

Housing, Communities and Local Government Committee

Oral evidence: New Towns, HC 1601

[Tuesday 13 January 2026](#)

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Members present: Florence Eshalomi (Chair); Lewis Cocking; Andrew Cooper; Chris Curtis; Mr Lee Dillon; Maya Ellis; Mr Will Forster; Andrew Lewin; Sarah Smith; Sean Woodcock.

Questions 1 - 63

Witnesses

I: Sir Michael Lyons, Chair, New Towns Taskforce; Matthew Pennycook MP, Minister of State for Housing and Planning; and Cathy Francis, Director for New Towns, Infrastructure and Housing Delivery, Ministry of Housing, Communities and Local Government.

Examination of witnesses

Witnesses: Sir Michael Lyons, Matthew Pennycook and Cathy Francis.

Q1 **Chair:** Good morning, everybody, and welcome to the Housing, Communities and Local Government Select Committee. I am Florence Eshalomi. I am the Chair of the Select Committee. Can I ask my Committee colleagues to introduce themselves, please?

Lewis Cocking: Lewis Cocking, the MP for Broxbourne.

Mr Lee Dillon: Lee Dillon, MP for Newbury. Good morning.

Mr Will Forster: Will Forster, MP for Woking.

Sarah Smith: Sarah Smith, MP for Hyndburn.

Chris Curtis: Chris Curtis, Labour MP for Milton Keynes North, and my constituency is one of the sites recommended in the report.



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Andrew Lewin: Good morning. Andrew Lewin, MP for Welwyn Hatfield.

Sean Woodcock: Sean Woodcock, MP for Banbury, and part of the Heyford site is in my constituency as well.

Maya Ellis: Maya Ellis, MP for Ribble Valley.

Andrew Cooper: Andrew Cooper, MP for Mid Cheshire.

Chair: Could I ask our guests to introduce themselves, please?

Sir Michael Lyons: Sir Michael Lyons. I was Chair of the New Towns Taskforce.

Matthew Pennycook: Matthew Pennycook. I am the MP for Greenwich and Woolwich and the Minister of State for Housing and Planning.

Cathy Francis: Cathy Francis. I am the Director for New Towns, Housing Delivery and Infrastructure at the Department.

Chair: Thank you for joining us this morning. This morning we are going to be looking at the New Towns Taskforce. Following the general election in July 2024, the Government announced that they were setting up a new taskforce and it was chaired by Sir Michael. That taskforce has now concluded and the Government have received the recommendations, and we are here this morning to delve a bit deeper into those recommendations.

Q2 **Chris Curtis:** Thank you for joining us, Sir Michael, and thank you for all the work you did in producing this important report. As someone who grew up in a new town, I think it is good that the Government have taken on this agenda. Do you want to start off by giving us a brief overview of the report, perhaps something that you think is most important in there and something that you wish, during the process, you had spent a little more time doing or thinking about?

Sir Michael Lyons: Perhaps I can separate those two challenges and say something about what we did do, and then come back to whether or not that left any gaps.

First, let me acknowledge a very clear and strong remit from Government. We were to, in a period of just one year, come back with explicit recommendations about locations that could be the site of a new generation of new towns. We were to focus initially on economic growth and look to areas where current housing issues, in terms of both availability and price, appear to be inhibiting economic growth. That was very much the primary issue, but housing supply was a very important part of the agenda as well.

We were to come forward with sites, we were to come forward with recommendations on what these new towns might look like—we interpreted that as principles for the development of those new towns and what you should require of them in the current age to be thriving



places for people to live and invest in—and to comment on how they might be achieved, particularly the organisational arrangements you might make, the role of development corporations, prospects for funding and the relationship between public and private funding.

All that was part of the remit, which was very clear, as was the urgency with which this ought to be carried forward. There was clear emphasis in the remit on looking for locations where work could begin quickly, given the pressing demands for improved housing supply in this country. That is the first point to make.

