HOUSE OF COMMONS

Environmental Audit Committee

Oral evidence: Environmental sustainability and housing growth, HC 439

Wednesday 7 May 2025

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Watch the meeting

Members present: Mr Toby Perkins (Chair); Olivia Blake; Julia Buckley; Ellie Chowns; Barry Gardiner; Sarah Gibson; Alison Griffiths; Pippa Heylings; Chris Hinchliff; Martin Rhodes; Blake Stephenson; Alison Taylor; John Whitby; Sammy Wilson.

Questions 185-253

Witnesses

I: Ben Murphy, Estate Director, The Duchy of Cornwall.

II: Ashley Spearing, Managing Director of Development and Regeneration, Berkeley Group; Kenny Duncan, Managing Director of Strategic Land, Crest Nicholson; and Chris Thompson, Founder, Citu.

Examination of witness

Witness: Ben Murphy.

Q185 **Chair:** Welcome, everybody, to the latest meeting of the Environmental Audit Committee, and the third meeting in our house building and environment review. We have two panels today. The first is Ben Murphy, the estate director from the Duchy of Cornwall, who is currently responsible for the strategic development projects for the Duchy, including Nansledan, which we as a Committee are happily going to see shortly and which has attracted a deal of attention. Welcome, Ben. Can you introduce yourself and explain a bit about what is different about Nansledan and the approach you are taking there?

Ben Murphy: Thank you; it is a pleasure to be invited this afternoon. My name is Ben Murphy. I'm the estate director for the Duchy of Cornwall, as you say, leading our strategic development projects, including Nansledan, which is an extension of the Cornwall coastal town of Newquay, built on Duchy of Cornwall land. It is broadly 10 years and 900 homes into a 30-year, 4,000-home community. It is helping to regenerate and bolster the town of Nansledan by delivering local housing needs and jobs across a range of businesses and community uses in the most sustainable way possible.

Nansledan is the largest development project in Cornwall. It is created in concert with local people, Cornwall Council and other stakeholders, and we use our land as leverage to deliver local needs. We use local contractors, materials and supply chains and we are delivering 30% affordable homes and a range of other sustainability initiatives. It is taking a master developer role, which sounds rather grand but just means that the landowner is taking on the investments in infrastructure in the early years, and delivering a masterplan community that is delivering a range of objectives, including 20% biodiversity net gain.

Q186 **Chair:** Excellent. Talk us through how you integrate nature and biodiversity into the planning and design of Nansledan.

Ben Murphy: It all starts with our masterplan: the blueprint that makes the land and built form multifunctional, diverse and a very resilient community. The masterplan layers various objectives, like the green infrastructure, to deliver biodiversity net gain and integrate a range of landscape solutions that create this additionality.

For example, we worked with our farm tenant to transform 50 acres of mainly potato fields into Trewolek meadows, which is suitable, alternative natural green space where we are creating wildflower meadows, planting trees, creating woodlands and ponds and restoring hedgerows. That simultaneously provides outdoor recreational space. We get about 50,000 people visiting each year, according to our recent measuring surveys. It draws recreational activity away from sensitive wildlife sites such as the special area of conservation down the road.

Trewolek provides features that attenuate and clean pollution from surface water from developments and surface groundwater from farmland. It helps Nansledan to deliver exactly 24% biodiversity net gain in habitat units and over 40% in hedgerow units, essentially forward funding BNG for future phases. It is also producing food from the wildflower-fed north Devon beef cattle, and a hay crop is providing income for the farm tenants. Broadly, that is the planning and design from the outset.

Q187 **Chair:** Is the environmentally friendly approach that you take primarily a cost—something you are doing—or is it a sales feature that helps you to sell the properties? Would you advocate that as a profitable process, or are you doing it for the sake of the environment at a financial expense?

Ben Murphy: It is about patient capital, essentially. I cannot speak for the whole industry but I can speak for masterplan communities like this, which is to say that large strategic developments require broader shoulders. By their scale they have those broader shoulders, but you have to have patient capital to invest in the early stage in a lot of the infrastructure layers—socially and environmentally, and the hard infrastructure and transport solutions.

It requires careful planning and you have to have the stomach for it—I referred to the patient capital. You have to work very closely with local stakeholders. Key to this is the strong public-private partnerships, and they help together to invest in things. Yesterday I was cutting a ribbon to open the Newquay strategic route, where a granite stone bridge is being jointly invested in between Cornwall Council, Network Rail and us. That is releasing third-party land for development and it is also putting the wind in our sails to invest in Market Street, the first new high street in Cornwall in several hundred years.

The point in all this is that we need to see an investable return. It is just that perhaps on larger schemes we have to have greater time and space to allow ourselves to succeed. It is about long-term benefit rather than the short-term gains.

Q188 **Chair:** It is good to hear that. We will hear shortly from a number of panellists who work in different sectors of the industry. Notwithstanding what you said about the patient capital, would you say there is profit in taking this kind of approach, or is it likely to always be fairly small scale because of the nature of it?

Ben Murphy: I cannot speak for every site, and every characteristic of every site will be different in terms of localities as well, but I can tell you that there is a movement of over 100 landowners and we get together fairly regularly. They are all motivated to do something similar to this—to aspire to the same master developer role. It is different from the general market. By that I refer to the size and scale of the opportunities. It helps when you own the land already, for sure, but we do. Others will have to considerably invest their own capital as well as recycle land receipts for long-term benefits. Every site has its own challenges and opportunities, so it's hard to answer the question directly. I can only speak to what we do.

Q189 **Chair:** How do you address concerns from people who say that development will inevitably harm biodiversity? Is it possible to have development that adds to the biodiversity of an area rather than takes away from it?

Ben Murphy: Absolutely, yes. It sounds incongruous, but often you can find solutions. You can engineer these solutions if properly planned, designed and executed. You do not just mitigate harm but you create net gains. That is what I look forward to showing Committee members when you come down to Nansledan. Of course, seeing is believing in these things.

We have designed in landscape management solutions. We have engineered in the green infrastructure from the outset and it is delivering biodiversity net gains. It is about engineering solutions to flood risk and water quality through nature-based solutions. That is providing access to green spaces, empowering people to live healthier, happier, more sustainable lives. It is also making it an attractive place to live and buy a property. We have orchards, allotments and wildflower meadows for people to enjoy and grow their own food. This is not done in a preachy way. It's just encouraging people to live healthier, active and more sustainable lives, and these are becoming desirable places to live, which is essentially the objective.

Q190 **Chair:** How has the site future-proofed itself through planning against future environmental risk such as flooding, storms, heatwaves and other things?

Ben Murphy: We design and engineer sustainable urban drainage systems, as I mentioned, with nature-based solutions that tackle flood risk through natural forms of irrigation in the landscape. We have balancing ponds and they provide, as mentioned, amenity and biodiversity solutions as well. One of them that the Committee will be able to see is the Chapel Stream wetlands. The bridge that I mentioned bridges over the Chapel Stream wetlands. The Environment Agency has asked us to produce a case study on this and how we have managed to improve water quality while constructing adjacent to the wetlands.

It is a very sensitive area that has never been farmed before, but the multifaceted benefits mean we have designed these areas to hold floodwater and the surface water from the development, and remove pollution before it discharges into the stream itself. We designed the landscape in a way that enhances biodiversity in the public realm. Through the wetlands you can walk on boardwalks and there will be areas to play. Already people are walking and cycling along those and it is a safe access through to the main town of Newquay.

There are other solutions. You mentioned heatwaves. We paint render on the homes. It helps in Cornwall, which is surrounded by water on three sides, so it is news if it gets to 25°. But we know what is coming for all of us and we plant resilient species. Where possible we plant trees to help to regulate temperature. I said where possible because the challenge has always been utilities that are protected rather than trees. It can be quite difficult, especially on the north Cornwall coast with the prevailing south-westerly winds, to establish as many trees as we would like, but we are finding solutions where we are putting utilities into the ducts in the road and therefore enabling our future developments to deliver even more street trees, which helps to regulate temperatures.

For storms, I mentioned that we have drainage systems, and we also use robust materials. Cornish granite is the stuff continents are made of. There are robust materials, Cornish slate and suchlike, that will allow homes to stand the test of time and take buffers from future storms.

Q191 **Alison Griffiths:** You may have already answered some of this in your previous answers, but I am interested in your approach to delivering low-carbon homes and neighbourhoods. What challenges have you faced scaling up the delivery of low-carbon homes?

Ben Murphy: First, I will say what we do and then go on to the innovations that have been a challenge. It's always fabric first to reduce heat loss and energy demand from homes. We integrate renewable energy solutions on all phases now, with 100% electric, solar PV and heat pumps installed.[1] At the neighbourhood scale, as you say, it is about encouraging sustainable lifestyle in the mix of uses, and the walkable community.

The challenge we have recognised is that 50% of the carbon in a home is in its construction, so we have always looked at sourcing low-process, natural materials. That has been relatively straightforward in some respects, with the Cornish granite and slate up the road and how we have engaged with the quarries. We have found recycled aggregate blocks from Cornish aggregates, which are 93% recycled aggregates and 7% polymer, which is very helpful in a traditional construction method to reduce carbon.

Where we found the challenge is in trying to pioneer bio-based materials. They are here and they are now—I am talking about hemp insulation, cement-free concrete, tarmac with additives that sequester carbon; exciting stuff—but we find that the certification is not always there and the likes of NHBC are quite slow in coming forward. These things are being assessed properly and of course they need to meet standard regulations before they are certified, but the lenders, the BBA, BRE—we would like to think the ministry of new towns could be a real leader in this area—need to support a lot of these innovative materials, because at the moment the cost and supply of them can be challenging. They need to be

[1] The Duchy of Cornwall have contacted the Committee following the session to request that this point be clarified: 'it should be clear that not 100% of all homes in new phases integrate all of these technologies, but 100% of the homes now integrate a combination of electric heating and energy solutions, including a combination of solar PV and heat pumps'.

established and then they will be better supported by the wider industry. If they are, they will help to viably scale them up. At the moment it can be a bit of a higher build cost to source more of the innovation.

Q192 **Alison Griffiths:** What needs to happen to get that certification process moving? Has it started, or is there a role for Government and regulators in pushing that forward?

Ben Murphy: In some cases it has started and it is quite slow. We just have to wait for the process to complete. Sometimes it is warranties. You cannot sell a home and a lender would not lend against a home if it does not have those warranties, so the NHBC needs to recognise that it has certification. Even if it is novel, it is highly sustainable and should be attractive. Lenders potentially could also offer green mortgages and suchlike. When you are building highly sustainable homes with low occupational cost, you would think it is a stronger covenant strength of the owner-occupier, but also a more desirable home and, therefore, with potentially a premium attached to it. It is about a recognition all round that this is not a risk: it is an opportunity that adds value to the home.

It is about the supply chain as much as anything. It is about how to scale up viably. In some ways the industry and regulation could both look in this direction and you will find that the supply chain will transform. Within five years—you have seen it in various other industries—materials like low-carbon cement would be the biggest impact that you could have in the construction industry, because cement is the biggest carbon emitter of an industry that emits an incredible amount of carbon.

