

Housing, Communities and Local Government Committee

Oral evidence: Appointment of the Chair of Homes England, HC 821

Monday 12 October 2020

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Members present: Mr Clive Betts (Chair); Bob Blackman; Ian Byrne; Ben Everitt; Paul Holmes; Ian Levy; Abena Oppong-Asare; Mary Robinson.

Questions 1 - 43

Witness

[I](#): Peter Freeman CBE, Government's preferred candidate for Chair, Homes England.

Examination of Witness

Witness: Peter Freeman CBE.

Chair: Welcome to this afternoon's session of the Housing, Communities and Local Government Select Committee. This is a pre-appointment hearing for the Government's preferred candidate for the post of chair of Homes England. That is the organisation that deals with funding for registered housing providers and others involved in housing provision, land assembly and other matters to do with building enough homes to meet the country's needs. The preferred candidate is Peter Freeman CBE. I will ask Peter to introduce himself before we begin the questioning. The first job is to allow members of the Committee to put on record any interests they have that may be considered relevant to this particular inquiry. I am a vice-president of the Local Government Association.

Paul Holmes: I have had a previous professional relationship with Mr Freeman concerning Mayfield Market Towns in my previous role as public affairs head at Clarion Housing Group.

Ben Everitt: I have the usual one. I am a unitary councillor in Buckinghamshire. I am also MP for Milton Keynes North, where there is a significant housing infrastructure fund project via Homes England. I am also chairman of the housing market and housing delivery APPG.

Mary Robinson: I employ a councillor in my staff team.



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Ian Byrne: I am a sitting councillor back in Liverpool.

Bob Blackman: I am a vice-president of the LGA, newly reappointed, I am pleased to say. Also, I employ a councillor in my office.

Abena Oppong-Asare: I also employ a councillor in my office.

Q1 **Chair:** I know Abena has to go to another appointment part of the way through the hearing, so she will not be here at the end to take part in our decision and deliberations. At the end, only members who have been through the whole of the proceedings today will be entitled to take part in any decisions we reach. That is the way things normally work on these matters.

If we could get down to asking some questions of you, Peter, to begin with, it might be helpful to the Committee and anyone watching if you could say a little bit about yourself to explain your background.

Peter Freeman: I started life qualifying as a lawyer after a history degree. As soon as I qualified, I started a business called Argent with my brother, and it has been developing for 39 years, so I have been in the property business for 39 years. I have always been fascinated by the relationship between central Government, local government and development, and the ways in which development can bring benefits to the wider community, not just the developer and the site owner.

That culminated when we bought a site called Brindleyplace in Birmingham in 1993. For the first time, we were not just building a building. We were building three new public squares. We built a theatre, an art gallery, a sea life centre, homes, offices, shops and restaurants. We were creating a place and we actually transformed the whole of the western end of Birmingham, leading towards Edgbaston. Then we were lucky enough to acquire the King's Cross site in 2000. We spent most of our time from 2000 to now making King's Cross happen, with 10 new public squares, a theatre shortly, a primary school and lots of homes and offices. We launched, literally last week, Brent Cross Town. The notion that development can be comprehensive, mixed use, holistic and bring benefits to the local community is near and dear to me.

Q2 **Chair:** You have already managed to get involved in a number of high-profile, very substantial projects, which have obviously interested you. Why chair Homes England? It seems a little bit of a step removed, with maybe different challenges, and more difficult challenges in a way.

Peter Freeman: I would agree with that. There are huge challenges but huge opportunities to help the country. One way or another, with the Commission for the New Towns, English Partnerships, the Homes and Communities Agency and Homes England, there has been, since just after the Second World War, a Government agency intimately involved in housing. The nexus between land, planning, affordable housing and the need to grow more and more tenures and choices between full market, discounted market, full social rented and so on is so great. Arbitrating



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between those, in a time when people living in the countryside feel they are being concreted over but other people are generation rent, if they cannot rely on the bank of mum and dad, is a huge and worthwhile task.

Q3 Chair: As far as I am aware, you have had no direct experience in the civil service or politics. A lot of the issues you just mentioned are pretty political. They are about political choices, by and large, whether you build more homes in places people do not want them built or do not build the homes and then people do not have homes. How are you going to attune yourself to those sorts of issues and experiences that perhaps you have not had so far?