Without spending too long on this, we did a considerable amount of desk-based research to identify areas of both existing growth and potential growth, as that was an important part of the remit, and where there was evidence of unsatisfied demand for homes. We looked for detailed evidence of where companies felt they were constrained by an inability to recruit because of housing problems locally. All that then provided the basis for going on to look in detail for the sites that we ended up recommending.

I probably should stop at that point. Otherwise, I will take the whole session going back over a year's very intensive work.

Chris Curtis: Yes. We have all read the report.

Sir Michael Lyons: You have read the report, yes, of course.

Q3 **Chris Curtis:** Thank you very much. Moving on, Minister, previous iterations of this exercise in recent decades have not ended up in as ambitious a place as the people who wrote those reports, like Sir Michael has, would have liked, primarily because once the report is done, the implementation has just not worked. What are you doing and why do you have confidence that this time things will be different?

Matthew Pennycook: In developing the programme, we were inspired by the proud legacy of the post-war Governments and the three waves of new towns that have come forward. Part of the taskforce's excellent work was learning the lessons of those waves, what went right and what went wrong. Sir Michael can expand on this if you need, but some of that thinking, what went right and what lessons are to be learned, is incorporated in the taskforce report.

I am somewhat constrained—and this is a general comment, Chair—in what I can say at this point in time because, having received the taskforce's final report, Government are scoping the programme in full and doing the necessary assessments. Some of that information is commercially sensitive so that we can go out in the coming period to consult on both the SEA and adopted sites. I cannot give you much more detail than that we are going through that very careful process of assessment, scoping, and refining our objectives to ensure that the programme can deliver over the coming years.



Q4 **Chris Curtis:** There is an important machinery of government question that I assume you can talk about, regardless of the specific sites. Some of these are quite ambitious programmes. If you talk about my site, you are effectively talking about doubling the size of quite a substantial city in this country. It is quite a substantial project that will involve, first, a lot of money, which we will come on to in one way or another, national Government directive, and cross-departmental working. How are you setting up the teams within your Department to ensure that they can meet that level of ambition?

Matthew Pennycook: There are two things I would say in response to that, and Cathy might want to add some comments. First, it is clear in the initial Government response that this is a whole of Government effort. We require and we have secured cross-departmental buy-in to the objectives. We need every Department to be prioritising what is necessary to bring forward the sites when we adopt them, coming out of that process. Separately—again, as is set out in quite some detail in the initial Government response—we set up the New Towns Unit, which is joint between the Department and Homes England, to go out and further scope the 12 sites recommended by the taskforce.

Cathy Francis: During the taskforce deliberations, one of the things that we were heartened by was that available to Sir Michael and the taskforce was any Government Department and any policy team that needed to input. For example, around the emerging industrial strategy, officials have spoken to the taskforce from health, education, and transport.

Once final decisions are taken on location and scope, I am confident—and we have to do this because, as you say, it is a whole of Government programme—that we will have governance that is led by the New Towns Unit in our Department but reaches across Whitehall and extends to arm's length bodies. Yes, the New Towns Unit is located within the Department, but it is representing the wider machine and we have named contacts in other Government Departments. All that will help us reach into parts of Departments that can help, because we know that this is going to be a significant effort.

Q5 **Chris Curtis:** I realise that you do not want to talk about the specifics, but if you were to ask local councils or people from the development industry about their experience of the last few months in this first stage of the implementation progress, do you think that would be the experience they have had of this bit of the process, a Government trying to pull things together?

Cathy Francis: I would hope so. A lot of the visits that we have done have been with Government Departments. Joint senior visits with Treasury, for example, are always helpful. We want to build on that. We have not finalised the governance, but it is no point me going out as Housing Delivery Director; I recognise that I need my transport colleagues and other parts of the machine to join those discussions.



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I would very much hope that those locations and large sites that we are already working with would say that we are making every effort to bring government together. It is not perfect and we have more to do to set out what that governance will look like, from Permanent Secretary right through the ministerial team to working level. However, we recognise that past efforts have often failed because the enthusiasm was located within a small number of very interested people in a single Department. We will fail unless we make this a whole of Government effort, and we have the machinery to reflect that.