We are told by Ibstock Brick and others that they have the products but they do not have the take-up from the industry, so it is not the standard process at the moment. But they could transform. I think that new towns could play a big part here. I have seen it before in the projects we deliver in the Duchy, and I worked on the Olympic Park: you can make real step changes in culture and in the industry. You really push the dial, as the 2012 Olympics did, on various aspects of innovation.

Q193 **Alison Griffiths:** I am conscious of taking too much more of my allocated time but, briefly, will low-carbon homes be more expensive than average homes? How do homes in Nansledan compare to the future homes standard?

Ben Murphy: We have been engaged in the future homes leadership forum and the subcommittees, so I would like to think we are compliant, but we have not assessed any of the current phases against it so I cannot say for sure. I will go away and check that. But we are definitely at current building regs and we are 97% EPC ratings, on average, whereas I think that the industry is 85%, so we are outperforming. I mentioned that we are the LETI 2030 standard for low-carbon construction[2], which is beyond where the future homes standard is because it is not being

[2] The Duchy of Cornwall have contacted the Committee following the session to request that this point be clarified: 'it should be clear that we have managed to reach LETI 2030 embodied carbon standards for some of the homes in our latest phases'.

measured yet. We are also looking at community-scale renewable energy solutions, which again is in addition to those assessments.

Cost-wise the build cost will be a challenge sometimes to our SME house builder margins, because the house prices are dictated by local market conditions of supply and demand. If the homes come at a premium, it is because they are of quality, and part of that will be their sustainability, but it is dictated by the market. It is hard to sit here and say that sustainability alone attaches the premium to the house. I can confirm that it adds to the build cost at the moment.

Q194 **Sammy Wilson:** When we look at the different approaches taken by master developers and traditional builders, I suppose there is a huge difference. Traditional builders want quantity and standardisation. They want to have properties that they can build quickly and so on. As you have explained to us, when you look at it from a master builder's point of view, you are looking at a wider context. You have mentioned the cost, so we will not go into the cost too much, but how does one approach compared to the other impact on the environmental sustainability of the developments?

Ben Murphy: Again, it is hard to draw a direct comparison, but the design and execution of the projects are not mutually exclusive. We deliver about 120 homes per annum on average, in Poundbury and Nansledan. I think we could achieve 150 to 170 homes per annum with our current construction methods. Beyond that would get our house builders nervous about factoring in the high-quality public realm. It does depend on construction methods. There could be more modern methods of construction that could speed up the process without reducing quality, but I know from the house builders we work with that they are relatively comfortable that they can meet our exacting standards at about 120 homes per annum.

I always say that you just need to build more of these types of communities to deliver at scale and at an increased pace, and potentially find more modern methods to increase the delivery, but a lot of it also relates to the absorption rate locally, which is how many homes can be absorbed in the local market at one particular time or per annum. We deliver a range of tenures and we like to see private rent and retirement homes as well as affordable, private and private rented. If you at least take a multi-tenure approach, you build some diversity into the market and hopefully that means that demand, in good times and bad, is pretty resilient. That is what we have found.

Q195 **Sammy Wilson:** You emphasised, from the environmental sustainability point of view, the public realm and the other aspects of that, including open spaces and so on. Is the longer-term maintenance of that maintained through management companies that the owners and the renters have to pay into? What cost does that impose on homes, and how do you ensure the quality? We have all seen housing estates in our own constituencies where, when they start off, that are lovely and look great in the pictures, and they look great in the first couple of years and then become very tatty. What is the cost of maintaining that public realm and who bears that cost?

Ben Murphy: You have probably hit on the challenge, which is that in early years, because we have delivered so much green infrastructure, the Duchy has decided to subsidise the maintenance cost. We knew that was going to be the case because we cap the estate charge, which residents have levied on them, to CPI—cost inflation—to make sure that the alternative would not happen, which is that they would be saddled with a large bill for a green infrastructure that we have decided to forward deliver early. We have banked a lot of future biodiversity net gain for the benefit of early residents, but it does not mean they are on the hook to pay for the whole.

As we scale up—because we are 10 years and nearly 1,000 homes in—it will soon get to the point where the estate charge revenues will cover the cost of the wider maintenance for that community, and eventually it will be 4,000 homes. The estate charge itself is very comparable to the market. It is about £250 per annum.[3] If you factor in that these homes are highly sustainable with low energy costs, overall occupational costs here are preferable to the average house. Residents sit on the management companies, so they see very transparently where the money is going. Residents can also vote if they want to up or reduce maintenance, and therefore standards, you might say, if they think that the costs are becoming too high.

We thought that the fairest way of dealing with it was setting it at a level that was affordable. We do not have any ground rent and never have. They are at a peppercorn if there is a leasehold property. Residents know, eyes wide open, when they move in, that they are paying on average at the moment £250 per annum, [4] which is pegged to CPI, so it is very much part of their future planning.

Q196 **Sammy Wilson:** If this was being done by a traditional builder, would you expect that they would put in the kind of subsidy you are talking about for your open spaces and green areas?

Ben Murphy: I cannot speak on behalf of individuals or organisations; I can only say that we decided £40,000 to £50,000 per annum when building at scale like that—which is the cost we are subsidising[5]—was worth paying. Indeed, there was no alternative because we had capped it at CPI, so we decided to move ahead and do it. We think that it is benefiting the people and adding value to the overall estate and wider

[3] The Duchy of Cornwall have contacted the Committee following the session to correct this figure, and that Mr Murphy ought to have said "It is currently £377 per annum".
[4] The Duchy of Cornwall have contacted the Committee following the session to correct this figure, and that Mr Murphy ought to have said "£377 per annum".
[5] The Duchy of Cornwall have contacted the Committee following the session to request that this point be clarified: 'we are currently budgeted to subsidise service charge costs at £120,000 per annum (not £40,000 to £50,000), but this is forecast to reduce each year'

objectives of what we are doing. It has worked for us. We satisfied ourselves that the business case was worth doing.

Q197 **Sammy Wilson:** You are a new town. How do you see new towns fitting into the broader picture of dealing with the housing crisis in the UK? Is it peripheral, or do you see new towns being central to dealing with that problem?

Ben Murphy: I am an optimist about these things, and the fact that we still talk about new towns. I was up at Hatfield House, as I mentioned, with about 80 other major landowners, and we were talking about the previous growth in new towns in Hertfordshire and so forth. I always say that they could become a clarion call. I think they are part of the solution; I appreciate that they will not deliver all of the housing needs. As I mentioned earlier, I was lucky enough to work on the Olympics when I was a younger surveyor and I saw how that changed the culture in the industry, whether on health and safety or women in construction, local employment, zero waste to landfill, sustainability and accessibility for people going to the Olympic Games.

The scale of the contracts and the opportunities are such that you can demand higher, better and more innovative things. I think new towns can become that clarion call for the wider industry and they are absolutely worth while and part of the solution.

Q198 **Sammy Wilson:** Do you think the decision on their location will be driven by economic factors, and the local availability of land? In your case, of course, the Duchy of Cornwall made the land available. What do you see as the main factors that determine whether it is decided to go down the route of a new town? Is there a danger that you simply choose what is economically best and maybe not environmentally best?

Ben Murphy: I am fascinated to know what the decisions will be, for that very reason. Strategic location and context are incredibly important. The landscape character of the place should inform the masterplan. I think landscape architects could make good masterplanners of new communities. We have land, generally agricultural land, that sits around towns that have grown and historically not got in the way of local planning decisions and allocations. In the last 50 or 60 years we have more attractively managed those developments ourselves as a major landowner, to make sure that what is promised to the community is what is delivered. Urban extensions, like we have delivered, are more efficient. Done well, like we are doing, we are delivering local needs. We are not a parasite on the town, but it is more efficient than starting afresh.

Scale and proximity to economic areas, existing transport connections—I think the sheer scale of the town will probably answer that one. It would need to be of sufficient scale to justify a new settlement. It is a very difficult question to answer without looking at the details. I am fascinated to see what the decisions are.

Q199 **Alison Taylor:** We are very much looking forward to coming to Nansledan in a couple of weeks. I am trying to understand to what extent the Duchy of Cornwall's backing enabled you to pursue your sustainable development aspirations. I also noted that you mentioned in your answer to a previous question that you felt that the fact that the Duchy of Cornwall owned the land was a significant factor. You also mentioned returns on your development—profit. What sort of profitability does the Duchy look for? How do you think that perhaps gives you a slight advantage in the viability, compared to a developer who did not own the land in the first place and came into it afresh? Would you be able to give us a bit of insight into that?

Ben Murphy: Absolutely—and I am very much looking forward to hosting you in Nansledan soon. The land is part of the equation but it is not the whole. AECOM and Knight Frank assessed 27 sites as part of the report that was shared with the Ministry, including Nansledan and others, across a range of different landowners, and Homes England and a couple of local authorities shared results. It showed that the sheer cost of infrastructure in section 106, on-site and off-site costs were the main challenge to viability.

We take the patient capital approach I mentioned. Take Nansledan as an example. It will not be scheduled to break even until 2032. The first spade in the ground was 2015, the inquiry by design to guide the masterplan was 2005, and £7 million went on planning and design fees between 2005 and 2012. Consent means that you have to recycle the land receipts and put your own capital into these developments. So it is a good starting point to own the land. Nevertheless, it takes a concerted long-term investment.

As the Duchy of Cornwall, we have to achieve a rate of return that is commensurate with the marketplace. For example, we underwrite all speculative development projects, including Nansledan, with a benchmark 15% total return on our investment. Nansledan, I am pleased to say, continues to perform against that. It is teetering—obviously it was started in different times and right now is more challenging in the marketplace just because of the cost of inflation.

The benchmark for long-term rental investments is around 10%. These are standard industry benchmarks. We operate and measure our performance against market expectations, and we have to. This is not a philanthropic endeavour, by any stretch. The difference is that the team and I have been given space and time to succeed. That is what I refer to as patient capital.

Q200 **Alison Taylor:** When you mentioned the returns on the development—the 15%—is that on all your development costs?

Ben Murphy: Yes. That includes, I think, only agricultural land value, but it includes total development costs and cost of finance.[6]

[6] The Duchy of Cornwall have contacted the Committee following the session to state that Mr Murphy had meant to say "That includes land at agricultural value only, but includes total development costs".

Q201 **Alison Taylor:** To be clear, as far as the Duchy is concerned there is no actual subsidy being provided and other developers of scale could take the same patient capital approach. In your view, there is no reason why they could not undertake similar projects.

Ben Murphy: The one qualification that I should say to that—and there is lots of detail that we can talk about when you visit—is the strong public-private partnerships. Cornwall Council has been a good, strong strategic partner. Our section 106 costs and obligations are not as high as many others because it knew the challenges that we faced, and we both knew that our biggest commitment was affordable housing. If we ran a viability appraisal, we would not have delivered any affordable back in the day. Cornwall and Newquay is one of the poorest parts of the country if you look at the indices of deprivation. So we took a concerted effort together to settle on a section 106 that was reasonable at the time—to commit to 30% affordable housing from the outset—and did not run a viability appraisal. It has transformed over time as we have added value, but at the outset it was not looking too great.

