need, which is social and council housing. If we look at the council waiting lists, the amount spent on housing benefit nationally and the amount of families in bed and breakfasts, the real change that we need injected into both the planning system and the funding system is at the social and council end, not at the home ownership end. There is an element that we all, I hope, would have a consensus on, which is that local authorities, through their local plans and through the way that they are delivering development, are best placed to understand their local housing markets.

I have been on the committee at the LGA and there is a lot of consensus between urban and rural, and between different political parties, that we need to see that investment in affordable housing. If you applied something like First Homes to rural communities, you could end up in a situation where you are simply not seeing any homes for rent being delivered at all.

Cllr Hinnigan: In terms of First Homes, I think of my grandmother, who used to say that people had an aspiration to get a council house. Years and years ago, where I lived, people lived in rooms with the family, and it has almost come full circle, because that aspiration is there. They are stuck in the private sector, as they were pre-war. We have just had our landlord licensing scheme halted, which is devastating for our city in terms of protecting our most vulnerable. People are forced into the private sector. Social housing should be a given for anybody. It is great to have aspirations if you want this, but it should be a given. There should be social housing or council housing for everybody.

Cllr Johnson: Could I just add a point? If we are going to look at building homes of various tenures, Philip alluded just now to the fact that the strain on the planning sector is such that it has to be seen as a national crisis. I understand that the National Audit Office publication last year identified that the number of local authority planning staff fell by 15% between 2006 and 2016. In Cambridge we put in place a joint planning service with our neighbouring authority, South Cambridgeshire, to try to assist with joint sites that straddle both local authorities on the fringes of Cambridge. There is a significant bottleneck in the planning system. It is all very well talking about different types of tenure, but how



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are we going to get the homes built if we do not have a planning system that is fit for purpose?

Q49 **Chair:** Just to be clear, you are talking about a bottleneck in the planning system.

Cllr Johnson: Yes, I am.

Chair: It is taking too long to approve or agree the planning applications in the first place.

Cllr Johnson: Yes.

Philip Glanville: Just on that, nine out of 10 applications receive permission in the system nationally. Where there is a gap is in the construction industry's delivery. There are nearly 2.6 million homes consented and 1 million have not been built. While there are challenges in the planning system, the constant return over this last wasted decade of saying that it is the planning system at fault or the building standards at fault is simply wrong. The construction industry has not risen to that challenge and the issues around land—that were discussed in the previous session—are far more prescient than going back to the planning system and consent.

Chair: We will come on to that in a minute.

Cllr Blake: I want to emphasise our concern about the relationship between First Homes and section 106. In my local authority of Tower Hamlets we expect between 35% and 50% of all new applications to come through as affordable. Within that, we expect 70% to be genuinely affordable rented accommodation and only 30% of the affordable should be a home ownership product. The level of emphasis and central control over the First Homes proposals is one of the most worrying bits, where it is anticipated that all of this product would come out of section 106. It means that I cannot see how that does anything but squeeze the genuinely affordable homes that we know we need.

All of us are localist; we all represent our patch and are passionate about that. One of the things that the Committee should be most worried about is that this would be quite a centrally directed scheme. None of us thinks that First Homes works. Let us accept that First Homes is not affordable but let us worry about the fact that it would be quite centrally directed in a process that I do not think respects a local government perspective.

Chair: We will explore some of these areas in a bit more detail.

Q50 **Rachel Hopkins:** If I direct this to Philip first for the LGA take, and then everyone can add, this touches on some of the things that you have spoken about already. What are the main barriers to building social and affordable rented housing for local authorities? How could central Government help to overcome these?



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Philip Glanville: It is some of the things that I have talked about already. It is the funding certainty. We are looking at historically low levels of grant for genuinely affordable housing. I do not want to take us too far into Right to Buy, but a lot of us have seen stock lost—79,000 units across the country since Right to Buy was revitalised. There was a lot of talk then of one-for-one replacement and funding for one-for-one replacement. Local authorities have development programmes that are trying to do that. The funding settlement with Right to Buy does not work for the delivery of replacement homes. Fixing that is something that the Government have identified, and that this Committee has identified, as a challenge they could address.

A consultation was done in 2018, and we simply have not seen the results of that. That would be quite a quick fix, looking at the proportion of that funding that local councils retained and seeing that reinvested in affordable housing. Daniel has left, but there are competing demands of different sources of funding. There is funding in the system that is incredibly hard for local authorities to unlock under the current settlement.

We also need to think about the impact on rents and some of the other challenges that local authorities have faced over this last decade. You as a Committee will be aware of the challenges around climate and the challenges around Grenfell. The housing revenue accounts that local authorities are using most often to develop these homes are suffering from a variety of other pressures and, again, certainty over Government funding for cladding and for the climate emergency is also really important as we go forward.

The barriers are primarily about funding certainty. All of us, as respective local authorities, have worked within different planning systems. The LGA would say that the best answer is that subsidiarity, that localism agenda, of local plans developed with the local people, and delivering the consents that the Government would want us to see in those contexts.

Cllr Blake: In my borough we are incredibly constrained in terms of land, but we are motivated and we are driven by addressing the housing problems in a borough where we have over 50% child poverty, with housing costs being one of the most significant causes of that.

We have an app where you can identify a site online and you can just tell us where you want to see council homes. We have an ongoing asset review where we are looking at both our housing land and also our general fund buildings to identify land availability. That only goes as far as it can, so the things we want to talk more about are how we can purchase land and CPO processes, so that we can purchase land at an affordable price so that we are not paying for some of that hope value that you might get.



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That is a really big issue for the next stage. So many local authorities have been on this approach for 10 years now, looking at places for new council homes. That is the next step we have to look at.

Cllr Johnson: It was a welcome development that the cap was removed a few years ago, but it is worth noting that the HRA rules are still quite restrictive in terms of borrowing and borrowing needs. When we are looking at new projects and delivery of new schemes, they also have to stack up in terms of the overall 30-year business plan of the HRA. In some cases, if we are looking at the amount of borrowing required to fulfil our objectives in building new social homes but also making them up to Passivhaus standards and all the rest of it, there is this conflict between viability and being zero-carbon.

These are issues that we have to grapple with as a local authority as well. While the removal of the cap is great, there are still issues in respect of the financing of the HRA and the overall business plan that make it difficult for us to move forward perhaps as quickly as we would like.

Cllr Hinnigan: Land is an issue everywhere we go, particularly in Liverpool. We have just been told, "It's great; you can build council houses." That is massive, but where are we going to build them? We are restricted in terms of land.

One of the things I cannot get my head around is that the Government have given this big commitment around housing and the housing agenda. The public loans and interest increase should not apply when it comes to local authorities lending money to build council houses. That should be looked at to say, "No, that does not apply."

I just want to go back to what Daniel said before, because I am also conscious of the arguments he gave on adult social care. I was dying to speak when George said, "I am not a politician." If we just look at the housing bill for adult social care in Liverpool, it is massive. A lot of our properties are pre-1919, and 61% are pre-1944. We have lots of old housing stock. We have lots of stock where we have people who are maybe asset-rich but cash-poor—people living in poverty but with a house that they have had forever and a day.