Peter Freeman: I have had a little experience of MHCLG, but small. I am on the United Kingdom Holocaust Memorial Foundation board, which is sponsored by MHCLG. I am also MHCLG's chairman for a judging panel for the Home of 2030. That is small experience of central Government. I guess I have more experience of local government in the process of moving planning through on large schemes, seeing what matters to councillors and, ultimately, how you can bring them together around a plan, a section 106 and a set of benefits.

Q4 Chair: That is slightly different to having to take the flack if enough homes of the right type are not built in the right places.

Peter Freeman: Hopefully, my shoulders are broad enough. The more difficult thing, the fundamental task, is to build a really good relationship between Homes England, MHCLG and Ministers. It is there by will of the Government. It is there to carry out Government policy, but there needs to be a mutual feedback loop, so that what we learn at the coalface within Homes England and in the development industry feeds back to Ministers and vice versa. When we go out and make promises to fund schemes up and down the country, we need to know that we have the support of the Government, within a mandate that is agreed with them. It is a communication exercise.

Q5 Chair: We might explore that a little further in the next set of questions. The agency, Homes England, is going through quite a lot of change at present. You have talked about your role in projects. What experience have you had in taking an organisation and reshaping it, remodelling it and taking the people involved in the organisation through that change?

Peter Freeman: I believe that, even if you think the sea is calm and there is no current, both are always happening. Any organisation that is not moving with the times, whether it is about changing technology, changing legislation, changing public appetites or changing political parties, is in a difficult position. It will not be prospering. When I talk to younger colleagues at Argent who are worrying about the future, I say, "In the 39 years of Argent, we have had at least 10 incarnations." There are incarnations of being, at the very beginning, a tiny private company owned by two brothers, being a listed company, being a company before



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it was listed in which three major venture capitalists invested and then being sold to Britain's biggest pension fund and working with it.

For me, change is a constant. The way you manage change is understanding the market, the people and the structure. Until I have spent three months in there, meeting everybody, asking questions and questions and questions, I do not know what change is necessary. I am sure, working with the board and with MHCLG, we will find ways to make it a more effective organisation.

Q6 Chair: You are so committed to this job, but you did not apply for it first time round, did you?

Peter Freeman: That is certainly true. I did not think it was me, until I got the phone call saying, "Who would you recommend?" I recommended two other people. The phone call said, "What about you?" and then I began to think about it. The more I thought, the more I relished the challenge.

Chair: That leads on to Ben Everitt's question.

Q7 Ben Everitt: It is seamless, Clive; it is very much on that. Thank you, Peter. To rewind back to something you were saying about developing the relationship with the Government and the industry, you said something about understanding how councillors feel about development done in their patch. With my councillor hat on, that is music to my ears. Given that you were encouraged to apply by the Government, will you not be seen as the Government's man in this? How are you going to deal with that?

Peter Freeman: I imagine that whoever applied, even if they had not been encouraged to, by virtue of being selected by the Government, could be accused of being the Government's man. I do not think it makes a lot of odds. By virtue of being an entrepreneur, I am relatively independent. By virtue of having built a business, first with my brother and then with more outside shareholders and directors, I work collaboratively. I am very keen to find what I suppose you could call the truth, to find out the best way forward in any situation. Although I may ultimately have to defer to Ministers on things, I will try damn hard to persuade them first.

Q8 Ben Everitt: You said that since the war there has been some Government agency or other involved in the housing market and specifically in the delivery of houses. Where is the line there? When it comes to discussions about getting those houses built, how do you see that going with your role? How does the agency become or maintain its independence despite being a Government agency?

Peter Freeman: At the moment, there are a multitude of programmes within the agency. Some of them are overlapping and some of them are under names that are slightly obscure and difficult to get to. You need to agree an overall remit with the Government to some extent. The agency



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executive and the board like to think of it as, in a sense, being a mission, rather than a series of tasks. Within that mission, which is obviously to make the housing market work better, ideally there would be some latitude. When you are doing a deal, whether you are a Government or a private developer, the more the counterparties believe you have the authority and the commitment to do the deal, the keener they will be to do business with you. It is essential that Homes England, when it goes out and meets the leader of a local authority, its chief executive or a big landowner, speaks with conviction. That conviction only really comes if it knows it has the Government's backing for its mission.

Q9 Ben Everitt: It falls on the Government's side then. You were invited to apply for a Government role delivering Government policy, so the independence sways to the Government end. Is that what you are saying?