We have also had about 40% of the funding for the schools from a free schools programme. For the Newquay strategic route that I mentioned earlier, we have put in £7 million and £25 million came from Cornwall Council and Homes England. Those things have put the wind in our sails and allowed us to invest significantly more—£43 million today. The point is that it has been a public-private partnership and a co-investment. The public sector has provided the seed funding and we have provided the lion’s share, and continue to. That is an incredibly important aspect to highlight.

Q202 **Alison Taylor:** Do you have any recommendations on how developers who do not have such deep pockets, deep resources and that long-term patient capital approach could still build sustainability and biodiversity into housing developments?

Ben Murphy: The scale of developments, as I mentioned before, gives you broader shoulders. I remember working on the Olympic Park where we achieved things like zero waste to landfill because you can move waste around the site and whatnot. Scale of development gives you greater opportunity. That does not necessarily mean that they have the access to the capital. I have mentioned to the Ministry and I know that Homes England wants to get more involved in this area, and truly to be a master developer itself directly, but also support the industry through infrastructure loans.

The big-ticket infrastructure items are the huge challenge. In our case as well, it is about jointly funding some of those solutions, but with strings attached to hit the sustainability standards. There are other social objectives and environmental objectives, of course, that you wish to stipulate alongside any loan or financial support. That is what I say respectfully to you and anyone else who wishes to know.

Q203 **Sammy Wilson:** Can I check one figure from your answer to Alison’s question? You said that when you calculated your 15% return that was based on the agricultural value of the land—is that right? If it had been based on the development value of the land, what would the return have been?

Ben Murphy: I don't know the answer off the top of my head. That goes back to the point that we have converted agricultural land at the beginning of the process, and that is what I mean by generally it helps to own the land in the first place.

If you were looking for a more objective analysis, the report on the viability of masterplan communities, with Knight Frank and AECOM, looked at 27 sites up and down the country, across different geographic areas. It is a good sample because it regularised land value within it and looked at all the other costs. That showed that land, whether it was £100,000 per acre or £200,000 per acre, did not make the bigger difference. The bigger difference was the overall infrastructure costs. Those infrastructure costs did not benefit from any economies of scale, because when you have over 5,000 homes you end up with bigger-ticket items like secondary schools rather than just primary schools and so forth.

There is a fascinating summary in the report and it shows you where the viability challenges are. They are around infrastructure, especially off-site infrastructure costs, because there has been a significant under-investment over many years. Sometimes these schemes come forward and the local authority, understandably, or other agencies are trying to see greater investment not just within the community but externally around the town. That is where these schemes are becoming quite a challenge.

Chair: Thank you very much, Mr Murphy, for your evidence. We all very much look forward to getting down to see you on site. I should inform you that if there is any more ribbon-cutting, you will have some very qualified and experienced ribbon-cutters on hand. We look forward to seeing you and we very much appreciate the evidence you have given us this afternoon.

Examination of witnesses

Witnesses: Ashley Spearing, Kenny Duncan and Chris Thompson.

Q204 **Chair:** Welcome to the second panel of the day, where we will hear from a number of different developers. I will start by thanking you very much for attending. I have to say that it was not easy for us to find house building companies that were enthusiastic to come and hear from us and speak to us, so we very much welcome the fact that you gentlemen were willing to come along. I will start by asking each of you to introduce yourself and your organisations, and to speak briefly about the marketplace sector you are in. We will then get on to the opening question from Sarah Gibson.

Ashley Spearing: Thank you, Chair. I am Ashley Spearing, managing director of regeneration, planning and policy at Berkeley Ventures, part of the Berkeley Group. We are the largest brownfield urban regeneration developer in the UK and we deliver 10% of London's new and affordable homes. The point I would like to make first is that we are a specialist in brownfield and 93% of our delivery is on brownfield sites—former gasworks, industrial sites and things like that—close to existing infrastructure and transport generally, so my answers will be more specialist to brownfield land.

We agree that not only brownfield but greenfield and grey belt are necessary to try to deliver the target of 1.5 million homes, but we need all types of homes and brownfield is particularly important there. We have been pioneering biodiversity net gain since about 2017, voluntarily. The 57 sites that we have put into planning since 2017 all achieve a biodiversity net gain of at least 10%. We have been championing that voluntarily on our sites, largely because with a lot of the large brownfield urban sites that are closed off to the public, you can bring the public and nature back into those communities. That is our focus.

Kenny Duncan: I am Kenny Duncan, managing director of strategic land at Crest Nicholson, which is one of the medium-sized volume house builders. Our focus is principally on greenfield development. Our company has been around for about 80 years. We are similar to many of our peers in the house building sector with greenfield development. I think many of the challenges and opportunities that we face will be shared by many of our peers in the sector.

Chris Thompson: Good afternoon. I am Chris Thompson, founder and one of the directors of Citu. We are a Yorkshire-based SME house builder, focusing on the regeneration of brownfield sites with a particular emphasis on low and zero-carbon communities. We have been on a journey to vertically integrate an MMC product into our business to help to unlock and facilitate the development of those buildings.

Q205 **Sarah Gibson:** Let me add my thanks to those of the Chair for your time today. It is nice to hear from developers, because I sometimes think their voice is not often heard well. To open the questions, how do you feel that the planning reforms will help? What is your response to the Government's approach to planning? What parts of the planning reforms do you welcome?

Kenny Duncan: It is really positive. We have had a difficult environment over the last period and the policy changes that the Government have introduced have gone as far as they possibly could in trying to unlock some of the problems that the planning system has been wrestling with in recent times. The revised standard method, the five-year housing land supply reintroduction and the new approach to grey belt in particular are the three highlights that we would focus on.

The introduction of biodiversity net gain, which came at around about the same time, is also welcomed by the development industry. Sometimes there is a gap between perception and reality with our approach to biodiversity and our attitude to biodiversity. Biodiversity, public open space and green infrastructure are a fundamental part of the place-making agenda that we seek to deliver. Whether it is a big site, a little site or an enormous site like the one you heard about previously, the approach to delivering biodiversity, public open space and green infrastructure is right at the heart of what we are trying to do.

It is important to say, from a contextual point of view, that delivering biodiversity and ecological enhancements is not new in itself. Biodiversity net gain as a policy tool is new, but we have been delivering biodiversity improvements as a requirement of national policy for about 10 years, and even going far back beyond that. An example delivered by Crest is Tadpole garden village to the north of Swindon, which I think we started in 2011. Swindon is possibly not the most glamorous location to deliver these types of things—

Sarah Gibson: I warn you that it borders my constituency, before you say anything else. *[Laughter.]*

Kenny Duncan: I did live there, so I feel capable of saying that. It is not the highest-value part of the country, so if you can achieve what we achieved at Tadpole garden village in a location like that, it is replicable. It is replicated across many parts of the country and across many house builders. It is not something that I am just claiming for Crest.

The second thing is that the reforms proposed through the Planning and Infrastructure Bill then stepped into the space that policy could not deal with, by looking at things like nutrient neutrality, water neutrality, recreational impact zones—effectively the things that are affected by the habitats regulations. The more strategic approach that is proposed in that Bill, if it is followed through as it is laid out, should make a serious difference to the ability to deliver housing and to protect the environment and deliver biodiversity improvements. There is no good reason why the two things cannot be delivered in step. There is not a tension between those things in the planning system in the way that is sometimes portrayed.

Finally, it is worth highlighting that it is pretty clear from what the Government have said that they have a long-term commitment to the principle of plan-led strategic development. It is to their credit that stepping into this space now they have allowed for a short-term solution to get the situation moving, and to take place without jumping straight to that strategic solution immediately, because if they had done so it is inevitable that it would have slowed down housing delivery.

Those are the three things that I highlight as the main benefits and main reasons why we are positive about what has happened.

Ashley Spearing: I will not repeat Kenny's answers. It is a hugely positive start, with the renewed focus on delivery. The reintroduction of housing targets is really important, as is the approach to grey belt, green belt and brownfield, obviously. Getting resource support into local planning authority teams, the national scheme of delegation, allowing authorities to set their own planning fees, and training for planning committees are all important, and will help planning applications to get through the system. The housing accelerator and the new towns taskforce are both positive, but overarching it all is the tone and the clear mission that we want to deliver the 1.5 million homes.

Chris Thompson: I probably have different reasons but a similar enthusiasm for the changes. The three that I have picked out are about the design focus and increased emphasis on design quality. That is sometimes overlooked in a push for the quantity of housing that we need to build. The typology and the quality of the place we build is central to how those communities function and the outcomes that people will ultimately experience in living there. That is a welcome aspect, from our perspective. I think the enhanced environmental policies generally are all very positive and address the crisis that we have with climate change, but also biodiversity and the streamlining of the planning process as well, which has been mentioned.

Q206 **Sarah Gibson:** The point about improved quality of housing obviously makes a huge difference to acceptability and buy-in from local communities, doesn't it? What do you feel the barriers will be for achieving the targets? How do we make sure that the housing targets, which you all thought were a good change and which you are pleased have been brought back, will be achieved without damaging the environment?

Chris Thompson: To tackle both bits of the questions, the barriers that we see are about some of the demand. At the moment we are in a difficult demand environment, and stimulating that would be really helpful. On the conflict between development and the environment, intrinsically doing anything has a carbon impact, and there is an acceptance of that, but working within those parameters we can achieve high-quality environmental schemes. It depends largely on where we build them.

We have a default to brownfield land and there are a lot of opportunities on brownfield land. I am speaking from a regional perspective here, because we are based in Yorkshire and brownfield allocation is not evenly spread throughout the country. But there is certainly a huge potential with brownfield land development. We measure all three: embodied carbon, operational carbon, and the consequential carbon that is impacted from the places where you build in terms of where you are building and the amenities that are woven into those. All three of those types are important. By building the right types of properties in the right places, we can do that absolutely hand in glove with environmental goals.

Ashley Spearing: Housing and the environment work together, certainly with brownfield development. We have talked about low-carbon homes and we can absolutely do those. I think that 93% of our homes are already EPC level B. When the grid is decarbonised, nearly all our homes will effectively be net zero. On the operational element, you still have the embodied carbon. Since 2020 we have been working on embodied carbon. We set science-based targets as our response to 1.5° and that challenge. We have done 53 assessments on 53 sites now for embodied carbon.

Q207 **Chair:** Can I interrupt for a second and remind you that the question is about barriers? What are the barriers to achieving the targets? You are all tremendously positive, which is lovely, but we are not hearing that there are any problems, in which case we can pack up and go home. Do you have any complaints about the system as it is at the moment, or the recommendations that the Government are making?

Ashley Spearing: We think that the mission and the tone for getting delivery going and trying to reduce some of the barriers are hugely positive. The challenges now probably sit outside of planning. In London, for example, we have seen the BCIS index has moved by 47% since 2016, which is causing a huge impact on build costs. We have more regulation for fire safety. That leads to it being harder to make schemes stack. That then comes down to priorities locally: what is the most important thing locally? Is it the affordable housing? Is it a new school?