In terms of our adult social care, we spent something like £6 million this year just on adaptations for poor properties in Liverpool to make them fit for purpose. We have an ageing population, and we have lots of people living in poor-quality housing. He wants us to make the difference in terms of what we can do and where we spend, whether or not that is in adult social care. There needs to be a better solution. We need more money from central Government to make this right, because having lots of our ageing population in temporary accommodation is very costly to the city. Do we not look after our most vulnerable?

Philip Glanville: To build on that, we have an ageing population in the private rented sector, certainly in London and in inner London. It is one



thing to adapt a property where someone has a lifetime tenancy or they own their own home. Negotiating that with the private landlords on rolling six-month tenancies is almost impossible and we will see a real crisis as people age in the private rented sector with challenges around affordability and adaptability for need, and there is the same challenge if you have children with special educational needs. They need those adaptations.

To take my LGA hat off for a second—and I am sure this is common for a lot of local authorities—I know from my own postbag in Hackney that a growing challenge is people in the private rented sector having their first child and then not being able to adapt their homes for that child's needs. That will cost society in the long run if we do not make the investment in proper, genuinely affordable homes.

Q51 Rachel Hopkins: Can I ask a quick question? You touched on the HRA. It has been suggested that about half of councils would not be able to build a single home as they no longer had an HRA account. I was just wondering whether that was true or how you think councils could be supported to contribute to building homes.

Philip Glanville: I understand that 205 local authorities do not have an HRA, either because they historically did not or because they have done stock transfers into housing associations. We have to make sure that funding is available for local authorities with HRAs and those that may be interested to return to having an HRA or set up a housing company that could be used to develop affordable housing, and then make sure that there is investment in housing associations and those that local authorities are often in partnership with.

There is a role for those authorities as conveners, as local housing authorities as well as planning authorities. I know many local authorities where there is no HRA but they are very actively engaged in development, using their own land in partnership with a housing association that may have grown out of the council a couple of years ago.

Q52 Rachel Hopkins: Can I ask Lynn something? There is that relationship. You have your own local housing company, Foundations. What is the relationship between the HRA and your own company?

Cllr Hinnigan: Foundations was set up at a time at a completely different time, when we did not know that we were going to be able to build council housing. It was initially there to support home ownership, bring forward stalled or difficult sites across the city and act as a private and ethical landlord. We know that people still want to buy houses, but around the Rent to Buy agenda. It was for people who wanted to get on the housing ladder.

Now we can build council houses, it will have a completely different relationship in terms of how it moves forward, but we will be working together because we are hoping that the profit it makes will be put back



in to support the building of council houses. It is almost like a common landlord. We will have a say. It is an arm's length company of the council, but it is almost a common landlord so that any money it makes as profit can be put into building council housing.

Q53 Rachel Hopkins: Can I just ask Richard about the £70 million devolution deal to your city council area and the housing plans? How many social and affordable rented homes would you have delivered if you did not have this funding?

Cllr Johnson: The £70 million is only contributing 50% to the overall costs of the schemes that we are bringing forward. The remainder is funded by a mix of HRA and Right to Buy receipts. The £70 million was helpful for kick-starting a programme of delivery, but it was not sufficient in itself. The £70 million being available to us was useful for utilising the other finances that are available to us to deliver the 500.

Q54 Rachel Hopkins: I have one final question. It might be something for Philip as an overarching LGA thing. Have issues with the duty to co-operate come up for local authorities, as a barrier to building?

Philip Glanville: The committee I serve on within the LGA board has representation from across local government. There are often county councils, district councils and city councils within counties. It is a question that I am sure Cambridge, Oxford and many others talk about: the need to look beyond district boundaries and city boundaries.

There are huge pressures in those towns. We are not seeing local government reform in the sense that cities used to expand historically, in this country, to recognise their pressures. That duty to co-operate, that need to look beyond city boundaries, often when surrounded by district councils, is really important to local government and the development of local plans at that level. Whenever you talk to colleagues from Oxford and other cities, they say it is a huge pressure.

Q55 Ian Byrne: I am going to direct this question to Rachel, but it is hugely important so you can all answer it, for the purposes of the report. The Secretary of State told us that the 1% increase for the Public Works Loan Board announced last year by the Treasury would not deter councils, and neither would it have a significant impact on house building plans. Do you agree? Does it have any specific ramifications for your plans? I would like everyone to answer that, because it is important that we get the full scale.

Cllr Blake: As a sector, local authorities have been hugely concerned about this increase. We have done some estimates about this. We have not started to use all of our borrowing yet but, on an estimated £345 million of borrowing, if you compared today's rates with what would be 1% cheaper, we found that it would be £123 million more expensive to have it. That is a real, tangible impact on the scale of borrowing. That would be over a 50-year borrowing period. That is not a real-life example but a worked example of the kind of decisions and considerations that we



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need to make. We would have to factor in that £123 million cost for our own programme.

If you look at our current programme of 1,000 council homes, it is £383 million. That is a huge chunk of our current programme that would be at risk going forward for that period of time. It is a really serious concern.

Philip Glanville: I would echo all of that. Certainly at a borough level, as I set out at the start, the challenge is that we keep seeing what we think is an improving situation, for example with HRA cap being lifted and then that movement on the Public Works Loan Board.

Lynnie, you made the point that while there are local authorities using their borrowing powers to make investments in all sorts of things to offset their general fund position, building housing within an HRA is a very different proposition. There is a tangible asset being built. We all, to some degree, capitalise our rents in the long-term business planning to build those new homes, and then the borrowing capacity that we need is being affected by that rate rise and will have an impact.

The LGA has been doing some modelling, and it is probably best that the LGA, through me, writes to the Committee after today to look at some of that modelling. When that announcement was made there was some extensive engagement with the Government, but it does just feel that you move forward and then the rules of the game change. It has been changed to solve another problem. The investment in affordable housing is not why that rate was increased.

All of us in local government are looking at other ways that we can finance. Local government has been looking at a new Municipal Bonds Agency and alternative forms of funding that can often now be cheaper than the Public Works Loan Board. Over the past decade, whether it is through housing companies or other routes, local government has been constantly seeking to innovate, often in very difficult circumstances, to build those council and social affordable homes.

Cllr Hinnigan: I have said what I feel, but it is almost like, “We will give you one thing, but we are going to take away another.” We had the removal of the cap, which is great, but then this policy of 1% extra just feels self-defeating. It is setting us up to fail.

Cllr Johnson: In Cambridge we are not directly affected. There was one scheme, Park Street car park, which is a project that is being delivered—there is no social housing on that site—via the Cambridge Investment Partnership, where we had to look carefully at the impact of the 1% rise. But it is worth making the general point that it is unfortunate that the Government are punishing local authorities that are having to deal with the effects of austerity. As a consequence they have to ensure, in effect, that they have the revenue generated to fund the services they require. We think it is a sledgehammer cracking a nut.