Peter Freeman: If MHCLG and Homes England are not ultimately foursquare, it will diminish the achievements of both.

Ben Everitt: That is very fair.

Q10 Chair: To pick up, you explained in the information about yourself that you are currently a director of key Argent companies and a co-investor in Argent projects. If it got to a situation where Homes England could be funding Argent development, would you have a conflict of interest?

Peter Freeman: I explained in my written submission with the application on conflict that there are two businesses in which I have been closely involved where a potential or perceived conflict could definitely arise. Argent is the business I founded 39 years ago with my brother, and clearly that would be the first point of call for people to look. The reality, which is mapped out and factual, is that we took a decision as much as 10 years ago that, after King's Cross, we would not be an investor in any other Argent project.

Although there are other Argent projects at Tottenham and at Brent Cross Town, to which there has been a £148 million grant from Homes England, we have no financial investment in it at all and, in effect, no oversight of it. We do not sit on the board of Argent Related, which is delivering on it. We are still on the board of Argent Services, which provides the services, so we are well aware of what is going on but we have no financial interest or control, as we will not in any other Argent project. As King's Cross is nearly finished, I hope I can maintain the Argent relationship without any conflict.

Q11 Chair: To make it clear for me and everybody else, I do not understand the structure of the company in detail, but you mentioned that you are on the board of Argent Services. Could it potentially benefit at any point from any financial grant from Homes England?

Peter Freeman: I had not thought about it in those terms, but yes. Argent Services provides the manpower to deliver at King's Cross or



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Brent Cross. To that extent, a loan to Argent Related, which delivers Brent Cross, then delivers management fees to Argent. I do not have any financial interest in those at all.

Q12 **Chair:** Sorry, but you are on the board.

Peter Freeman: I am on the board. Thinking on my feet, and I would like to discuss it with colleagues, I would be very sad to come off the board of King's Cross, which I feel I have earned the right to see finished. If I came off the board of Argent Services, it probably would not be particularly significant.

Q13 **Chair:** Can you gain any financial benefit from being on the board of the King's Cross development?

Peter Freeman: I am an investor in King's Cross, but Homes England has nothing to do with King's Cross.

Q14 **Chair:** Is there no possibility of it having any connection in future?

Peter Freeman: I do not think so, because it is about 85% built out already. If I was at Homes England and King's Cross turned up for a loan, I would say, "You are fully funded. You have a net worth of about £1.5 billion. I am not sure why the Government should help you."

Q15 **Chair:** Can we explore the situation at Mayfield, then? You have already said you are planning to step down as chairman but not to sell your shares. Again, there could be a conflict of interest from Homes England's grants or loans to Mayfield.

Peter Freeman: The issue on Mayfield is complicated because of the state of Mayfield. At the moment, it is eight years into planning. It may or may not ever be allocated. There is a reasonable chance it will be allocated in a regulation 19 statement from Horsham in the next couple of months. Equally, it might be five years away or never. I have said I will not just step down as chairman but come off the board totally. I have said that, if and when it is allocated, before any construction starts onsite, which is therefore before it could be a cause for any grant from Homes England or competition for any of Homes England's schemes, I will sell my stake. To sell my stake now, when it is not allocated, would be to write off 85%, which is not the normal act of a businessman.

Q16 **Chair:** Explain again why you could not give up your stake now. People might think you are hanging on, waiting for a point where Homes England might give a grant or a loan to help the business.

Peter Freeman: No. Homes England would not give a grant or a loan unless it was allocated and therefore going to become a real, live project. At the moment, it is competing with nine other projects that are in what is called a regulation 18 list produced by the council to get into a shorter list, which is the regulation 19 list, leading up to the local plan inquiry.



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One of the problems for England and housing is that, to put forward a scheme—this one is 7,000 homes—on that scale, what you spend on consultants, option fees and land goes into the many millions. If you do not get allocated, a significant proportion of that is lost. That is one of the reasons so few people are willing to try to drive forward a holistic new town. It needs Government to help it happen. If I was to sell my stake now, when it is unallocated, unless I retained an upside, which would defeat the point of selling it, I would undoubtedly sell it at a very substantial loss. As soon as it is allocated and before it has gone onsite, I believe that what I have spent shows good value and can be recovered, and I am happy to drop out of the further upside that will come with staying with the scheme.