Some of the routes through that are things like using section 106, not CIL. CIL is often charged before anything else. It is mandatory. Before affordable housing the CIL comes out and it is not something that you can negotiate. People often do not know locally where the CIL is spent. Flipping to using 106 instead of CIL allows more local decision making and more local support. That is a big thing that can help locally.

We think that promoting good density near to transport links and on brownfield is another route to prioritisation, as is helping the housing associations, because they currently have a real challenge. How can we get the housing associations back in the market to buy the affordable housing? It is also about making the system go faster: if we get to planning committee, how do we get on site as quickly as possible?

Q208 **Sarah Gibson:** I will stop you there because that is drifting away a bit further from the revisions of the planning process into other things. Kenny, this is perhaps more relevant to you, in terms of housing targets, and you know the area. One of the issues in rural areas such as Wiltshire and Swindon is that because of the previous housing targets, we found that speculative development was happening, which there was a huge amount of resistance to because it was not the sites in the local plan. Do you feel that will happen again, given that we have reintroduced housing targets? Will we get more of the slightly more speculative element, which will be more harmful for the environment?

Kenny Duncan: There are a number of parts to that question, so I will take them in turn. You are right to say that when local authorities do not plan and deliver the housing that is required for the area, there is the carrot and the stick. The carrot is the local plan and the plan-led system, which I think everybody is supportive of—the industry, the profession—and from a democratic point of view it is important that the plan-led system is the way to go.

But when the plan-led system does not deliver—we sit here today in a situation where 75% of authorities do not have a five-year land supply and 80% of authorities do not have an up-to-date local plan—the only way to get housing delivered is through the five-year land supply test. But the five-year land supply test is not a situation where you do not have a five-year land supply so it is open season and housing can be built everywhere. That is not how it works.

Before I came in, because I anticipated that this question might come up, I had a look at the planning decisions that have been refused in the last six months since the changes to national planning policy came into being. I found three of 12—and I did not look for very long—where there was no five-year land supply, but for reasons other than five-year land supply there was still a refusal. For two of those reasons that I looked at directly yesterday, the reason was because it was too small, because it is not the right place for development or because it would be harmful.

I am, then, not as concerned as some people are that a consequence of the five-year land supply test is that all of a sudden you get development in unsustainable locations and that that leads directly to environmental harm. I do not think that is what was happening when the five-year land supply test was in pre-2023. The suspension of the five-year land supply test simply brought the panning system to a standstill because there were no consequence to authorities not delivering on their requirements. If you don’t want to believe me, read the Competition and Markets Authority report into the planning situation and the reasons for the delays.

Coming back to the question that was initially asked, I do have some concerns to help you with. I will deal first with whether we can do this without causing harm to the environment. Absolutely we can, because the environment is afforded the highest status of protection in the planning system. The biodiversity net gain requirements and the habitats regulations are enshrined in law, and everything else that we are talking about is enshrined in policy, so they have greater status. So the protections for the environment are already there.

The biggest barrier to delivering 1.5 million homes in this Parliament is the pace of the planning system. That is not to say that it is the fault of planners, because I don’t think it is. There are not enough of them. To be slightly flippant about it, sometimes they read more like hostages with Stockholm syndrome than they do the passionate advocates for good-quality development that they were 10 years ago. That is a consequence of a reduction in resource in the public sector that is really harmful.

Research by Savills suggests that that was down by 59% between 2010 and 2020, so it is hardly surprising that they are unable to resource it in that way.

The thing that is exercising us most across the sector at the moment is a lack of co-ordination and co-operation between the different arms of Government and the infrastructure providers. Without that co-operation and co-ordination, we find ourselves frequently in situations—the best example I can give is a nutrient neutrality one, where there is absolutely nothing that we can do. We cannot solve that problem. There is nothing that we can do to solve it. In the last two years not only is it nutrient neutrality, but we are starting to see that the water supply is not there, and there is no capacity for waste water discharge. We are being asked to assess coastal flooding as if there were no coastal defences, in 100 years' time, with a 40% allowance for climate change. That is not reasonable. Those sorts of things are probably the most significant barriers to getting the housing built within this Parliament.

Going back to something Chris said, this session is focused mostly on planning, but aside from planning, on the demand side, the gap between average incomes and average house prices, particularly in the south of England, has become so significant that it is a real barrier to entry for first-time buyers. First-time buyers create churn in the market, which means one person moves somewhere else and another moves somewhere else. It is not an easy one to wrestle with. Help to Buy was not popular politically on every front, and I have heard it described as heroin for the development industry—I understand those political points of view—but the pragmatic reality of the situation is that it is difficult for people to buy houses. If people cannot afford to buy houses, it is very difficult to build them.

Sarah Gibson: That is a good point. Thank you.

Q209 **Chair:** We have talked there about the difficulties in getting planning approval, and I suspect that each of us as Members of Parliament have had situations in our local communities where developers have achieved planning approval and for years have not actually built on the sites. Mr Spearing, can you give us an indication as to why developers who have planning approval—at last count it was over a million houses, or a million units that have planning approval—have never built them? Why do developers get approval but then not build?

Ashley Spearing: A number of investigations have looked at this question over the years, starting with Dame Kate Barker back in 2003, the Letwin review most recently, and the CMA. None of those investigations really concluded that issue. The idea that developers sit on land and do not develop it, certainly in brownfield, does not work commercially. These sites are hugely capital intensive and it does not make commercial sense to invest all that into a site and in the ground and then sit on it. That is not our experience as a brownfield developer.

Quite often the reason why some sites do not come forward after getting planning permission is that regulations change or you have a huge inflation issue. In London, as I said, in 2016 we saw a 47% rise in the BCIS. Then you have things like fire safety, which came in recently. For good reason, it means that people have to go back to planning to change plans to deal with new regulation, after which time inflation has moved on and things are different and maybe the plans do not quite work any more.

I think there are good reasons for the sites that maybe have not started, but in the main we do not see that as something, in brownfield, that makes much commercial sense. Certainly in London today we are seeing some issues with the Building Safety Regulator, where there are about 18,000 homes stuck in the system with planning that do not have gateway to approval. I do not necessarily think that it is always for planning reasons. Sometimes it can be reasons outside the planning environment.

Q210 **Chair:** You say that it does not make sense on brownfield sites. Does it make more sense on greenfield sites?

Kenny Duncan: No, it does not. This is a question that I have had to answer a number of times in my career. The only discussion that we have ever had as a house builder about the pace of development is how we can go quicker. It is never about how we can go any more slowly. To get to a position where you have planning permission, you do it one of two ways. You either buy the land, in which case you have costs sunk, and then you have to go through the planning system, and by the time you get there you have quite a substantial amount of work in progress; or you do it as I tend to do it on the longer-term strategic sites, where you enter an option agreement with the landowner, and once you have the planning permission you then negotiate to buy the land, either in whole or in phases.

Promoters do it slightly differently. They do broadly the same as I just described, but when they get to the end of the process they sell it on the open market to a house builder. There is no commercial incentive to go any slower than you have to, because you are servicing the cost of that work in progress all the time. That is not to say, as you rightly identify, that sites do not get planning permission and then don’t progress. Most of the time when that is the case it will be because there is some form of deliverability issue—problems with access to a service or a facility, a flood-risk zone or a difficulty with technical approval. It might take a long time to get through the reserved matters process, or it may take a long time to buy the land because there is a disagreement over the price of it.

But I would say categorically and confidently that, as Ashley rightly identified, there have been four reports into this in the last 20 years. It started with Letwin, then it was Lyons, then it was Barker, and most recently the Competition and Markets Authority concluded very clearly that there was no evidence to suggest that house builders were land banking for that purpose, and that the reasons for the delays were principally the planning system. I add to that deliverability and the time it takes to draw down the land. The concept of land banking as a deliberate attempt for the house building sector to slow down the delivery of houses I just do not recognise at all.

The million homes that are with planning permission and have not been built will largely be on multi-phase sites, which take a long time to come forward, such as the development down in Cornwall that you heard about previously. The example that I gave you earlier, Tadpole garden village, we delivered pretty quickly—it took us 10 years to build about 2,000 houses—but it does take time to deliver multi-phase schemes, and that is the reason for it.

Q211 **Chair:** I hear what you have both said, and Mr Duncan gave some examples of reasons why things might get delayed, but your evidence stands in contrast to what many of us see in our communities, where we see these sites and years later nothing has ever been built. I accept that you have given us some of the reasons, but it seems logical to us that developers might think, "If we make too much housing available in a certain area and the supply outstrips demand, it will push prices down. If we can keep people desperate for houses, that will keep the prices high." Are you saying that those thought processes really are not considered in the industry? You are not thinking, "If we bring 50 to 100 houses forward every year, there will not be an oversupply, but if we brought forward 500 in a one-year period, it might push the price down"?

Kenny Duncan: I can honestly say I have never heard anybody say that in the organisation that I work in. I have never said it. I cannot say that anybody anywhere at some point in history has never thought that. However, as a matter of principle the cost of servicing the debt—and it is always high six or seven-figure sums to service—far outweighs any consideration like that.

From a slightly more pragmatic point of view, the job lifetime of a managing director of a house builder is not that long. They are under pressure to deliver annual results by the half year, by the month, by the year. The idea that they would slow that production down for some perceived benefit in the future at the risk of their own job does not bear contact with the reality of working in the sector.

Q212 **Chair:** Okay. Mr Thompson, how could the relationship between planning approvals and housing completion be improved?

Chris Thompson: I am trying to relate this to our own experiences as to where we could have made more progress on sites where we have planning. I think it comes down to one of two things. Sometimes the planning process—and we have examples—takes many years to get through from initial concept to delivery. When you are delivering houses speculatively in an urban context, sometimes that market take-up changes during the time from when you started the process to when you have it. There is a need to tweak the planning consent because the typology or the tenure that you are targeting at the beginning is no longer quite as relevant. I suppose that is one of the reasons why we can see it slowing down.

The other bit is about viability, which Ashley mentioned before. It is about the various changes. We are seeing a lot of that currently with the Building Safety Act, with buildings over 18 metres suddenly becoming no longer viable with all the changes that are needed in them, and having to revisit planning applications to say, "How do we change that density? How do we change the mix of building typologies on the site?" Certainly, that is some of the experiences that we have had.

Q213 **Barry Gardiner:** I have been looking at your annual reports. Mr Spearing, your current 2024 annual report says that in 2023 you built 4,637 properties and about 65 of them were a joint venture. The average price was £608,000, making a pre-tax profit of £130,000 on every home. But the figure that really made me think that the Chair has got his finger on you here was what was called the future gross margin in land holdings in 2023. That was £7.629 billion. I looked up the note on page 214, I think, of your annual report.