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Councils of course need to demonstrate prudent financial management, but if the Government are not going to support them, and they need the funds to deliver even basic statutory services and maintain reserves, they must become innovative in raising revenue. That is a crucial point that needs to be made, and it is disappointing that the Government went down this route.

Q56 Ian Byrne: There is a consensus to support a discount rate to apply specifically to house building schemes. Would you all agree with that?

Cllr Hinnigan: Most definitely.

Cllr Blake: Yes.

Q57 Abena Oppong-Asare: We heard from George Clarke earlier about his views on Right to Buy. If you were given the freedom to determine the Right to Buy policy within your area, would you suspend it? I want to start with Rachel.

Cllr Blake: Yes, and let me tell you why. This month I am working with and supporting two families who came to my surgery—just two families this month in one ward, to give you a sense of the scale of it. They are living in ex-Right to Buy accommodation, probably through a temporary accommodation or a discharge of duty. Their kids have benefited from early years services in the area and they go to local schools, but they are both faced with eviction. These housing policies are failing our families. For one of these families, their rent has gone up by 39% since they first started their tenancy. For me, that is why the situation is so bad that it does need to be suspended.

We have done some comparisons of where addresses are linked to leaseholder owners' addresses in the borough and we found that 400 leaseholders own more than one property. That is not what the policy was originally set up to do; it was not set out to enable people to accrue property.

Since 2006 we have lost about 1,400 homes to Right to Buy in Tower Hamlets, and that means 1,400 families are no longer able to move into a social or council home. We have seen our lettings reducing over the last few years, because of a loss and an inability to keep up with it after a big spike after the 2013 increase in the discount. It would be well worth the Committee looking in some detail at some of the timings of when the additional discount came in, when there was an increase in Right to Buy and what that has done to overall lettings and the ability of local authorities to meet housing need.

Just thinking about the outlook for those families who are living in ex-Right to Buy accommodation that, if it had not been Right to Buy, it could have been their longer-term home. It has a huge cost to their own wellbeing in terms of their kids having to move schools. It is a cost to the local authority in terms of housing options and advice to be provided, and then it is a long-term cost in terms of any support they need to pay their



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quite high rents. So there needs to be a holistic look at the impact of this overall shortage.

Q58 **Abena Oppong-Asare:** That is very helpful. Thank you for the recommendation as well. Philip, I know you are here with your LGA hat on, so I understand if you do not want to answer.

Philip Glanville: The context that the LGA would provide on this issue is that since Right to Buy has been reinvigorated, nearly 80,000 homes have been sold to Right to Buy, and local government has only been provided with funding to replace around a quarter of those. That is the challenge, whatever the ideological position people feel they are in.

We have 86,000 families in temporary accommodation. Obviously, all of those homes would not have been used by those families, but a considerable chunk would have been. That is where the LGA comes from. Different housing markets will be under different pressures, and those decisions around Right to Buy should rest with local authorities or regional authorities.

Our real ask of the Government is this. Among all of the LGA's members, there will be people who are very happy with the Right to Buy system, and there will be colleagues, such as Rachel in Tower Hamlets, who want to see it suspended. That power should rest with local authorities, based on their local housing challenges. We could then look at levels of discount, we could look at full suspension and we could look at something that held that discount in perpetuity for future generations. There are all sorts of options for the reform of Right to Buy.

As I said at the start, there need to be funding mechanisms that deliver one-for-one. I do remember Ministers at the Dispatch Box in the last decade saying that we would get two-for-one replacement for those homes lost through Right to Buy, and that just simply has not happened.

With my Hackney hat on, I would absolutely echo what Rachel has said. We need a suspension. Hackney has lost 10,000 homes to Right to Buy over the time it has been implemented across all of the stock. I imagine a world where that was 10,000 low-cost home ownership homes constantly recycled into the sector and what a different tenure mix we would have if that had happened.

Q59 **Abena Oppong-Asare:** Thank you. Lynn, do you want to add to that?

Cllr Hinnigan: Yes, I echo what Philip and Rachel said, but we also need to look at the impact of Right to Buy on communities where they have bought the house but they then cannot afford to maintain the house. It is estimated that 40% are now in private ownership. They buy them and they get them really cheap, but then they sell them on to private landlords.

Under our landlord licensing scheme in Liverpool we had 49,000 properties, but they were owned by 7,000 landlords, and obviously there



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is compliance and keeping them up to date. I would suspend it, most definitely. In terms of how they maintain it and all of that, that really needs to be looked at.

Cllr Johnson: In Cambridge since 1980 we have lost 40% of our overall stock. That is 5,500. We currently have 7,000 available. Of course, we were impacted by the reforms in 2012. It is only just now that we are seeing the increase in the number of council homes that we have lost level off and return back to pre-2012 levels. We are only just making a dent in that through the new-build programme that we have been talking about.

The issues around HRA funding and the acute pressures in terms of the availability of affordable housing suggest to me that, certainly in Cambridge, we would make use of that power to suspend Right to Buy. Failing that, if we were not given that power, there has to be fundamental reform of Right to Buy and how it works, because at the minute it is not working.

There is a consultation, which was alluded to earlier, that was carried out in 2018. We still have not had the Government's response to that. Even if we were to see an increase in the percentage of the receipts we can use to fund new developments, it still will not be enough. I just hope the Government will actually reflect on that.

Cllr Blake: I have one more point about variations. At the moment you have to wait three years before you can sell on, but you can let out immediately. That is certainly my understanding. In terms of variations that the Committee could explore, the impact of giving the discount and then letting out, possibly even on to another private landlord who might then let back for temporary accommodation, should be given some serious consideration as something that needs to be looked at to mitigate the impact of the damaging effect on housing needs.

Philip Glanville: It has not fundamentally expanded home ownership; half of them are rented out. Building exactly on what Rachel has said, certainly historically in inner London, they have been let back to local authorities to house temporary accommodation.

Q60 **Abena Oppong-Asare:** I want to go back to Richard's point, which I will take to you guys as well, which is helpful, about reforming Right to Buy. As you know, Scotland abolished it in 2016. I am just wondering whether England could follow Scotland's example of phased abolition by allowing authorities to apply for "pressured area status" and excluding it to new builds. That is an alternative. You are saying yes to that.

Cllr Johnson: Yes, absolutely. I agree with that fundamentally.

Abena Oppong-Asare: You all agree with that.

Cllr Blake: Yes.



Cllr Hinnigan: Yes.

Philip Glanville: The LGA has never formally called for abolition.

Abena Oppong-Asare: You have your LGA hat on again.

Philip Glanville: It is the ability to determine that locally. In consultation responses, we have been very concerned that it could deter new council house development. At the moment, you cannot sell a home that has cost more than the cost to develop it, but it still does create uncertainty in long-term business plans, especially with the high levels of discount. There is definitely that wish to make sure new homes are protected.

Q61 **Abena Oppong-Asare:** That is helpful. There is just one other thing I want to ask. Are local authority housing companies simply a way to avoid Right to Buy being available for tenants? I know that is a tricky one for you to answer, Philip, because of your LGA hat.