Q6 **Chris Curtis:** I mention it because, having spoken to some people, they have not quite felt that level of ambition come through in the implementation progress. There is one person from the private sector who apparently described it as like applying for a job when you do not know what the job is, whether there is a vacancy, or what the salary will be.

Local council leaders have said that in working with the Department, the Department has not made it clear what delivery vehicles will be open to them. They have described it as seeming like a bidding process where they are against the other new town sites, which is exactly what this Government wanted to get away from. They feel like there has been a burden put on them, bearing in mind very tight finances in local councils at the moment when it comes to the cuts we have seen in recent decades, and potentially even more in some councils next year. They feel like the burden has been put on them, when they are trying to find £10 million worth of cuts and do not know how they are going to be collecting the bins next year, to come up with a delivery vehicle and funding mechanisms, and set up development corporations.

Matthew Pennycook: That is just not the case, though, Mr Curtis.

Chris Curtis: That is how they are being made to feel, often, by the Department at the moment. How can we get away from that culture to one that is far more ambitious and focused on deliverable—

Cathy Francis: We have not made decisions on delivery vehicles so I am surprised that places are feeling that that burden is on them. As we move through the coming months to a final announcement, we will be looking at the pros and cons of different delivery vehicles.

We have started having discussions, and I have been in some of those myself, with places to ask them, “What support do you need? What additional resource do you need, in terms of finance, to develop your teams if we are to move forward?” Maybe there is more that we can do to be more public about that engagement and that offer, and we will solidify the offer. I do not recognise that feedback but I am happy to follow up with you offline because we certainly do not want this to be an additional burden that is not recognised with our people and with financial resource.

Q7 **Chris Curtis:** Minister, we heard from Sir Michael about the urgency and



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the direction that was given from the original piece of work, ensuring that work can begin quickly on all these sites. Do we think that three sites with spades in the ground—whatever “spades in the ground” means—by the end of this Parliament meets that sense of urgency?

Matthew Pennycook: The wording is very clear that it is at least three, and we hope to be able to take forward more if we are able to do so.

Q8 Mr Lee Dillon: May I come in on Chris’s questions there, Minister? This Government has U-turned on winter fuel, they have U-turned on farmers’ inheritance tax—

Sean Woodcock: No, they have not.

Mr Lee Dillon: Well, they have. I am asking the Minister, not a member of the Committee, Sean.

What guarantee can you give those 12 sites that they will be delivered, given that obviously there are development and land options on those, and there are regional and local concerns about those? While it is part of the ambition to deliver the housing that we need, you will face a lot of opposition locally. Do you have the ability to carry those 12 towns forward?

Matthew Pennycook: I have to say, Mr Dillon, I am not particularly interested in the party politics. I can assure you and the Committee—

Mr Lee Dillon: It is about confidence in the Government to deliver.

Matthew Pennycook: I can assure you and the Committee that we are going to deliver the new towns programme.

I want to be clear. The 12 sites are the sites recommended by the taskforce. What the Government are now doing is refining the scope of the programme, building our evidence base in discussion, engagement and collaboration with local areas. That is what the visits from officials and offers to political leaders and others to come and meet are about: building that evidence base, not going out and asking, “Can you do a delivery vehicle?” The Government will recommend the delivery vehicle but we are building that evidence base.

Chris Curtis: Yes, but meanwhile—

Matthew Pennycook: Mr Curtis, you are more than welcome to come back in once I have finished my answer. We are building that evidence base and we will then come forward in the coming weeks with an SEA report and a consultation on the sites we propose to adopt alongside that. They will be the sites that the Government have chosen to adopt based on the taskforce recommendations, but we are refining the evidence base to ensure that the sites we propose are the ones we will take forward.

Q9 Chair: Just to clarify, Minister, no decisions on sites will be made until the SEA reports are concluded and—



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Matthew Pennycook: That is in black and white in the Government's initial response to the taskforce.

Q10 **Mr Lee Dillon:** Once you have done that piece of work, Minister, again, you may face strong local and regional opposition.

Matthew Pennycook: Yes.