Kenny Duncan: He's not looking forward to this question. *[Laughter.]*

Barry Gardiner: It says: "This represents management's risk-adjusted assessment of the potential gross profit for each of the Group's sites, including the proportionate share of its joint ventures, taking account of a wide range of factors, including: current sales and input prices; the economic and political backdrop; the planning and regulatory regime". This is exactly what the Chair has just been talking about, isn't it? You are making an assessment of the profit that you can make on the land that you have already acquired, and you will then, because it is a risk assessment, adjust the flow of properties coming out to make sure that you maximise that return, will you not? The Chair has you spot on, hasn't he?

Ashley Spearing: To explain that, we have 32 complex brownfield regeneration sites. Those sites are built out in phases, they are often brownfield, often complicated. If you have an 80-acre brownfield site, you don't go and remediate the whole 80 acres in one go. You don't go and put all the infrastructure in for 80 acres in one go. You cannot get to the end of the parcel until you get to the start. The numbers you are quoting there reflect that these are very large, complex brownfield sites.

Q214 **Barry Gardiner:** That is not the issue here, is it? The issue here is that you are making, by your own admission in your annual report, a risk-adjusted assessment of the potential gross profit for each of those sites, and you do so taking into account the economic and political backdrop, the planning and regulatory regime and the sale and input prices. This is not, "Oh well, it just so happens"—you actually planned this. You plan it and you make an assessment of the profit—the gross margin—that you can make on each of those land holdings. You are running a business. I am not saying you should not be making an assessment. I am not saying you should not make that judgment, because your shareholders will, no doubt, demand it, but do not tell the Chair that you are not doing it, please.

Ashley Spearing: I don't think that is what I am saying. I am saying—

Barry Gardiner: Both of you said that.

Ashley Spearing: No, we are saying that these sites are complicated and that you cannot build—so if we build 4,000 homes a year, that is 4,000 homes a year across all those sites. We cannot build all those homes and sell all those homes in the same year. That is the issue that you are identifying, that these are 15 and 20-year long-term sites.

Q215 **Barry Gardiner:** You do so to maximise the profit that you can make on each of those sites. You will do that, and that is why you make the assessment of the economic and market conditions. It is precisely why you look at the sales and input prices so that you can maximise the profit. If you did not, surely you would then come back to me and say, "I would be breaking the law because my shareholders would take me to court because I am not maximising the value for them."

Ashley Spearing: I think you are valuing a whole portfolio.

Barry Gardiner: No, you are. That is what it is. It is the gross margin in the landholdings.

Ashley Spearing: Yes, but that is because they are large, complex sites. You cannot have all that value—that margin—in one year. A lot of that margin is 10 or 15 years away.

Barry Gardiner: Of course. I am not saying you get it in one year. What I am saying is that you are making that valuation, that judgment, and you are using all the market conditions to make that risk assessment, and you then manipulate it to make sure that you are making the maximum value on each site at the right time. If you did not, you would not be a very good company, would you?

Chair: We'll move on.

Q216 **Olivia Blake:** Moving on to biodiversity net gain, can I ask both the people in the room—because I think it is most relevant to your organisations—what the biggest concerns are about the implementation and delivery of biodiversity net gain?

Ashley Spearing: As Kenny talked about, we have been doing biodiversity net gain for a while now. We have done it on the last 57 sites that we have put into planning. We are finding that we can achieve a 10% biodiversity net gain, which is quite an arbitrary measure. The 10% really depends on what you start with as a baseline. If the baseline of the site is very low, making a 10% gain on that is a lot easier. If you start at a very high baseline, 10% is quite hard. In actual fact, you can make a 10% gain on one site and a 100% gain on another site and have the same habitat value on both, because it is about the gain.

The area where we find net gain difficult sometimes is thinking about the long-term management. We are getting to grips with that where you have to put a 30-year plan in place for it. Sometimes you get habitats that are very hard to replace. There is something called open mosaic habitat that you get on brownfield land in London, which pops up when you least expect it, usually when you are part way through a remediation of a site. It is quite hard to replace so we end up having to purchase credits for off site to replace that. Generally, we like to deliver that biodiversity on site, within the site, because we think that is the best landscape-led solution.

The challenges that we face at the moment are about measurement and making sure that that is consistent. Obviously, we try to do the best biodiversity net gain we can on every site, taking into account local species, local preferences and things like that. The danger on this is that we run before we can walk as an industry. There has been a step change to 10% in law, so I think the industry needs to get used to that now. We need to embed it in the management systems for those sites. In our view, achieving that net gain is not a barrier to housing delivery and growth.

Kenny Duncan: I agree. We are supportive of biodiversity net gain. I think every one of the volume house builders is committed to delivering 10% net gain in their corporate strategies. Whether or not the biodiversity net gain is delivered on site or off site is less important than the fact that it is delivered at all. Bigger sites are capable of delivering biodiversity net gain more easily than smaller sites. For example, we have a number of strategic sites across our portfolio that, by nature of the fact that they are bigger and have more green spaces, will comfortably achieve more than 10% anyway. If you were to retrospectively assess many of the strategic sites that have been built over the last 10, 15 or 20 years, I am sure they would achieve more than 10%.

It can be a lot more challenging to deliver that 10% on smaller sites where, effectively, if you tried to do it, you may be taking out half the site. If you took out half the smaller sites that you were trying to deliver, often those are in urban areas, and you will end up having to deliver a whole load more sites to deliver that housing number. I think the key focus here is to make sure that it remains flexible and objective focused, which is to drive up the biodiversity outcomes.

The second thing is that biodiversity net gain as a metric is new. We are all adapting to it. I think you have heard from local authorities and industry experts how difficult it is for them to adapt to it. If we took a more strategic approach where, rather than saying we will try to do it on every single site that comes forward—there are seven or eight places in Wiltshire, for example, or wherever—particularly if it is in the ownership of the public estate when it is controlled, we will try to make a difference in these locations. By investing in these locations, by making a payment towards these places, you can achieve a lot more with that scale.

As biodiversity net gain beds in and it becomes par for the course—something that is business as usual—the opportunity to look back at the strategies is important. If you look back, say, 10 or 15 years, many local authorities were preparing green infrastructure strategies, which sought to link up strategic landscapes, strategic river corridors, strategic things that were important to that place. It is easy to lose sight also of what you can do on site. For example, there are places where we have used hedgerows instead of walls, which helps to get biodiversity throughout the development, and street trees.

Q217 **Olivia Blake:** As a Committee, we have heard quite a mix of views on the BNG hierarchy, and you have both highlighted the challenges of what the preference should be on site versus off site. In your view, which side of the argument is best on that? Which is better? We have heard conflicting evidence.

Kenny Duncan: Both and neither, I would say. It depends on the site. If you have a big site that is capable of delivering biodiversity net gain on site, not only could it do that but it could also be a receptor site for sites that struggle to do that. With smaller sites and, dare I say, where Ashley and Berkeley tend to do most of their work in the urban environment, I imagine that will be more challenging for them. Therefore, a strategic solution that helps with the cities, even if they are not within that city but nearby, is a more effective way of ensuring that you are able to do that while continuing to deliver on the balance of other policy objectives that the Government are trying to deliver.

Q218 **Olivia Blake:** Do any of you have an example of where you have gone beyond the 10% target? Would you want to adopt a wider policy of trying to get to 15% or 20% on sites? If yes, what was your experience? If no, what is preventing you from being a bit more ambitious?

Ashley Spearing: I can think of a couple of sites. Our first biodiversity net gain was down in Kidbrooke village, at Cator Park in Greenwich. We got the Sir David Attenborough award from the Landscape Institute for it. We achieved a 99% biodiversity net gain there. The point I was making earlier is that the 99% was probably as far as we could go with local species and tying into what was local. The 99% is above. It depends what the baseline is. As I said, you can have a 20% net gain on one site and 99% on another, and they are the same, or the 20% could be higher than the 99% because it is all about the baseline.

Q219 **Olivia Blake:** Do you think that 10% is too much of a blunt instrument then?

Ashley Spearing: Yes, I think it probably is. The industry is getting used to it at the moment, so it is a case of doing what you can to do the best you can on site within the red line, and that is the hierarchy. You start on the site. You only go off site if you absolutely need to.

Q220 **Olivia Blake:** Do either of the other witnesses have examples?

Kenny Duncan: Yes. We have a site in Buckinghamshire, which was actually submitted before the requirement to deliver biodiversity net gain at 10% came in. We have delivered 23% against the habitat requirement and 39% against the hedgerow requirement. It is still relatively new, so we do not have any sites that have planning consent since the regulations came in where we have committed to it.

We were involved in the pilot scheme in Warwickshire, at a site south of Coventry, where we have committed to the delivery of biodiversity net gain through that. That is being implemented as we speak. It has been a positive example. We had another site in the same location where we did it off site—it was a more urban environment within Warwick. It speaks to that point I was making earlier: both on-site and off-site biodiversity net gain gets you to the same place. The more prescriptive the regulation is, the harder it is to achieve it. It can be done, and we have done it.

The key thing about the percentage that we are focusing on at the moment is to walk before we can run. We do not have many examples of where it has been implemented. We know that local authority resources to deal with this are limited. Let's get ourselves to a position where we understand what we are delivering and then, if we think that an increase can be viably accommodated at some point in the future, that is a conversation for some point in the future. But we are not yet walking and the credit market around biodiversity net gain credits is very much in its infancy. We are all feeling our way through it and it is not very comfortable. It is another layer of complexity within an already very complex situation.

Q221 **Olivia Blake:** I appreciate that it is very new, but are there any other environmental actions that developers could be taking before relying on BNG? What impact, if any, is BNG having on adherence to mitigation hierarchy?

Kenny Duncan: As I said earlier, in the introduction, we are very used to delivering biodiversity enhancements and improvements. Going back to the very beginning of my career at Wiltshire and Swindon again, there were policies at that time to enhance the ecological environment alongside.

Olivia Blake: Yes—it is not new.

Kenny Duncan: It is not a new concept and we are doing it, and I could list off a dozen sites where we are achieving that now.

Olivia Blake: We are short on time.

Kenny Duncan: I won't do that. The fact that we now have a metric that we are working towards that provides objectivity around that is helpful. I think that objectivity would also be helpful around social gain—schools, community centres and all the other things that are delivered through development. It is very difficult to say, "This is the benefit that you have had," and a standard method that we can all adhere to is welcomed.

Olivia Blake: That is probably for a different Committee.

Kenny Duncan: Probably.

Q222 **Olivia Blake:** Mr Spearing, do you have anything on that final point about adherence to the mitigation hierarchy?

Ashley Spearing: We would follow the mitigation hierarchy. We always start with an ecologist. We start with an assessment before we go into planning. On the cost of biodiversity net gain, if you plan it in early, and if you are landscape-led with your masterplan, you can do it without cost. It is just about getting the timing right. There was a question earlier about the cost to residents. If you can plan it in with the managing agent early, it is really an education piece in how you work with biodiversity net gain on sites long term once they are occupied.

Q223 **Julia Buckley:** On the issue of cost, Mr Spearing, could you tell us the financial implications of BNG for developers, and how they are responding?