Philip Glanville: That is not why those housing companies were set up. I know that some councils have said that is the reason, but most of the time, as Lynnie said, it was the uncertainty around whether there would be HRA reform and whether councils would be given the freedom to develop again or part of the innovation that local government has been going through in a decade of austerity, and missed opportunities at a national level around housing policy.

As others have said, many of the housing companies are not just building council and social housing; they are looking at key worker housing, Living Rent-type products and shared ownership. There is also private sale often in them as well. They are quite complex organisations. Some have been set up to deliver temporary accommodation at a lower cost and higher quality. You will not see one type of housing company, and they are all providing different sets of options for local authorities to deliver the housing they need at a local level.

Q62 **Abena Oppong-Asare:** Is there a perception from people that that is the case; that it is just for Right to Buy?

Philip Glanville: Some of the debate has gone in that direction, but that is not the experience of the vast breadth of housing companies. The Government have sometimes seen those housing companies as being a vehicle to protect against Right to Buy, and some local authorities have said that. As I say, the complexity and the subsidiarity of those different types of housing companies across the country would show that that is not the case.

Cllr Hinnigan: Under the Localism Act it is really difficult because we cannot be seen as a landlord. As a local authority, under the Localism Act, we cannot be seen as a private landlord or as undertaking commercial activity. We have to do that, but it is about reinvesting the money we do make back to those who need it.



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Cllr Blake: There is a reason Tower Hamlets set up our housing companies as they are. We have one, Seahorse Homes, which is in order to generate additional funding so that we can subsidise genuinely affordable homes within the Mulberry Housing Society. It was very much set up as an innovation to get around some of the more convoluted funding mechanisms, particularly around Right to Buy at the time.

We would all agree that the way they have been set up was a function of the time when you could not borrow within the HRA and there was no hope of reform of the really, really complex rules about spending Right to Buy receipts. There is a bit more hope that the spending on Right to Buy receipts might be made less complicated—maybe not. Maybe there is not much hope, but the big driver was to be able to let local authorities have a source of generating funding in order to cross-subsidise at a time when we were very constrained.

Abena Oppong-Asare: Richard, you do not have a housing company.

Cllr Johnson: Cambridge does not have a housing company of the kind that you are referring to, but we do have a housing company, funded by the general fund, that invests in accommodation that can be provided to assist people who need short-term accommodation and to be a bridge towards getting into social accommodation.

Q63 **Rachel Hopkins:** We have touched on being able to retain 100% of the receipts of Right to Buy sales. Would you be able to replace each sale? You touched on it earlier. If you were able to retain 100% of the receipts, could you replace every sale?

Cllr Blake: Looking at what our average receipts per unit are, probably not. We have an average unit cost of delivering of £320,000. That is what, within our programme, is our average unit cost. Doing some figures about the average cost of a home in Tower Hamlets and then putting the discount in does not give you very much wiggle room, so we would still need to do some additional.

That is the scale of the gap we have at the moment. I would be happy to get you some more detailed programme figures about what would happen if we kept 100% of the receipts. After the £110,000 discount, that still does not get you the build costs that we are looking at for some of our programme.

Philip Glanville: I have said that we are replacing less than a quarter of the homes currently being sold to Right to Buy across English local government. It would help. It would allow people to plan for longer. There is a three-year cycle from sale to spending of receipt. If you are talking about getting planning permission, going out to tender and getting on site to delivery, that is almost an impossible window unless you have an existing development programme.

Q64 **Rachel Hopkins:** Just on that point, if we extended that to five years, would that be a positive impact?



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Philip Glanville: It would need to be five years plus the level of receipt that can be spent on an individual home. At the moment, 30% of the cost of a new home can be funded by Right to Buy. If you moved that to 50%, in Hackney alone you would get 200 additional social rented units. That is a 20% rise in our own delivery programme. If you moved it to 60%, we would get 400 social rented units.

That is just one example from my own local authority, but across the sector we definitely think that five-year movement and the level of funding per unit needs to change. There are also colleagues within local government who would like some flexibility over the types of tenure that are built as well.

Cllr Blake: Can I just add to that? In terms of the process, there are lots of councillors around the table, but a huge amount of work went into monitoring every single week what we were spending in order not to have to give back to the Treasury. We are talking about hundreds of thousands of pounds of officer time for doing that. As a Department, it should seriously consider whether that is a sensible way to be engaging with local government when there is, quite self-evidently, a real demand for building these homes.

As Phil says, five years would be better but, in terms of the quarterly monitoring, hours, days and weeks of time have been spent on making sure we get that money in when that could have been spent on designing a home, applying for planning permission or identifying a site, which is really what delivery is about.

Philip Glanville: It is also a huge financial risk. If you do not think you can spend the receipt, having to pay it back with interest has dissuaded so many local authorities from even starting the journey of using their Right to Buy receipts to build those homes.

Cllr Hinnigan: I agree.

Cllr Johnson: I would just make the point that, if we are looking at having 100% of the receipts, it is probably not going to fund a new build home. However, if we did not have the restriction on procuring existing properties, that may help councils fulfil the objective of having a one-for-one or whatever, because the costs would be less. But my understanding is that the Government want to put in that restriction and make sure that local authorities are barred from using those receipts on that basis. That needs to be looked at as well. We were quite forceful in expressing our disapproval in the consultation.

Philip Glanville: Just to finish on that topic, there is a good example in London, which protects Tower Hamlets and Hackney slightly, because there is a London pool agreement with the Mayor of London. Our receipts are now pooled and we can draw them back down without risking seeing them return to the Treasury if we do not meet the three-year funding window, and the interest is recycled back into that. That is only a



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comparative innovation, which the Government and the Mayor of London have agreed. If there was a recommendation to other regional authorities or clusters of local authorities, that power could really help, potentially, if there was not full reform.

Q65 Rachel Hopkins: I have a final quick question, because you touched on it before. Many former council homes have been purchased through Right to Buy and many you now rent back from private landlords to meet your homelessness obligations. Do you have any figures on that? Is it a significant issue? Can you talk about it?

Cllr Blake: It is a hugely significant issue. We reckon we are renting back about 500 in Tower Hamlets. The figure moves, but overall we have about 2,000 homeless families at the moment and about 500 on licence with ex-Right to Buy homes, but we could certainly give you lots more figures.

I know London collaborates a lot on this issue because of the impact on families of having to move across boroughs. I am sure London would be able to provide you with the details of those figures. The Mayor of London is hosting some collaborative work as well, which he could share with you.

Philip Glanville: I only have my borough figure, which is 130 in-borough currently being rented out for temporary accommodation. We would want to go back to the LGA and provide you with some more detailed figures on that.

Cllr Hinnigan: In Liverpool, obviously all of our stock went; it was all transferred. A lot of the registered providers have sold them off, particularly in poorer areas, which is really unfortunate. Maybe through Foundations or through our own council we are looking at buying some of those properties back and bringing them up, so there are a number of things that we are doing.

I know that today we have 55 families in our city living in bed and breakfasts. We have 750 beds for temporary accommodation, which are constantly full, in terms of hostels and refuges. It is a massive issue, because they are being sold off.

Cllr Johnson: I do not have the information at my disposal, but I am very happy to make it available to you.