Q17 **Chair:** To be clear, is there any role that Homes England might play in getting the allocation for Mayfield?

Peter Freeman: I do not believe so, because it is not a planning authority, it is not the local authority and it is not the inspectorate under MHCLG.

Q18 **Chair:** Is there no role at all that Homes England would play in that process?

Peter Freeman: I really do not believe so.

Q19 **Mary Robinson:** I want to ask about the role as you are taking it forward. During our social housing inquiry, we took evidence from the Homes England chief executive, Nick Walkley. He stated, "We do not simply do what we are told" when asked whether Homes England was making the case for more resources for social housing. If appointed, to what degree would you challenge Ministers on housing policy?

Peter Freeman: As far as possible, one talks privately, frequently and regularly. I would certainly want to be talking to the Minister and the senior civil servants monthly at least. It is a pity if you get to a real challenge, but ultimately they are the piper.

Q20 **Mary Robinson:** Would it be the case that you are more about implementation rather than policy? If that is the case, what is the benefit of Homes England being an arm's length body if it has no independence to feed in its own views?

Peter Freeman: I mentioned my previous experiences of MHCLG. I was largely the author of a report that came out in March this year called *Housing Sprint: How to Solve the Housing Crisis*. I sponsored it, along with Berkeley, Clarion, MHCLG, Homes England, Knight Frank and Savills. The main recommendation coming out of it was, in a sense, about the way Government look for information, analyse information and make decisions on planning and all sorts of housing policies.

A problem for all of us has been 10 Housing Ministers in 10 years, or nearly. I think it is 20 in 20 years. There are problems when you change



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parties, Governments and whatever. Each Minister, understandably, has some pet projects that might get tipped into Homes England, which is one of the reasons Homes England has so many different programmes. As far as possible, I would like to see Homes England reaching out to all parties and all constituencies, and trying to set some consistent long-term policies at the same time as driving as many deliveries in the next few years as possible.

There is a tactical delivery implementation level, where you are looking site by site and asking, "What is the low-hanging fruit? If we go in there with all guns blazing, with grant, loan, expertise or knocking heads together, can we make these sites happen in the short term?" There is a huge long-term policy piece too, and I am deeply interested in that.

Q21 Mary Robinson: As you are looking at the housing market, and you have spoken about fixing the broken housing market, going on to the Government's new affordable homes programme, is it ambitious enough?

Peter Freeman: I probably need to learn more about it to answer that question fully. We definitely need a programme that works at lots of different entry levels, renting or buying. There is not one size that fits all.

Q22 Mary Robinson: Looking at some of the tests that have been used, there is a so-called 80:20 test for housing and where to invest. Is that the right approach to have? It has been argued that it is not as effective in northern investments and somehow favours other, more wealthy areas.

Peter Freeman: It is a real devil's alternative. To say that 80% goes into the 50% of councils with the highest unaffordability makes sense because you are trying to make things affordable, but it tends to concentrate money in the south-east and in a few places like Chester or York. I do not know if that is exactly the right figure. There is a lot more statistical work and almost geographic mapping to do to work out how you deliver housing so it produces the most benefit to the economy and communities, rather than just addressing one issue at a time. You want housing where employment is or you want to bring employment to where housing is. You want schools where housing is. There is a whole matrix of things to be achieved.

Q23 Mary Robinson: Do you agree with the recommendation we put forward as a Committee that the Government need to estimate how much social housing the country needs and then set out a clear plan for how to deliver on that estimate?

Peter Freeman: It sounds sensible to me. If there was more detail with it, I would like to have read the detail first.

Q24 Mary Robinson: How would you go about it, if you were setting that estimate?

Peter Freeman: Is this the split between which bits of the country?



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Mary Robinson: Generally, if you were deciding how much social housing the country needs.

Peter Freeman: By social housing, you are taking housing associations and local authorities. I guess I would start with waiting lists and realistic estimates of what percentage of the population are unlikely, under any home-buying programme, to be owner occupiers in the next 10 years and looking for the shortfall.

Q25 **Chair:** To follow up on that, did you read our report?

Peter Freeman: I am afraid I have not.

Q26 **Chair:** We produced a report as a Select Committee just before the summer recess. You have come to an interview today about housing delivery and you have not read it?

Peter Freeman: I am afraid that is right.