Ashley Spearing: For us on brownfield, we are finding that if you consider it early—so you have a landscape-led masterplan, you think about ecology early, and you think about the local networks—it is more about planning and getting in and considering it early. If you do it efficiently, I do not think there is a cost to it. It can add a lot of value to the community that you want to create and the homes you want to sell, if you are connecting people with nature. After the pandemic we thought that being close to open space and nature was great for health and wellbeing, so we think it is a very positive thing for our communities.

Q224 **Julia Buckley:** That is a very positive reply. We sometimes hear that this is called a tax on developers. What do you think, Mr Duncan? Is BNG a tax? How do you factor in the price?

Kenny Duncan: As a matter of fact it is not a tax because it is not collected by HMRC, but it does cost on smaller sites. I think Ashley is right. On bigger strategic greenfield sites, as I have said on a number of occasions, biodiversity and ecological enhancements form part of the place-making approach to big strategic sites. We would have been doing this anyway. Ecological and landscape management plans exist.

Q225 **Julia Buckley:** Can I press you on that? I am conscious of the time. Do you have any particular recommendation about how we could help smaller sites if they are struggling with the costs?

Kenny Duncan: I am just going to come on to that. When you are into smaller sites, you are into credits, and Chris is probably the best person to talk to the impact on SMEs. Credits vary widely with the type of habitat that you are mitigating and the geography that you are mitigating it in. The credit market at the moment is operating anywhere between £20,000 and £50,000 a credit, and you could need six, 10, 15 credits. If you look at the statutory providers—so the Government if the Government do it—it is anywhere between £40,000 and £125,000 a credit, unless you are taking water out of commission, in which case it is £650,000 a credit.

If you are doing small-scale development it is a cost. It is a question of the planning balance and the policy priorities at any one time. We are delivering a lot of things. We are delivering infrastructure, schools, affordable housing, ecological enhancements and biodiversity improvements. We are mitigating the impact on water environments. There is a finite amount that development can afford to fund, particularly where development is not the only contributing factor to these things being in the state they are in.

Q226 **Julia Buckley:** Are you suggesting a higher level for the credits on smaller sites as an incentive?

Kenny Duncan: No, not necessarily. In fact, not at all. I think we need to let this situation bed itself in and then maybe in a year or two's time, once we see where the biodiversity net gain regime has landed, to reflect on the learnings and experience from the same group of people that you have been speaking to here.

Julia Buckley: Excellent. Thank you.

Q227 **Blake Stephenson:** I have some questions on place making. The broad question is: how do we ensure that social and environmental considerations are embedded and central to the design of developments, and not treated as an add-on? In the interests of time, the second part of the question, about car dependency, is slightly narrower. With current designs and approaches, are we locking car dependency into new developments? What can we do to improve that? What are the barriers to improving active travel in our modern communities?

Kenny Duncan: You could have an entire inquiry about that second question on its own. Embedding biodiversity net gain, ecological enhancements and green infrastructure into place making is already happening. If you were to speak to any reputable architect about how they go about planning a place, they will map out the constraints and the opportunities. The constraints and the opportunities are often the same thing: they are the ecological and environmental constraints.

We talk about green grids. We talk about ensuring that there are strong green corridors within and through strategic development areas, but those are on the strategic sites. When you are looking at the smaller sites, and even with the strategic sites too, it is also about how you connect back into the place. If you are on the edge of a big settlement, what biodiversity assets are there? What corridors are there? What parks are there? How do you connect into them? Can you enhance them if they are not at the level that you want them to be? That is how you would go about that.

As for car dependency, the planning system is all about getting the balance between economic, environmental and social outcomes. The principle that you direct the majority of your development to the places that already have the infrastructure, including the transport infrastructure, is a well-established principle of planning going back to 1949. The green belt has served as a perversion of that objective for a long time. What I mean by that is that the starting point for where you put development should be in the locations where it is most accessible, most sustainable and most capable of taking advantage of existing transport hubs. Often the elevated status of the green belt has meant that development has been directed beyond the green belt to less sustainable locations such as the ones you mentioned.

Q228 **Blake Stephenson:** Are you arguing that we should have more density in towns and cities around infrastructure, and less building in greenfield sites, which is what your company is doing?

Kenny Duncan: That is already Government policy and has been through successive Governments for 20, 30 or 40 years. I am sure Ashley would say that yes, you should be loading the density up in the urban areas. I agree and say that as you get towards the edge of settlements you need a proportionate density that fits with the character of that area.

The point I was more getting at was that it is better to release sites that do not perform particularly well in the green belt. By that I mean it is not causing two places to merge with one another, not causing a huge amount of urban sprawl, and not threatening the character of a historic town. It is often more sustainable to deliver development adjacent to a place like Bristol, for example, than it would be to jump to the settlements beyond the green belt in north Somerset or south Gloucestershire or Bath and north-east Somerset, where the transport connections are simply not as good.

Ashley Spearing: Kenny touched a bit on brownfield there. I think that brownfield sites close to transport and existing infrastructure are the sites that have the biggest impact on growth in the UK. I guess the point you were going to is that we need to make the best use of those sustainable brownfield sites. If they are close to transport, we need to not lose an opportunity to make the best use of those sites to deliver as much housing as we can and as many homes as we can on brownfield in our towns and cities. Do you want me to talk about your parking question?

Blake Stephenson: Yes, please.

Ashley Spearing: I think it is a similar answer: as close to transport as possible. The majority of our sites are within a 12 to 15-minute walk of a transport hub, and then you can have minimal car parking. That is our focus.

Chris Thompson: I think the value of place making and creating great towns and cities is sometimes underplayed in the planning system. It is quite a complex question to try to work out why that is. We once engaged a Scandinavian architect who was baffled that the first part of the planning application is to draw a red line around the bit of land that you own and look within it, and that connection beyond it to other parts of the city does not always have the emphasis that perhaps it deserves to create a truly connected place-making piece.

That is an interesting one to ponder. I do not quite know the answer to that, but certainly in our experience place making is key to the value creation. It is how we differentiate the product. It is about how we create social cohesion and great places for biodiversity, as we have just been talking about, and how we create great environments for people. That is critical for us.

The bit that is outwith our control when talking about some of the social infrastructure piece is things like schools, healthcare, and things that are not necessarily at a scale of development within our gift. Trying to get those delivered hand in glove with the development of housing is a little bit chicken and egg, because you have to have the demand to make the business case for the school in that example. We have challenges on a live site at the moment where we are building family houses in a city centre for the first time in 100 years, and that is coming before the primary school that does not currently exist. You cannot create a new market for housing for families without that, so I think there needs to be better connection in that respect.

Car dependency is probably the single biggest challenge that we have. It is a deep cultural issue and I agree that you could spend a whole session talking about cars, car parking and car ownership. Some 40% of our towns and most of our new developments are taken up by cars or car infrastructure, which is a staggering statistic when you look at it nationally. There is another way but it requires us to decouple the traditional model that we have whereby a house has a car parked outside it or every dwelling needs a certain number of cars. That is very nuanced because it depends on the access to transport infrastructure regionally and so on in the location you are talking about.

We certainly give an invitation to people to travel in the places that we build. We are very conscious that you are locking in transport behaviour for many decades to come. If you are putting a car outside a house or an apartment block, the invitation is to use that car, but if you are putting in some great walkways and places that feel very safe, cycling infrastructure and so on, that can happen. That requires the link beyond your own red line to make that joined up and worth while for being used.

Q229 **Blake Stephenson:** I have time to ask one further question on place making. If there were one or two things that you wanted to see in the Planning and Infrastructure Bill that are not there, but if they were, they would improve place making and the development of communities, not just housing estates, what would you like to see in that Bill?

Chris Thompson: It would be about raising the standard of design, so that each site is valued on its own merits, takes into account the infrastructure and the amenities locally, and is a proportionate and appropriate response to that. Connecting that is my recommendation.

Ashley Spearing: To answer that in two ways, the use of section 106 rather than CIL can be very helpful in garnering local support from communities for new developments. Local people know where the contributions are going and what infrastructure they are going on and whether it is the infrastructure that local people want.

On how you embed a new community within an existing community, for the last 10 years we have been using community plans. Before a planning application goes anywhere near a planning committee, we get to know the local community. We find out what they think the community needs, what would serve the new community and the existing community, and what would integrate the two. Then we follow those through multiple phases as we are building a new community and we are integrating those two new communities. We use that all the way through into place keeping, effectively, so from place making to place keeping. That becomes a way of stewardship to make sure that you get integration between new and old communities.

That approach should hopefully get more local support for new developments. Quite often we hear communities that would otherwise say, "This development is not for me. There is nothing in it for me," so that would give a bit more local ownership to new communities.

Blake Stephenson: Are you saying you think that would be achieved through the current Planning and Infrastructure Bill or that there needs to be change to achieve your brilliant idea?

Ashley Spearing: It is something we do and it gets good results. I just think that more integration and more community engagement early and the use of section 106—

Blake Stephenson: It can be done already if developers want to?

Ashley Spearing: It can be done, yes.

Kenny Duncan: Crest and Berkeley are two companies that have place making in their DNA, so it is easy for us to sit here and say making good places is easy because it is what we are all about.

On the proposition to bring national development management policies into play so that there is a consistent playing field for everyone, alongside proportionate—and I do mean not going too far here—design codes that set the expectations and requirements for a local area, it is very difficult for national policy to impose design standards on places from Westminster when the people who know and understand those places are the people who live in them. The policy tools are already there to do that. National development management policies will assist.

One of the great tragedies of the loss of planning resource in the last 10 years has been that so many of the skills that were in the public sector have vanished, in terms of knowing what they are looking at, how to negotiate, how to ask, how to defend, what good looks like, how to press and how to challenge, and knowing when they have reached a point where that is that. Training and skills for the public sector as well as additional public sector resource is the biggest benefit that you could deliver in trying to achieve a step change in design.

I challenge whether or not the design is that bad or perceived to be that bad. Often the thing that is pointed at with house builders is that standard house types are used again and again and again. But many of the most cherished and valued places in our society are standard house types. The Victorian terrace is a standard house type. The semis are standard house types. The Bath crescent is a standard house type. I do not think it is about house types; I think it is about all the components of what makes a place, much of which is in the public realm, and investing in understanding how to compose a street and a community, and how to involve the community in the construction of that process. These tools are all available. What we lack is the skills and resource to do it any more.

Q230 **Pippa Heylings:** I would like to take us back to the question of the balance between house building and nature restoration. We have heard about biodiversity net gain bedding in, but beyond that there are proposals in the Planning and Infrastructure Bill for the nature restoration fund and for environmental delivery plans. I will take each of those separately if that is okay.

First, the Office for Environmental Protection is concerned that the nature restoration fund could mean a regression in the environmental protections that are already in place in existing legislation. One of the concerns about the fund—we have heard this from other witnesses—is that the conservation measures would come in years after the development impacts have taken place, and often at a distance from the protected area network where they take place. What reasons could there be for developers not to have those measures in place before the impacts are fully felt? Is there some reason why this has been put in to shift it away from being agreed, negotiated and conditional up front? Is there anything that would mean it was not possible for developers to do that up front?