Q66 Ben Everitt: We spoke earlier about the multiple points of failure in the housing market. We spoke specifically about the social and affordable rented end of that. A couple of you noted that the problem was not necessarily with the planning system, and I take the point. We are really almost looking at a systemic problem where, across the board, we need it to be better, simpler and certainly more functioning.

However, here you are, sitting in front of the Committee in the heart of Government. If you could see changes to the planning system, what



would they be?

Philip Glanville: Focusing on the problems within the planning system, I know you said forward-looking, but we have seen a decade of various White Papers and attempts to reform the planning system that were going to release the housing we needed. While we have seen, over the last six years, an increase in the number of permissions and an increase in the number of homes started on site, there is still that mismatch that I talked about the start.

Local authorities have seen a 40% decrease in their budgets being spent on their planning departments. We have seen some fee reform over the past couple of years, but we are still seeing council taxpayers effectively subsidising the planning system to the tune of £180 million, so we are doing more with less, as local government has done across the board over the past 10 years.

If there is going to be a further planning White Paper, we would like to see it look at some of the challenges over land supply, how compulsory purchase orders could be used and how existing use value is captured in those sorts of discussions. There has been some movement on viability, but George talked about how the new towns that were built in the 50s and 60s took agricultural land and essentially used the land value to deliver proper affordable housing. That is not something that is really available to any of the systems that we have at the moment.

There is some merit in what the Letwin review was looking at, in terms of plot sizes and how you encourage more SMEs into delivering the homes we need and making sure there is diversification so that you are not seeing plans and large tracts going into the volume house building industry and the same results coming out of the other side.

Q67 **Ben Everitt:** Does anybody else have any comments on that?

Cllr Blake: It is worth focusing on what the planning system can do before we start talking about what we want to see changed. In Tower Hamlets we have managed to bring in additional guidance to increase the quality of section 106 homes, which has addressed some of the points the Committee has heard about throughout the afternoon. We are currently looking at some planning guidance on high-density living to consider how we build at the scale we need to, where you can enable communities to really thrive in high-density new homes. That is what the planning system, without a planning White Paper, can do.

I have spoken to lots of colleagues to say there should be serious consideration as to whether we really do need a new planning white paper at this point. We cannot underestimate how much officer time and member time is spent considering changes, particularly if the changes that come forward are really just broadening permitted development rights, which really have not done anything to significantly increase the supply of affordable homes.



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If there was to be one thing, it would be a serious review of the housing delivery test. Tower Hamlets consistently approves high levels of homes through our planning committee. I have the figures here. For example, in 2018-19 it was 5,460, and in 2019-20 it was 7,067—that is just as of the beginning this month. Yet we have been asked for an action plan under the housing delivery test, because in '18-19 the actual completions, which would probably have mostly been in the private sector, have meant that we have dipped down into where the housing delivery test trigger happens.

Questions really needs to be asked about whether completed homes should be part of the methodology for the housing delivery test, because that is going to create an awful lot of work for officers who could otherwise be improving the quality of designs of new social homes as they go through the delivery process.

Q68 Ben Everitt: Thank you. That is comprehensive and quite instructive. You mentioned the issue of quality and section 106, and I will leave that to Mohammad. I want to follow up on something you mentioned that was really interesting, which essentially—I will paraphrase—is that you do not need a new White Paper; what you need is for council officers and planners to be able to do what they need to do. They need more muscle, not more rules. Is that fair?

Cllr Blake: Yes, that is fair.

Q69 Ben Everitt: I tend to agree. I am a councillor for a planning authority. I have to declare an interest at this point—it is in my entry in the Register of Members' Financial Interests. I totally get it. The planning shortages we have and the shortages of planning officers are significant. Is there anything we can do, in the short term and then in the long term, to be able to get through this?

Philip Glanville: It is looking at the fee structure that I talked about, so allowing local authorities to reinvest in our planners. I know that the LGA is doing work with local authorities that have development aspirations, on the development side, to improve skills and capacity. There is value in working across borders sometimes as well, and some of the things we were talking about around the duty to co-operate and thinking about how that works in terms of plan development.

There is no substitute for investing. Sometimes policy officers can be seen as back office. Nobody goes on marches, necessarily, to say that we should have more planners in the way they might do for nurses and teachers, but if we are talking about how we can ensure quality, how we can monitor the consents that have been given, how we can make sure they are built out in the way those consents are, then that investment is really important. It is equally as important as the investment in the brickies, the labourers, the designers, the architects and the development capacity within the SME sector.



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Q70 **Ben Everitt:** It is back to that systemic point, is it not? We need tweaks across the board. Rachel, you mentioned permitted development. The truth is that in the planning system, and certainly within the national planning policy framework, there is a great deal of tools in the toolbox that we can use to get stuff done. What impact do those exemptions have on the delivery of smaller sites of permitted development to get some social housing, council housing and affordable housing built?

Philip Glanville: George talked about the challenge of permitted development rights. It is the fact that they are exempt from all of the other parts of the toolkit. In terms of affordable housing contribution, they often do not need permission and often do not have space standards. I dread to think what their environmental credentials might be. Then you have seen the end use, which is often temporary accommodation, certainly in and around London, with the likes of Luton, Stevenage or Harlow, where you have seen that office conversion.

Stepping away from the LGA, you can use article 4 directions. A lot of inner London boroughs have done that to stop the loss of commercial space and to preserve employment uses. That is a toolkit that local authorities have, but then you have to build a bit of an evidence base around why you are using that to preserve employment uses. It can be quite challenging.

Q71 **Ben Everitt:** There is a balance to be struck between the top-down figures for getting these houses built—I nearly used the word “units” there, which we had a good warning about.

Philip Glanville: Homes.

Ben Everitt: There is a balance to be struck between meeting these numbers but doing that in a way that is appropriate and proportionate, with the right kinds of houses in the right place. Is that something that is shared in Liverpool and Cambridge?

Cllr Hinnigan: Yes.

Cllr Johnson: I certainly believe that. We have been talking about the national planning policy framework. There is already a target for affordable home ownership; there needs to be an equivalent target for the delivery of social housing for rent. There has to be more emphasis in national planning policy on the delivery of social housing. If you were to have that written down, that helps to incentivise councils, developers and everyone within the system to pull together and address this shortage.

Cllr Blake: If you look into the heart of the planning system and what everybody's local plan is trying to do, it is about building communities. If you have permitted development rights that allow often quite large office buildings to go over to residential, you have not planned for the early years services; you have not planned for the schools; you have not planned for the social infrastructure needs that are going to come from that. That is where a huge challenge has to come from in terms of what it



is that makes new homes part of a community. It certainly is not achieved through PDR.

Ben Everitt: I cannot say I disagree with you. We have to step back and get this right.

Q72 **Mohammad Yasin:** It looks like the Government are quite easy about increasing the planning fee. Will it help under-resourced departments within councils, or is it not big enough?