Q27 **Bob Blackman:** The Government have an ambitious target to build 300,000 new homes a year for the next five years. Equally, we know that last year, adding everything in, they got to 241,000 or thereabouts, which is the highest we have had for 32 years, or all but one of 32 years. Clearly, the Government are already falling short of the ambitious target they have set themselves. Indeed, we have the position whereby Homes England was due to provide a substantial amount of the land and the housing to be developed, but it has fallen way short of the numbers. From my reading of it, if Homes England had met its target, the Government would have achieved 300,000 new homes in the last year. Leaving aside the issues of Covid-19, which my colleague is going to come on to a bit later, do you think Homes England has missed a crucial opportunity to help deliver the 300,000 new homes through the disposal of public land?

Peter Freeman: From discussions I have had in the last short period since I became the preferred candidate, Homes England is definitely behind on its figures this year, which I believe is due to Covid.

Q28 **Bob Blackman:** Can I cut across you? Homes England was behind in 2019-20, so that cannot be laid at the door of Covid-19. My colleague is going to come on to how we cope with Covid-19 going forward. Going back, obviously you were not involved in this, so you cannot be held to account for it, but we know that Homes England failed. Therefore, because it failed, we have to look at how it can improve in the future.

Peter Freeman: Yes, absolutely. I will probably say this a few times, but I imagine it will take three months of being in post and having full access to the information and briefings from all people, reading Select Committee papers, meeting the National Housing Federation, meeting the Home Builders Federation, to really pick up on this. From day one, I will start asking questions, but I do not think I will be handing out the answers until Christmas or later.



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Q29 Bob Blackman: There is a dichotomy between the different objectives of Homes England, in the sense that there is a drive to achieve the best possible price for the disposal of land, but the problem is that the land then gets sold on, sold on and sold on by developers who may seek planning permission. They may go further. It takes several years and we already know there are a million homes in the pipeline that have planning permission but have not yet been built. It means that the homes on public land to be disposed of are not being built. I wonder if you agree with that policy, or whether you would agree with me, and I think many other members of the Committee, that we should not be disposing of that public land but actually building the homes that people need upon it.

Peter Freeman: I have a couple of comments. I know that some of the land is disposed on building leases, which is a very old method that most of the big estates, like the Howard de Walden estate or the Grosvenor estate, used 200 years ago. You can build in building leases. The site we bought in Birmingham, Brindleyplace, was a building lease from Birmingham City Council. The reason it was sold quickly when we bought it in the 1993 recession is that the council was very clear it would forfeit the building lease if somebody did not start building.

It is about finding a balance of levers in agreements with owners and purchasers. As you said, it affects price. If you sell something and it is unrestricted, you will probably get a slightly higher price. If you restrict it and say, "If you are not onsite within 12 months, we will take it back. We are selling it to you in two halves, and you do not get to buy the second half unless you build the first half within 18 months", or whatever, those are all levers that make it more likely they will deliver if they buy, but they may not buy or they may pay less.

I need to understand from Government the level of priority they set on getting the highest price back to the Treasury or the most activity. On the papers I have been looking at, I have seen there is a span of site interventions that go from anything from about £2,000 a plot to £25,000 a plot. I have not yet been able to go behind that to understand what made some so relatively cheap and what made some so expensive. I suspect contaminated land will play a part. I need to understand, I guess from the Treasury as well as MHCLG, whether some cases are so important to make something happen, because they are in certain parts of the country or whatever, that it is worth the higher premium cost to remediate or bring forward land.

Equally, I need to understand whether land value was, in a way, forfeited to get earlier action. Part of that earlier action and land price is the tenures. If you are bidding it up, the highest price comes from the highest percentage of open, unrestricted market. If you really want more homes quickly and you are prepared, as a Government, to subsidise affordable homes, it will not drive land price, but you will get the take-up much more quickly.

Q30 Bob Blackman: The reason why I ask all these questions is that your



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immediate predecessor told this Committee during the equivalent interview that Homes England needs “to make sure we are securing the maximum value” when selling public land. Value can be put on in a number of ways. You can put it on the price you obtain, but equally it is about the tenure. If we sell public land that is then going to be privately developed, we are not going to get the social rented accommodation that many of us believe needs to be provided, because it will not cost in by the time the developer does the work. You will know that from your experience in the industry.