Ashley Spearing: I think developers like control. They like to be in control of their destiny, and their investment. That is why we like to achieve biodiversity net gain on our sites, because then we are in control of it rather than it being off site and potentially more expensive. It is similar with this point. We are still going to have to deliver the 10% biodiversity net gain, regardless of the nature restoration fund. We do not know enough about it yet, but I see that this is for strategic issues that are way bigger than any developer can control. It is things like water nutrient neutrality or issues where you have a protected species that covers two or three local authorities. It is almost a fallback plan for those strategic issues. This should not be used for issues that can be resolved by a developer within their own red line. That is certainly our view.

Q231 **Pippa Heylings:** Beyond biodiversity net gain there will be things that you can deal with that are, as you have said, ecological or environmental enhancements. Do you still feel that those things should happen and should be for the developer to do, rather than all that being put into the nature restoration fund approach?

Ashley Spearing: If they are things that I cannot control. If there is an issue around investment into the water infrastructure—maybe the investment has not been there the last few decades—it is very difficult for a developer to deal with that on their own. The nature restoration fund should be for larger strategic issues that a developer could not deal with themselves.

Q232 **Pippa Heylings:** What responsibility and accountability would the developer have for their contribution to mediating the impact of that development?

Ashley Spearing: I think the developer would still pay towards that, but for an issue that the developer cannot resolve themselves, it lets them crack on with delivery. There is the mission to deliver the homes. I think it would work for those strategic issues that the development industry cannot deal with on its own, and that require broader collaboration across Government, the water industry, developers and so on.

Q233 **Pippa Heylings:** But there could be an urgency to deal with them, because if they affect the value of the area, they could be needed, and not in some indeterminate future.

Ashley Spearing: I think the timing is the challenge. We do not really know how that would work through yet. I do not have an answer on the challenge and how we resolve that timing point.

Q234 **Pippa Heylings:** Mr Duncan, you mentioned that biodiversity net gain was good because of its objectivity in terms of the goal. The Office for Environmental Protection has said it is concerned about the environmental delivery plans because they are very much open to subjectivity. Do you feel they could be a blocker in a way, because there is so much uncertainty around the way they are currently framed in the Planning and Infrastructure Bill? Could they lead to delays?

Kenny Duncan: It is often the case when legislation is introduced that there is not an awful lot of detail and we are all guessing a little bit as to exactly how it will be implemented. We are in a similar situation, if I am honest. We can only say that we are supportive of the principle that a more strategic approach to solving major environmental concerns has to be the right way to go. I do not see either the nature restoration fund or the delivery plans being in place to deal with something that we would be expected to deal with, because we could deal with that. It will be for issues like water neutrality in Horsham or nutrient neutrality in East Anglia, or the Chilterns Beechwoods recreational impact zone, where development is effectively frozen because there is an environmental offence being committed against the habitats regulations, which the development industry did not cause and cannot solve.

Take, for example, the HBF report that looked at the impact of the entire housing stock on the nutrient issue, which it estimates to be 5% of the entire housing stock. When you look at the new build housing stock alongside that, the impact that new build housing will have on nutrient neutrality is pretty small. That is not to say it is not important.

The fact is that we have got to this situation, and it is not just these issues: the same applies to traffic assessments when you run out of road capacity. If we plan for capacity to be completely taken up and then the first drop of whatever it is that comes next bears the full responsibility for the impact it has caused, that is not planning at all. That is reacting. Since the issue of habitats regulation compliance came up five or six years ago, this is the first time there has been any attempt to try to bring together a co-ordinated response to try to unblock the problem. It has to be evidence-led and it has to be proportionate.

We will continue to deliver against the biodiversity net gain objectives site by site. Maybe they will or maybe they won't go up in the future, and I am sure there will be some teething problems. But when it comes to big, serious national and regional issues like water and nutrient neutrality, that cannot be left to the house building sector. That has to be co-ordinated and controlled by the Government and the different arms of government, the statutory consultees, the infrastructure providers and the water companies. That is where the solution lies.

Q235 **Martin Rhodes:** To pick up on the point about nutrient neutrality, are you saying there are ways in which local authorities, developers and environmental experts can work together to better facilitate more housing development while effectively mitigating problems of nutrient pollution?

Kenny Duncan: There are some developers on a small scale that have come up with some solutions that get them through, and well done to them. Those are positive environmental outcomes. They often involve retrofitting affordable housing, for example, with pieces of infrastructure that deliver less water. Is that a better outcome? I don't particularly think it is. A strategic outcome that focuses on properly addressing the pollution that exists in rivers is the right way to go.

Take, for example, a solution that we have managed to identify in a particular location. To offset the discharge from those who live in the houses, we have had to take a fish farm out of production. I do not particularly think that in the big picture taking a fish farm out of production is a positive thing for the local area or the country—and maybe it is or maybe it is not for the farmer—but the only way to address on a strategic scale matters of this significance and importance is for Government to take the lead. Although the Government did not cause the problem, neither did the house building sector.

We all have to work together and in partnership to try to find a solution that allows, first and foremost, degraded environments to be recovered, because that is the objective, and for the responsibility for that to be evidence-led and proportionate.

Q236 **Chris Hinchliff:** Mr Spearing and Mr Duncan, the Committee has received evidence from Professor Tait at the University of Sheffield and Dr Chapman at the University of Oxford that the revised presumption in favour of sustainable development is likely to be highly destructive for nature, and that so-called balanced scenarios result in more speculative development on ecologically sensitive land and on more unsuitable sites. That is correct, isn't it?

Kenny Duncan: No.

Chris Hinchliff: Would you like to expand?

Kenny Duncan: The biodiversity net gain legislation ensures that any planning permission that is granted from now on will deliver 10% improvement.

Chris Hinchliff: That is a different question to the sustainability and suitability of the site, though.

Kenny Duncan: In the answer that I gave earlier about having checked the number of sites that had been consented and not consented since the five-year land supply was reintroduced, one of those examples was on the environmental impact. It is called the tilted balance. The tilted balance is the presumption in favour of sustainable development assuming that all other policies within the national planning policy framework are complied with.

If the local authority has not planned for its housing in the right way and has not delivered a land supply that can deliver the housing, the five-year land supply allows for the planning inspector or the local authority itself to consider and assess the weight that should be given to the environmental, social and economic benefits. The way in which that is done and has been done—the only time it has not been done recently is in the last two years—ensures that if a location is unsustainable, such as two of the examples that I gave earlier, planning permission will be refused. That is continuing to happen at the local level and with the planning inspectorate.

Q237 **Chris Hinchliff:** The new definition implies that permission will be granted unless it would cut across protections for safeguarded areas like national parks. It does not deal with the suitability of a site with regard to access to green space or car dependency, as we have already discussed.

Mr Spearing, given the widespread proof that we have already heard, and seen before our eyes in our constituencies, that the current presumption in favour of sustainable development is leading to bolt-on estates with many problems associated with them in respect of their wider sustainability, do you agree that to protect the environment we need a clearer definition of sustainable development—for example, one that refers to the UN sustainable development goals?

Ashley Spearing: I think up-to-date local plans that consider where are the right places to build only strengthen the presumptions we already have. Evidently, building on brownfield close to transport and infrastructure has to be the most sustainable form of development we can have.

Q238 **Chris Hinchliff:** Do you agree that the definition needs to be tightened to ensure that?

Ashley Spearing: I think it already does what it needs to do.

Chris Hinchliff: You do not agree that currently the presumption in favour of sustainable development is causing any of the issues I have just described.

Ashley Spearing: I think that brownfield development, nature improvement and environmental resilience and sustainability can go hand in hand.

Q239 **Chris Hinchliff:** Okay. I think I have reached the end of that line of questioning.

To pick up on the point around brownfield, we have already heard in this discussion, Mr Thompson, how successive Governments have said they will deliver brownfield sites first, which has obvious potential benefits for minimising the loss of greenfield habitats, but this has manifestly failed to transpire. What recommendations could the Committee put forward to ensure that we genuinely secure our 1.5 million homes brownfield first?

Chris Thompson: There are various regional challenges to do with land economics that are quite different in different parts of the country. In my experience in Yorkshire, there are areas where there is market failure in that the existing land value for industrial can be higher than for a residential housing-led scheme. In those scenarios, I think Homes England has a role to play and does play that role in supporting viability gaps. Planning has another role to play in encouraging and incentivising those sites to be brought forward through a variety of fiscal means and the planning tools that are available.

Some of those things are happening, but it is probably not co-ordinated. It is left to individual local authorities that have varying degrees of ambition and resources to be able to articulate their visions for the particular areas. In the best examples we are seeing that in places like Sheffield, where the collaboration between the local authority, Homes England and the mayoral combined authority has tightened. They are able to strategically identify priority brownfield sites and bring those forward in partnership with the private sector. There are some good examples of that working well, but it is not across the piece in all local authorities.

Q240 **Chris Hinchliff:** Mr Spearing, since your organisation also deals with brownfield, are there any recommendations you would like to see from the Committee to ensure that we genuinely deliver brownfield first?

Ashley Spearing: Absolutely. The key one is prioritising housing delivery over everything else, if that is the most important thing. In our cities, rather than it being maybe about how many homes are dual aspect, it might be that if we can deliver more good green homes without 100% dual aspect homes, we should focus on the outcome, which is more homes.

We talked about over 18,000 homes that are currently stuck at gateway 2 with the Building Safety Regulator and cannot start. We need to fund infrastructure investment in our towns and cities. We need to get the housing associations back in a good place so that they can buy the affordable homes. Replacing CIL and using section 106 instead will give planning authorities a lot more flexibility to make decisions. At the moment CIL is charged first; affordable housing is the makeweight. Changing that so that local authorities can decide to put affordable housing first and CIL second would be a good way of doing that.

More regulatory stability—so not changing rules, regulations and standards and having duplication—would be a lot clearer, and it would incentivise investment from the private sector into the UK. On embracing density close to transport, we have to make the best use of those brownfield sites because the more we can deliver out of brownfield the better. Let's not lose any opportunities and let's do the best we can where we can.

Q241 **John Whitby:** What are the biggest barriers to reducing embodied carbon and conducting whole-life carbon assessments?

Chris Thompson: I think it was mentioned earlier that cement and concrete is the single biggest component of carbon emissions, and that is certainly the place to start. I suppose you can split buildings that fall within the Building Safety Act and those that are under 18 metres into two camps. From our perspective, we have been tracking the embodied carbon against the LETI guide for 2030, and by using timber frame systems we are already far below the LETI guide and plan to drive that even further. That technology is there. It is available and we are now delivering that at a lower cost than we would a traditional build method. That is largely to do with the productivity challenge that exists in construction, which could be a whole other session, so I will leave that there.

The other bit is buildings over 18 metres, where the embodied carbon is particularly challenging now because timber or any combustible material, regardless of how it is performing for fire safety, is outlawed. We are locked into concrete and steel-based products as the primary building material, and the embodied carbon in those areas is particularly challenging. As a result of that and other viability, our approach is to change the densification on the sites to create more lower-rise buildings and intensify that density at a street level to try to achieve the overall similar density that you would otherwise with a mixture of taller buildings and housing products. That is where we come at it from.