Philip Glanville: We want to see further reform. We have started to see a movement towards full cost recovery, but the costs of complex planning applications will vary across the country. The scale that district councils are being asked to deliver on in their local plans, often in quite small local authorities, means we need the full freedoms to charge what local authorities believe is a fee that will cover their costs, and that will differ all the way across the country. The missing part of the system at the moment is allowing local authorities to dictate that.

Cllr Hinnigan: In terms of the fee, we are not going to knock back any money, are we? We have had a 64% cut in our overall budget in Liverpool. There is stalled development right across the country. If they are going to be charged a higher rate for the fee, it may put off those who are not actually ready to do it. It might stop stalled developments.

Cllr Blake: In my authority we have a sliding scale of pre-application fees, which is certainly enabling us to give the service that applicants want to see, but it is probably a function of the fact that our actual planning fees are not localised that we have had to look to pre-application fees.

Q73 **Mohammad Yasin:** My next question is about private developers. There are a number of accusations that private developers do everything in their power to avoid affordable housing obligations under a section 106 agreement. What is your experience in your local authority?

Cllr Blake: The picture in London has changed significantly since we received the affordable housing SPG, which established a 35% threshold after which there would not be viability testing. That has really transformed the conversation that is had between local authorities and developers in terms of section 106 provision. It has created a level of certainty that is genuinely welcome on both sides.

In terms of the system as it is, it is welcome that the Government have established that the price paid for the land is not part of the calculation for viability. That should be established in guidance. What is an issue is that local authorities are having to invest so heavily in viability teams, particularly in boroughs like mine that have huge amounts of development taking place. We have a team of officers who can run viability assessments and analyse viability assessments, and commission additional expert advice if they need to. That is because we see how significant it is to bring in additional section 106 homes. That is just an



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additional burden that is really being put on local authorities in terms of scrutinising viability assessments.

Philip Glanville: There are similar views at the LGA. There has been some improvement around viability. London has its own separate system. Everyone wants the certainty. The worry about coming back to a planning White Paper that potentially introduces more uncertainty back into the system is that that does not help the long-term decisions that housing developers, housing associations and local authorities are making.

We need some stability in the system, some proper funding going into that system, and to allow local authorities and developers to get on with delivering. If the Government come back to this issue, the most important thing is consulting with local government and the sector, and making sure that any changes are the right changes to improve delivery and not something that creates uncertainty, which means that people do not develop.

Cllr Hinnigan: Taking one example in Liverpool, one of the things we did was work with a developer and a social landlord, and we built houses that were definitely not affordable, but the money we got for that land was then reinvested into building affordable housing, if that makes sense.

Cllr Johnson: The only point that I would make here, looking at Cambridge, is that the lack of grants available for section 106 sites means that there is really no incentive for developers to accept anything other than the highest offer. That has an impact on what kind of affordable housing you are going to provide. If we are looking at 80% affordable as a marker, that does not satisfy the needs of many people in Cambridge, because 80% of the market rent in Cambridge does not touch the amount available for people to rent from.

Q74 **Mohammad Yasin:** I have one more question. Is the current definition of affordable housing in the National Planning Policy Framework fit for purpose?

Philip Glanville: No. Anything that does not look at local income and need simply does not work. Consider the 80% market rate for affordable rent. There are all the arguments about the impact that has in London where you have an overheated private rental market, but that is the same in Oxford, Brighton, Bristol and other places. Where you have housing markets that are more subdued, again, market rate and social rents can end up being at a very similar level, but that is not the universal perspective. That was a very poor argument used when the changes to affordability happened.

What we need is proper local decision making on where affordable rents should lie. In terms of the London experience, Rachel touched on the work that Tower Hamlets has done to define affordable rent. The best way is to look at local income and housing need around rent levels, but also to consider the tenure mix on sites. It comes back to the First Homes



problem. That may well work in some locations, but simply dictating all of these things from Whitehall will not work. We need to listen to local authorities.

Cllr Johnson: We need to see fundamental reform with respect to the broad rental market area calculations. Taking Cambridge as an example, we are a high-rent hotspot, but if we are talking about the calculation of average rents in determining the level of local housing allowance paid, it is a huge barrier, for many people, to renting in the city. You are having to take into account parts of the BRMA that are comparatively low and less expensive in terms of average rent, which puts the figure down. There has to be fundamental reform in terms of how local housing allowance is calculated and made available to those who wish to rent in the private rental sector, for instance, or in other forms of tenure.

Cllr Hinnigan: The definition of affordable does need complete re-looking at. We have social registered providers in Liverpool that are actually doing affordability checks on social housing. These are people on benefits and they are looking at affordability, which is wrong. It is something that needs to be changed in terms of the affordability checks on people.

That is for social housing, which is badged as affordable. I have been with a young person, a care leaver, by the way, who has had an affordability check. They have gone through it with this young person, who was in college and was only entitled to £71 a week housing benefit as a care leaver; it would have been lower otherwise. They went through, "Can you afford this? We have done a budget for you." There was no television licence on it. It is too far removed. The whole thing needs looking at in terms of affordability.

Mohammad Yasin: These are the reasons that people fall into arrears and then end up homeless.

Cllr Hinnigan: They end up in a ditch, yes.

Cllr Blake: I agree.

Chair: Could I ask you to keep answers short and sharp? We will ask the questions for as long as we like, but I am very conscious that you are probably over the time you expected.

Q75 **Brendan Clarke-Smith:** In terms of land and land availability, how would you say the availability and cost has been a limiting factor with your council's development plans?

Cllr Blake: I will have a go. For about 20 years Tower Hamlets has had one of the highest delivery numbers in the London plan. At the moment, 3,931 is our target. In our most recent plan, which went to full council about six weeks ago, at the very end of our plan period we are looking really quite stretched for land availability.



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It is a real issue. What we have done about it is we have new planning guidance, which I have already mentioned, about high-density living. We are looking at each of our own sites to work out where we might identify future sites and also investing in infrastructure, which means the homes that we do build will be connected to public transport and will be great communities.

It is a real issue. For council building and for housing association building, it is a growing issue, particularly in the areas where there is this very high need in inner London.

Philip Glanville: There have been a lot of attempts to look at how the public sector uses its own land. This is Government land, Ministry of Defence land and local authority land. The Public Accounts Committee's look at affordable housing delivery from disposals of public land is really incisive in terms of the lack of delivery around affordable housing. There is a challenge for all local authorities and national Government, when they are looking at disposal, of trying to get the highest receipt, because they are often using that to then backfill capital deficits elsewhere, whether it is in the NHS or local authorities. You simply cannot do that and deliver local housing.

Most of the local authorities that are building high percentages of affordable housing are doing it on their own land. If they had to go out into the market and buy that land, they would not be able to deliver that high level. If you look at the collapse in housing association delivery in inner London, that is because of the cost of land and then the lack of section 106 schemes coming forward that they are able to buy. That then goes into some of the discussions that Rachel was introducing.

Land supply is critical and whether we could get a position with compulsory purchase or land assembly where we can assemble lower-cost land for the development of genuinely affordable homes, as we did when we were building at the scale of post-war or new town development in the 50s and 60s.