The key point here is that, in many ways, the Government are providing a large amount of money under an affordable homes programme, yet we are selling public land at the highest price we can get. We are then surprised that what we get on that land are high-priced properties for sale, rather than properties for rent. I am trying to get to how you will drive the organisation forward in trying to deliver the amount of socially rented accommodation that we need in this country.

Peter Freeman: Land is a scarce supply, or allocated land is, and that which the Government owns is an even scarcer supply. If the Government want to support delivery of significantly more homes quickly, including affordable homes, I would be very happy to be implementing the kind of direction you are suggesting. That probably needs to be squared off with the Treasury so there is a clear understanding of what we are doing and why we are doing it.

Q31 **Paul Holmes:** Good afternoon, Peter. It is good to see you again. I want to move on to the impact, or possible impact, that Covid-19 may have on the housing market. I want to ask a broader question first. How do you think Covid-19 is impacting or may impact the housing market? More broadly, what role do you envisage Homes England taking in helping the country recover? It is a large question, I know. I will drill down afterwards.

Peter Freeman: It is a large question. This is forecasting or predicting, rather than knowledge or science. There are all sorts of extraordinary things in the housing market now, as somebody who has looked at it for 40 years and was brought up to believe there was always a cycle. Previous cycles of the housing market have had steep declines. They had declines of something like 30% from top to bottom in a year, 18 months. We now have a housing market, which, after a very bullish period from 2003 to 2008, did not fall that much because interest rates were cut and cut. Then it had another bullish period from about 2011 to 2015 or 2016. Then it has slithered a bit, but it has not fallen.

We have the lowest interest rates anybody has ever known, so that is propping up the market. The market is being propped up by people reassessing where they want to live because of Covid. They need a garden, they need a balcony, they need to be out of town or whatever. There is a lot of activity of, in a sense, people upgrading their housing



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because they think they are going to spend more time at home and less time on the tube.

There has been an impact on productivity, but the building industries have done remarkably well at keeping going. Most major contractors and housebuilders closed down sites, or more or less closed down sites, probably from late March to the end of April. By the beginning of May, most of them were back in at, if not full swing, 70% or 75% swing. The industry has dealt very well with the production difficulties. We do not know how much, as and when the pandemic is over, we will revert to a more normal market, or whether we will have the mother of all recessions, repossessions and the Government faced with decisions about how they help people on their mortgages more than on new building. We need new building to help the economy recover. Homes England and the housebuilding industry generally have an important contribution to make to regenerating the economy. Those are a few thoughts, but it is too early to know.

Q32 Paul Holmes: I completely understand. I have two further questions. You stated in your questionnaire response, "The imminent public spending review and the current Covid-induced financial crisis will be challenging", which we all agree with. You also went on to say, "Overall, though, the aim of addressing the housing crisis is compatible with the economic need to get Britain building." I know you have not taken up the position, but we all think about things we might be doing. Have you considered what approach you will be taking with the Treasury and MHCLG in possibly planning what you are going to ask for if you should take up the position in a Covid situation, in terms of funding or focus? Particularly where you mention the housing crisis, have you given any thought to what your leadership will look like when it comes to assessing candidate projects based on affordability or social criteria?

Peter Freeman: When I said in my written response that social and economic aims are compatible, one of the underlying things in that is that, overall, the housing market is meant to employ about 2.3 million people and construction reaches out across the country and reaches down across the pay scales. If I have a beef about the way the industry has gone, it has been to push land prices up and up and up. I do not know if anybody has ever done the statistics, but I fear that quite a lot of land price then leaks out to the Isle of Man or something and does not actually produce much for the economy.

As a result of the land price going up and up and up, there is less to spend on building, whether it is building better quality, giving the family slightly more space or building more playgrounds or better new schools nearby. It is all of the above. Fundamentally, it would be good if the Government helped capture more land value and less land value leaked out, whether that is done by CIL, section 106 or infrastructure levy—any of the above. You need to keep section 106 for major schemes that are mixed use and multiphase. The developer may well be producing a



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school. At King's Cross there is a school within a residential building. King's Cross having just given some money to Camden would not have cut the mustard. We needed to build the school. We are champions and sponsors of the school.

That also plays into the issue of the 80:20 rule, which somebody, maybe Mary, asked me about earlier. If the 80:20 rule is to subsidise housing where it is most expensive, that implies that some significant part is going into land, and that is producing less jobs for the recovery. I am passionate about big developments generating local benefits. Whether that local benefit is cash that goes to local authorities and is spent there, or whether the developer itself delivers it, is largely a matter of whether the scheme is big enough that you are developing the benefits onsite or small enough that it makes more sense to give the cash to the local authority.