The technology is all there, as I say. It is a case of some of the regulation moving around a little bit but having a focus on it. One thing that the future homes standard does not record is embodied carbon, and as soon as you start recording that data and being measured against it, it will start to come down. There is currently a real focus on operational carbon, which is part of the equation, but the embodied carbon is by many accounts much more important because that is the carbon that we are incurring right now rather than over the life of the property.

Q242 **John Whitby:** Do you think the Government should require whole-life carbon assessments to be done, or keep it voluntary?

Chris Thompson: An embodied-carbon assessment is very easy to do and that could very simply be done for each property. Whole-life carbon becomes a little bit more complicated.

Q243 **John Whitby:** Will low-carbon homes be more expensive to buy than higher-carbon homes?

Chris Thompson: No, in short. There is no link between cost and value. The market sets the value of homes. Regardless of what low-carbon technology is built into our properties, the market sets the price. It potentially affects the cost, but that is where I was advocating for a re-engineered model, particularly using MMC to reduce the cost of low-carbon homes as well.

Kenny Duncan: The Future Homes Hub has recently published the "Net Zero Transition Plan", and its plea is that we need certainty and regulatory consistency on the technical standards that will be required to deliver this as soon as possible. To embed it in a supply chain, the supply chain needs to know what we are working towards. They need to know that the Government are on board and the sector is backing it. If this is going to be achieved—and it is a hugely challenging target—we need Government and industry hand in glove in making the changes that need to be made. That is the key message from them.

Q244 **Barry Gardiner:** Thank you very much to you both, and to you, Chris, virtually, for your Windsor Gate development, and to you, Mr Spearing, for your Burghley Green development, in which you incorporated 50 swift bricks in the Windsor Gate and 85 at Burghley Green. Mr Thompson, I understand you have signed up to the homes for nature pledge to install a swift brick for every property built—for every new home built. I think Crest has done the same.

Kenny Duncan: Yes.

Barry Gardiner: I am not sure that the Berkeley Group has, just as I am not sure that all the members of this Committee have yet signed my early-day motion on swift bricks. Five have but I know the culprits, Chair. It is great that you have done that.

I wanted to ask you a couple of things. First, how easy do you find it to work with public bodies—Homes England, the Environment Agency and Natural England—and how consistent is the advice that you feel you are getting from them?

Chris Thompson: We have a very strong relationship with Homes England. I am aware that Homes England operates in a number of different areas, but particularly in the area of regeneration and having that public-private partnership tight and working together to solve problems, we have a very good relationship with it. It plays a pivotal role in unlocking some of the challenging sites, which is very positive.

The other services that Homes England can and does deliver to the SME market, such as funding, where it is to address market failure, we have not used that service for probably the best part of 15 years. It could go further in its appetite for risk. It functions quite similar to a bank, and speaking to Homes England colleagues, they are aware of that and looking to be a bit more bullish in how they can support the SME sector. Generally speaking, we have an excellent relationship with Homes England.

With some of the other statutory bodies it is really case by case as to what planning challenges are presented on different sites. We have no particular issues.

Kenny Duncan: We have a very good relationship with Homes England in exactly the same way. It is positive and proactive. It helps in bringing planning to the market.

Q245 **Barry Gardiner:** What is the consistency of the advice you get from the Environment Agency or Natural England?

Kenny Duncan: It is fair to say—it is important that we are fair here—that Natural England and the Environment Agency do not have the level of resource now that they had 10 or 15 years ago. I think they find it very challenging to respond—

Barry Gardiner: They have exactly the same resource that they had in 2006 when they were set up.

Kenny Duncan: I did not know that.

Barry Gardiner: With inflation it is a good deal less than they originally had 21 years ago.

Kenny Duncan: At various stages of my career I have had regular, consistent meetings with different parts of the statutory consultees, whether it is National Highways or Natural England or the Environment Agency. If you seek pre-application advice from the stat-cons, they do not have the resource to give it to you. They frequently struggle to respond within the statutory timeframes. It is impossible for a planning authority to make a decision unless the statutory consultees have provided that advice.

Q246 **Barry Gardiner:** Thinking about the recommendations the Committee might wish to make to the Government, would it be to resource the statutory consultees appropriately to make sure that the process is speeded up? If you want to deliver 1.5 million homes in the timeframe the Government have set out, you cannot do it unless you have properly resourced the statutory consultees. Is that right?

Kenny Duncan: Absolutely, and in addition to that, a set of objectives that they are all working towards so that everybody is pointing in the same direction—those two things. I don't think you could do any more to aid the planning process resource than that.

Ashley Spearing: I agree with Kenny's response. I think it is about resource and getting the experience and the resource back into those bodies. For Homes England, it is a similar response to Chris. We work in partnership with Homes England to unlock and accelerate delivery where we can. That works well.

Q247 **Barry Gardiner:** So more ecological officers in planning authorities to help you, but also proper resource for the Environment Agency and Natural England. Thank you.

I want to talk about estate management companies. When it comes to the maintenance of the BNG, it seems to me that if I were buying a property with net gains in the development, I would think, "Hang on, I am paying for this twice over." I am paying the price of the property, but the biodiversity net gain was something that you were responsible for as the developer and, therefore, it should be contained in the price that I have paid for the house. Now, I find some estate management company charging me to maintain it, and I have no idea how they are basing those charges or what they got for it in the first place. Do you think people are being ripped off in their service charges in that way?

Ashley Spearing: If we catch this early enough—I guess there are not that many projects that have been through net gain and then been passed into the management company. We find that where we bring an ecologist and a management company together early, it is an education piece about how to manage and maintain. It does not have to cost more. It is just an education piece. What you may be seeing there is people pricing in risk, not knowing what the management regime is. It does not have to cost more. It is an education piece if it is done properly at the right time.

Q248 **Barry Gardiner:** Should the developer not set in place a ringfenced fund for the ongoing management of the biodiversity net gain on site? As I say, in putting your planning application in, it was your obligation to ensure the biodiversity net gain. It was not down the line for the property owner to then be charged an ongoing fee every year for the maintenance of that. Shouldn't you have put in a ringfenced fund in the first place?

Ashley Spearing: If we catch this early and educate the management companies, there should not be a different cost.

Barry Gardiner: Sorry—say that again?

Ashley Spearing: It should cost no more for the purchaser. I think it is about education.

Q249 **Barry Gardiner:** I agree with you if you get it up front, but it is an unknown cost if you do not, isn't it? As a purchaser, I want to know my outgoings. I can gauge what my electricity will be. I can gauge what my gas—although soon we will not have it—and my water and so on will be. I do not know what I will be charged on the biodiversity net gain.

Kenny Duncan: Before I worked for Crest, I worked for local government. When I came into local government, the standard approach almost universally was that assets like public open space and green infrastructure would be transferred to the local authority, and they would be funded through council tax and maintained in that way. Around the time that I was drifting out of local government—around the financial crash in 2008—local authorities started to struggle to resource what they were doing. When they were looking forward at a planning consent that was about to be issued, the last thing they wanted was more liabilities when they were struggling to service their liabilities.

There has been a gradual movement from what was standard accepted practice, which is what you have just described, to where we find ourselves today. As a consequence, coming back again to the point of where one wants to prioritise resource, the point Ashley was making was that on a Tadpole garden village or on an Arborfield—these are big development sites—there is an ongoing landscape and an ecological management plan that goes with that. That is already baked into the cost of management and maintenance.

There are some good examples and I will give you a couple. Tadpole garden village in Swindon and Monksmoor Park in Daventry are both community interest companies, where the community owns the asset. They own the asset and do what they like with it. They can raise revenue from it; they can do what they like.

Barry Gardiner: They control the management of it.

Kenny Duncan: Yes.

Barry Gardiner: So they control the price.

Kenny Duncan: Correct.

Q250 **Barry Gardiner:** But if you look at something like what FirstPort management have been doing, as many Committee members have experience of, people have been ripped off.

Kenny Duncan: I agree that if the people who are paying for the service do not control the management regime, that is a problem. That is my view, not the view of Crest Nicholson and not of the Home Builders Federation. I agree with you, but the principle, if we do not want management companies moving forward to look after public open space and assets like that, is that a different way of doing it has to be identified.

The last time I spoke to a council about taking on the management of public open space, the figure I was quoted as a community sum was eight figures. It was half as much as the entire section 106 budget. That cannot be right. This needs proper investigation. This is probably not the forum for that conversation.

Q251 **Barry Gardiner:** Frame this, please, Mr Duncan, in a recommendation that the Committee should put into its report to Government. That is where we can meet the need that you are expressing.

Kenny Duncan: The recommendation is to investigate the regime for adopting public open space within public authorities, to investigate how it is funded, how the method of arriving at the figure is put together, and to consider the appropriate control of the management regime where management companies are put in place. Those are the two things I recommend.

Q252 **Barry Gardiner:** Thank you. I want to put one more question—this may touch on what you were saying, Mr Spearing—about early intervention being required here. You may be aware of a report that was commissioned by Wild Justice, which was carried out in the summer of last year, looking at 42 new developments across five local planning authorities to see whether the developers were complying with the ecological conditions on the ground. They found that 53% of ecological features that should have been there were not. What is going on here? Is this simply the lack of enforcement capacity at local authority level, so that these things are not being monitored properly and it goes back to the issue of properly resourcing the statutory consultees?

Kenny Duncan: I will start by saying that clearly that should not be the case, and it would be the position of the company and the Home Builders Federation that that should not be the case. I do not know the details; I have not seen the report. I can offer you some examples of where sometimes things go wrong. Often, with the requirement for planting, if it is done out of season, if there is a particular environmental—

Barry Gardiner: It dies off.

Kenny Duncan: It has to be replaced. There might be some of that. There are occasions where sometimes the management company does not quite perform to the standards that they have been procured to do. That can result in—

Barry Gardiner: Are you talking about FirstPort again?

Kenny Duncan: No, I certainly wasn't. That can have an impact on the ecological requirements and the strategy. It should not be the case, and moving forward monitoring will be a method of ensuring compliance with biodiversity net gain requirements. We will certainly be supportive of that.

Q253 **Barry Gardiner:** What compliance regime do you think would improve that 47% of features not being there? Mr Thompson, do come in if you feel the urge.

Chris Thompson: I have nothing to add.

Kenny Duncan: The existing tools should be enough to deal with this, to be honest with you. What you are probably looking at is a dedicated resource within the local authority to pay attention to what is going on and to ensure that these things are being done.

Barry Gardiner: That goes back to what you said about being properly resourced.

Kenny Duncan: Yes.

Chair: Thank you very much indeed. I will give Mr Thompson one final chance; I am conscious that we have heard slightly less from him than from others. Are there any specific recommendations you would like the Committee to be making, Mr Thompson, from your own experience on these issues?

Chris Thompson: Not that we have not talked about already during the course of this session. Thank you.

Chair: Thank you very much, Mr Thompson, Mr Spearing and Mr Duncan, for your evidence. It has been an excellent session and we are very grateful.