Cllr Hinnigan: Liverpool is such a diverse city, especially when we compare north and the south—in the north we have lots of terraces; in the south we have lots of gardens. The south of the city is where we may have the land, but for me it is also about health inequalities. We have lots of amazing parks in our city, but we are hoping to put them in a trust so we cannot build on them, so where do we build? Where do we build in the city? We have communities that need either knocking down or rebuilding. You were talking about this in terms of the climate change emergency. We have all declared a climate change emergency, but in our city, because a lot of those communities were built in 1919, retrofitting is needed to reduce the carbon emissions.

It is not just about the land; it is about what we do with those communities. Do we knock them down? Do we rebuild them? Do we



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retrofit them? How do we get the grant for that? How can we do it without money?

Cllr Johnson: In Cambridge we are quite limited because we are a very small city and land is at a premium. The land values are very expensive and sometimes it is not possible for us to compete. When we were looking at the Cambridge Investment Partnership, we were very fortunate to utilise the expertise of Hill Residential, a developer, to ensure that we could put in a good bid for a former industrial site to build over 200 new homes, 40% of which will be for council rent.

We are also looking at our current stock. We have to act smart. We are going to have to look very closely at redeveloping existing sites. That may mean demolishing and rebuilding particular estates, if tenants are content with that, of course, because they have to be consulted as well. We are going to have to be very smart on the delivery on existing sites.

We are also having to look very closely at land availability outside the city or on the outskirts of the city. We were very fortunate to receive £193 million from the Homes England housing infrastructure fund to build a maximum of 5,000 new homes over the next two decades or so. The issue is about making sure there is that continuous stream of funding available to take opportunities when they become available. That is very important.

Philip Glanville: I will quickly say that, from a Hackney perspective—it is one of the most densely populated parts of inner London, where land can be quite scarce—we do have a record of doubling and tripling density when we do estate regeneration. Hackney has already built 1,000 homes, with a pipeline of a further 2,000. What they are—and this goes back to the discussion with George Clarke—is Parker Morris plus 10%. You can build at density, at quality, make sure that people have private amenity space and make sure you have really high standards for sustainability, play spaces, inclusive courtyards and food growing. You can build high-quality and high-density homes near transport nodes in inner London. The real challenge is how you can continue to do that and how you can do that for all the reasons we have discussed earlier. There are lots of examples in local government of high-quality, high-density, inclusive social housing.

Q76 **Brendan Clarke-Smith:** As councillors, you all own land. What should councils do if you do not think they have sufficient land anymore to do these things? Do you have any ideas?

Cllr Blake: We have done some land purchase, but it is incredibly costly. We have actually purchased land off another public body. However, in addition to purchasing land, it is about partnering with housing associations and having a thriving and productive relationship with housing associations, where you are supporting them with design information and a local plan that enables additional affordable homes.



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Philip Glanville: There has been some attempt, as I indicated, with the work on One Public Estate, trying to encourage the NHS and local authorities to work better together. The ultimate long-term investor should be the public sector, and when it disposes of land it often does not behave like that. It is far better to get planning permission for a site, do a long-term joint venture, either with another public authority, a housing association or a long-term developer, than to sell land without permission.

One of the reasons both the Public Accounts Committee and the New Economics Foundation have found such a poor delivery of genuinely affordable homes from national land sales is because it has simply been a disposal of land rather than a long-term joint partnership, which can achieve a far greater receipt to the NHS and better affordable housing delivery figures. What we really need is a genuine partnership between national and local government in England to see that, where national land becomes available, it delivers the homes that we need and the receipts that the Exchequer demands.

Cllr Hinnigan: Partnership is probably the key word in this, in terms of how we move forward. That could be through the NHS around our adult social care. I know that is something we are looking at in terms of how we fix the problem we have in Liverpool with adult social care and having the right accommodation. That is something we are working on.

One of our registered providers, Riverside, became the owner of one of our young person's hostels in the city. As a local authority, we did not have the money to go and build that hostel, but they did. They claimed back the housing benefit. Partnership is key to moving forward, when the amount of land is so small. We do not have any.

Cllr Johnson: We have been lucky to get some funding via the One Public Estate scheme to look at regenerating a deprived part of Cambridge. There is a site in my ward where the county council owns some of the land and the city council owns some of the land. They are working in silos. We have been working in our own silo; the county council has been working in its own silo. The One Public Estate initiative is very helpful for knocking heads together and working in a joined-up way to deliver not just new affordable housing, but the public services and infrastructure that are vital for ensuring that new communities can thrive.

Q77 **Brendan Clarke-Smith:** The previous Committee, which I was not on at the time, was in favour of reforming the Land Compensation Act. What are your views on the benefits of that? Could that be a way forward?

Cllr Blake: On this panel we have talked a little bit already about how having CPO powers at existing use value could have a real impact on the ability of local authorities to bring land together.



Philip Glanville: I completely agree. The LGA has had that position for a number of years. It is also not going to be uncontroversial to look at agricultural land or green belt anywhere in the country. Where it is done in a way that just delivers private profit and does not deliver the local infrastructure, either for existing residents or new residents, is the challenge, and if it does not deliver quality and affordability too.

All too often the current system does not leave enough value to deliver on local aspirations, whether they are around local infrastructure, providing new schools, new health facilities or—heaven forbid—new roads. There needs to be a way of making sure that that money does not just leak out into landowners and developers, and that the infrastructure and the genuinely affordable homes are built. That is why we support those changes.

Cllr Hinnigan: Giving us greater powers over compulsory purchase orders may help with that in terms of the hope value they put on it. We need more powers.

Cllr Johnson: I agree with Lynnise about CPOs. At the minute, it is just too costly to take action. Sometimes it is deemed to be not worth it. If we actually had more teeth to pursue a CPO at an earlier stage of a process, we could actually utilise the assets in an easier and faster way.

Q78 **Brendan Clarke-Smith:** I have one last question. The Government's Public Land for Housing programme is only going to deliver about 15% of the affordable housing and 3% of the social rent. What needs to change to ensure we get a better percentage of public land being used for this and for the rented sector?

Cllr Hinnigan: If it was up to me, I would give 100% of it to social housing.

Cllr Blake: There are two pressures on there: there is pressure to raise revenue from the sales; and there is pressure to invest in social infrastructure, such as council and social housing. There needs to be a conversation about where the priority is on that. My priority would be to put some obligations on those land sales for genuinely affordable homes.

Philip Glanville: I would echo that. I come back to what I said earlier about how to deliver a long-term return both for the Exchequer and in terms of the genuinely affordable homes that communities need.

Some of the planning powers that the Mayor of London has talked about, such as 50% genuinely affordable homes for public land, could be quite useful at a regional level. Again, that changes the hope value of whichever part of the public sector is trying to dispose of the land. If there were some basic principles either in the planning system or in national legislation around how public land is used and the expectations there, then you would not get the low levels of delivery you cite. Those are the same sorts of figures the LGA is looking at too.



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Cllr Blake: There is also a public trust issue. There is a hospital site in the borough that I represent where we did have to have long negotiations about the amount of affordable that came forward. Unsurprisingly, a huge amount of the community response was, "This used to be a hospital. This used to be for people. Why can there not be more affordable housing here?" The facts were, as I understand it, that it was disposed of in order to raise funds because there was another driver in another part of Government.