Q33 Paul Holmes: You mentioned section 106. An upcoming White Paper will be talking about section 106 and how that is reformed, as well as the planning system. Have you made a response to the White Paper consultation, either informally or formally, in your current position?

Peter Freeman: Argent is preparing one, which I will read shortly. I may make a very short one myself, which will probably particularly focus on the section 106 issue.

Q34 Chair: You mentioned the cyclical nature of the housebuilding industry. You are right that the cycles have probably been a bit flattened in recent years. Say we go into a significant downturn, as a recession hits after Christmas. If the private sector demand falls off, do you see any role for Homes England through support for social housebuilding, acting counter-cyclically, by putting more money into social homes? That could be done directly with grants to local authorities or housing associations.

Peter Freeman: I would personally welcome that. To some extent, it can also play to some of the smaller builders. Social housing is needed all over the place. It is not just needed in major cities. You are also seeing, with companies like Countryside, a switch from being a housebuilder that is 90% driven by selling houses to being a delivery partner on behalf of local authorities and housing associations.

Q35 Ian Byrne: Good afternoon, Peter. What do you make of the Building Better, Building Beautiful Commission's recommendations that Homes England should attach greater sufficient value to design and quality, as well as price?

Peter Freeman: It goes back to the earlier discussion. Is Homes England required to get the best price, or is there a sense of best value all round? It is a crying shame when any housing development that is not immediately after a war to replace bomb damage is less than very good for purpose, not just fit for purpose, for the long term. Lots of houses in the middle of our greatest cities are 100 or 200 years old, and are still very much fit for purpose and very desirable. If we are spending £130 or



£140 a foot to build a building, to spend another £10 and make it that much better, whether it is in beauty or sustainability, feels right.

The only question is whether it either slows down delivery or materially reduces receipts by the Treasury. It must be right in principle. It is the quality of life when people move in, and it is the quality of the place for the next 100 years. Most Government spending in a sense, even if it is a capital project like a hospital, is probably written off 30 or 40 years later. These things can be there for 100 or 200 years.

- Q36 **Ian Byrne:** I will drill into that a touch more. Homes England is still viewed as a housing accelerator. In 2018, it lost communities from its name. A key measure of success is the number of homes that it builds. Under your chairmanship, should metrics also include positive impacts on places and residents' wellbeing? I was delighted to hear you talking about communities in one of your earlier answers, so talk about the metrics of success for Homes England under your chairmanship.

Peter Freeman: One thing I have read is Homes England's key performance indicators, of which there are 10. To some extent, looking at the 10 of them, they are like a Venn diagram because they overlap in lots of ways. Some are clearly measurable. If you have as a key indicator "How many help to buys did you lend money to?" or "How many plots came forward because of your infrastructure?", that is pretty easy to measure. Some of the softer ones, like BBBBC, you cannot really measure, but you can encourage and mentor. Somebody once told me that Government can do four things. They can exhort, spend, tax and legislate. I guess within exhort comes mentoring. The thing that is slightly missing as a word, or maybe it is implied in spend, is act. Homes England has a lot of expertise inside it. Homes England's expertise can act to help people produce better-quality housing.

- Q37 **Ian Byrne:** What about the commission's policy proposition that Homes England should be changed to increase focus on long-term place-making and looking over 40 years, rather than five?

Peter Freeman: It has to run the two in absolute parallel. In part, every Government have some short-term focus because of electoral cycles, but in part you really measure homes that go onsite in the next three or four years. However brilliant a spatial plan, and I gather Holland has one for 300 years, you cannot totally measure success for 300 years, 30 years or whatever.

The King's Cross business plan was effectively a business plan for 12 to 15 years of implementation, which was my estimate and is going to come out pretty much spot on, despite Covid. It was a business plan where we said, "These are the things that we have to achieve over the whole period. These are the different blocks and plots." There were about 60 plots, going from 50,000 feet to 300,000 feet each on the site. It is not necessarily critical to us which one comes first, as long as the



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infrastructure, the squares, the canal-side walkways, some restaurants and some activity are there on day one.