There is a genuine issue about the public perception of disposals of public land and the expectations that they have, which needs to be addressed in an open conversation about what the demands really are.

Cllr Hinnigan: I have had this conversation with lots of people as a ward councillor. When we are building houses, a big issue in the city is, "You are building on our green spaces", or, "You are selling it off to private developers." As a councillor, that is something we get lots of stick about. "You are selling our land off." When you have the conversation with them and say, "If we were making that land available for council housing, would you feel differently?" most people would. Even though you can argue that we need more executive homes, because we need to bring the council tax in and all the other reasons we need them, if it is for council housing, most people feel much better about it than they do if we are selling it off to private developers.

Cllr Johnson: I would just refer to the point I made earlier about the need for there to be central targets for council housing delivery. We need the planning system to be reformed in a way that enables the wheels to be oiled. Local councils need to have the capacity to deliver at scale, but Homes England can also play a role in terms of improving local authority networking, supporting training and recruitment and facilitating secondments, and so on.

That is similar to the support that is provided to London councils through the GLA. We can talk about the use of land and so forth, but we also need to look at legislation and the planning system in terms of facilitating the things we want to see in terms of the usage of public land.

Q79 **Mary Robinson:** The last time England built substantial social housing it was delivered by councils. The current plan is for, alongside councils, private developers, housing associations, local housing companies and other providers all to contribute. In this increasingly crowded market, do providers need better guidance on their role?

Philip Glanville: They all have a part to play. Where we started with George's evidence and where we all opened is that we have never achieved any of our housing targets without local authorities being able to build, being funded to build and having the skills and capacity to build.

The bit of the system that has not had that investment and support, not just over the last decade but probably over all the decades I have been



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alive for since the 1980s, is that local government has either not been allowed to or has not been funded to do it, or has been seen as only an enabler, through the planning system, or as some sort of junior partner in land assembly.

The critical thing is having local context, which means putting local councils in the driving seat, whether it is in the planning authority or whether it is in a development, or as a development partner. You have hopefully seen today that there are different models of doing that. When you look at housing associations' record of delivery, they have very rarely done it without the support of local authorities, whether through stock transfers, asset transfers, land transfers or land assembly, or even through the times when they were contributing a large chunk of our housing delivery.

We all have to work together across all of those sectors to deliver the housing we need. There will be different models of partnership in different parts of the country, and you will have different models even in different local authorities. Hackney has a good track record of working in public-private partnerships in somewhere like Woodberry Down, where we are tripling the number of homes in an estate regeneration with Berkeley and Notting Hill Genesis, but we also have that big in-house programme now where we have the powers to build our own council housing again. It should not just be seen as an either/or across the sector.

Cllr Hinnigan: I agree.

Q80 **Mary Robinson:** Will each of these new providers put some additionality into the market or will there be some looking for easier options?

Cllr Blake: There is a risk around additionality. If you look at where the permissions are coming from—and this is just from the experience within London—you see housing associations purchasing section 106 homes, and that is not necessarily achieving additionality. What needs to be done is an expansion of the role of local authorities in guiding and identifying sites and opportunities in order to draw in that additionality. Otherwise, you have the same people competing for section 106 homes within a development, which is not actually additionality.

Q81 **Mary Robinson:** It has been suggested by Mark Baigent of Tower Hamlets that over the next 12 months we will see more competition than collaboration between housing associations and councils. Will that be the case?

Cllr Blake: Local authorities are what can steer and nurture that kind of partnership. In Tower Hamlets we have an active housing forum where we bring together various housing associations. Previously there have been more powers with local authorities to identify and steer housing associations towards section 106 obligations, because there is a real issue



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around competition for those section 106 units and the cost implications of that.

Q82 **Mary Robinson:** What is the role of for-profit providers?

Cllr Johnson: We have little experience of for-profit providers, so I am not really able to comment on that, unfortunately.

Philip Glanville: I am sceptical about where the additionality comes from. If you look at the costs of borrowing for a housing association or a local authority, even with the changes for local authorities in terms of the Public Works Loan Board, while there is long-term investment for both private housing associations and various build-to-rent products, they are very rarely committing on space standards and quality in perpetuity in terms of affordable housing. A lot of it is untested both in the planning system and often in practical delivery. Where there is a challenge is where all sectors are competing for new land. Certainly in inner London you have housing associations finding it increasingly hard to do so. Again, we discussed the challenge of land earlier.

Q83 **Ian Byrne:** Do councils and the construction industry still have the capacity, after a decade of austerity, to deliver a large house building programme?

Cllr Hinnigan: No. I used to work with young people and, at the time, there was a lot of stuff around the Construction Industry Training Board. George talked before about the skills shortage; we do not have it now. The stuff he talked about, the grey-haired thing, all made complete sense.

In terms of apprenticeships, we need to look at serious reform to apprenticeships. Kids who are going to be the most fantastic bricklayers will not necessarily have four GCSEs. We need to look at the 14-19 agenda in terms of vocations and getting these young people on pre-apprenticeships. I have worked with young people all my life. It is what puts them off. They would love it; they are the best at being hands-on, but they will never get those four GCSEs to enable them to get on to an apprenticeship. We need to look at why there is a gap and how we can bridge that gap in terms of getting apprenticeships, because, as it stands now, we do not have the workforce to deliver it.

Q84 **Ian Byrne:** You have just answered the second part of the question on what changes we would have to make to ensure that we do.

Cllr Johnson: I agree with what Lynn says about vocational education at an early age. There has been weak growth within the construction industry even before Brexit. Even now that Brexit has occurred, we are going to see a flight of Eastern European workers out of the UK. There has to be the capacity to fill the gaps that are going to be created, unfortunately, by the impact of Brexit. There have to be incentives to bring along the next generation of bricklayers and other vocational skills that are required to fulfil the objectives that we all share.



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Cllr Blake: I agree.

Philip Glanville: The glib answer is the Committee asking the industry itself what it thinks. We can all play our role in developing it. On the skills point, you can do a lot around section 106 requirements in terms of apprenticeships and delivering training opportunities. That is something that is being done with some success. The challenge, though, can be getting people through a regular supply chain. Often you have a situation where, with the way the subcontracting has played out in the construction industry, it is quite hard to sustain the level of apprenticeships that we need to upskill our workforce.

The other challenge is that each time we have seen a recession in this country, and a recession in housing and property, there have been consolidations in the industry. There are fewer and fewer construction companies and fewer and fewer development companies. That is hollowing out our ability. The market simply does not work. There are barriers to entry for people to scale up from some of the small and medium-sized enterprises. Modern methods of construction can maybe bridge some of those challenges around skills and capacity, but they are not going to do it alone.

If we have that ambition set out to build the homes that we need, we need to make sure that, on the side of skills and industrial strategy, we put construction skills and capacity where it needs to be to meet that ambition.

Chair: Thank you very much for your attendance and for answering our questions. Apologies for keeping you a bit longer than you probably expected.