It is critical to create a spatial and business plan that sticks together as a whole. Then you deliver, in a practical, semi-reactive way, whatever you can whenever you can to fill in those blocks you have imagined. If we look at the land Homes England has and other land that we seem to partner on for other Departments, like the Ministry of Defence, we need to work out which ones can be enabled most quickly and make them a priority. We need to know that, having also worked out which ones will be in most demand. We have to be plotting the whole thing so that, taking a rolling programme over time, we know that everything that is worth developing is included.

If they are really not worth developing, as the Secretary of State said to me the other day, maybe they should just be greened and given to a local community trust or whatever. There is no point hanging on to land that does not have any development purpose. There must be somebody who can do something better with it if it is not for housing. You are sort of yin and yang. You are working on the short term and the long term absolutely in parallel.

Q38 Chair: Coming back to quality of homes and how long they are meant to last for, in the 1960s and 1970s we saw examples of methods of construction that are almost consigned to history now because the properties have already been demolished. The Government will be encouraging Homes England to look at modern methods of construction. Would you be saying, "No, we cannot possibly have those. Look at history. Please do not let me go down that road and have to answer for the mistakes I have made in 20 years' time."

Peter Freeman: That is a very good point. Quite a lot of modern methods of construction, like cross-laminated timber, have been pretty tried and tested in countries like Germany and Austria for quite a long time. Modern may not necessarily mean untried and untested. I guess you have to believe that things like the Building Research Establishment really believe in them, which is a good thing to be said about housing associations and build to rent. If you are a steward of property and you are going to be the owner of that property for years, you care much more about the specification than if you are just selling it straight out of the showroom like a car and you are gone. All the issues that have come up with cladding partly reflect this. There has to be a greater sense of responsibility for builders, housebuilders, anybody who produces housing, that it really is fit for purpose.

Q39 Chair: If Homes England is giving grants or loans on these sorts of properties, will it have any responsibility for shaping the field about what should be built in future, what systems are okay and what are not?



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Peter Freeman: I would like to understand how the different bits of Government that monitor building safety and building materials are joined up. Homes England ought to have a role to play within that matrix.

Q40 **Chair:** I could go on and ask about the help to buy scheme and whether any such thought should be given to loans under that scheme. Quite a lot of loans have been given for properties by developers that have a questionable track record on quality, from the complaints you get from customers who have bought them.

Peter Freeman: So I read in the newspapers.

Q41 **Chair:** Do you think you ought to take an interest in how public money is spent, through any scheme, in terms of the quality that is delivered at the end of the day?

Peter Freeman: It is all in the mix of that pressure, on the one hand, to get the money out, creating more homes and giving people the opportunity to rent or buy them, with the need to make sure the money has been well spent. To my mind, well spent means not just the amount of money that had to go from the Government towards each home, whether it was loan or grant, but that it is producing homes we will be proud of in the future.

Q42 **Chair:** Peter, would you like to say anything further to the Committee? That is the end of our questions.

Peter Freeman: I will say a few closing words, including an apology for not having done my homework properly on your previous report.

Chair: We will send you a copy in the post. It is all right.

Peter Freeman: Thanks for giving me the opportunity to explain why I am brave and keen enough to take up the role. It is very exciting, important and challenging. The challenge partly comes because you are dealing with politics. It also comes because of the huge breadth of the remit, and that is the importance of the remit. Whether it is help to buy, grants and loans to help housebuilders bring things forward, or encouraging the housing sector to build more beautifully, more sustainably or very carefully with modern methods of manufacture, it is a huge remit.

I believe I have what it takes to make Homes England succeed. I have a relentless determination to get value for money and get outputs that are both socially and financially sound. I have largely taught myself, together with my brother. We started 39 years ago. Our first development was a single small office building in Southampton. We did the snagging for it personally when the agent's launch party was meant to happen and the builders had not finished. You probably all know King's Cross. We have just launched Brent Cross Town. These are real places, places with schools, theatres, playgrounds, parks and sports facilities, with 10,000 homes and 50,000 jobs in them.



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My experience shows that development can bring benefits. I know it is possible for the agency to work closely with central Government, local government, housebuilders, housing associations and communities to make a better country. I look forward to being given the opportunity to make a difference.

Chair: Thank you very much for coming this afternoon and discussing these matters with the Committee. We are now going to have to go into private session to deliberate, so that brings us to the end of the public proceedings for today.