Mr Lee Dillon: Are you confident you will be able to deliver these new towns in light of that potential opposition?

Matthew Pennycook: Yes, because we have always made clear that in the final analysis we will make decisions on these sites in the national interest.

Again, to further refine the Committee's understanding of what I am doing, I am going to make decisions, as the Minister responsible, for what sites we consult on as proposed sites to be adopted. I am then going to listen to the feedback from the consultation to make final decisions on the sites later on in the spring.

Q11 **Sean Woodcock:** Sir Michael, you have touched on it already but I am after a bit more detail about how those 12 were chosen. Like I said, you have touched on it a little bit but could you go into what data you used and some of the other calculations?

Sir Michael Lyons: Absolutely. We started with, right from the very beginning, some early mapping of where one could identify pressures in terms of house price movement, and where there was clear evidence of growth and growth potential. That in turn led to quite a discussion among the taskforce about the limits of looking only at historic growth and not having an adequate window on where you could expect growth in the future and what that might lead to. That broadened our view of what we were looking for in new town locations. That was a predominantly a desk-based exercise.

We were clear from the beginning that we have been asked to come up with specific locations, not just some maps showing broad areas. That is where we went out with our call for evidence, asking those responsible for proposals that met the criteria of at least 10,000 homes in the first instance. We clearly hoped that they would be larger still. Our call for evidence was to local authorities, to developers, and to landowners, to make us aware of proposals that we could further consider to present to Government those specific locations.

Out of that, we ended up with a total of somewhere around 120, 100 of which came in from the call for evidence. Those were added to sites that Homes England or the Department were already aware of and were already in discussions about.

Then we began an exhaustive process of both exploring whether they met the criteria that we had established, and exploring some of the



issues that were key to being able to recommend them. These were issues like environmental conditions, where there were risks of floods or other problems, the availability of current infrastructure; a pretty comprehensive list of the questions that you would ask before recommending an area.

Finally, once we had narrowed down to somewhere around 20 possible locations, we had detailed discussions with those proposing those areas—including visits by a subset of the taskforce, led by me personally—where we were testing the reliability of the information that we got, testing local feelings, but most of all, exploring whether those proposing this location understood what would be demanded of them in terms of placemaking principles, engagement with Government, timescale, and rapid improvement in terms of projected growth and supply of housing. There was quite an intense conversation around those subjects. Out of that, the whole taskforce took a decision on the 12 locations that we would recommend.

Is that a fair enough summary? I am happy to be probed on any part of that.

Q12 Sean Woodcock: That is very helpful, thank you. Minister, in terms of the three that ended up being the preferred—or the “most promising” I think is the term that has been used—from those 12, how did you get to those three and what methodology and criteria were at the forefront?

Matthew Pennycook: It is a fair question. We set out the objectives for the taskforce in its terms of reference and they were clear, and they were a number of those: creating environmentally resilient places, contributing to transforming the way that large settlements are delivered, providing housing for strong communities, and so on. However, the two primary, high-level objectives that we set the taskforce, as Sir Michael has already commented on, were unlocking potential economic growth and productivity, and accelerating housing delivery.

While we were very clear in our initial response that, *prima facie*, all 12 of the recommended locations met those objectives, the three most promising that we named seemed to us, out of them all, on the basis of those criteria, to most closely adhere to those objectives in terms of being able to unlock economic growth and accelerate housing delivery, just as propositions, *prima facie*, in the terms that the taskforce reported to us. As I say, we are now doing the work to refine those propositions and test those assumptions.

Q13 Sean Woodcock: Clearly, there are a lot of stakeholders involved in this, as Sir Michael has talked about, the various groups involved in pitching sites. Are you confident—there is clearly going to be an agenda behind all those—that political interference is minimal in terms of pushing a lot of that forward?



Matthew Pennycook: It is probably for Sir Michael to answer as to the engagement of promoters and interests, land interests and others, in the taskforce's work and its recommendation. We are engaging with local leaders and partners on all these sites, as I said, to refine our evidence base, but no lobbying from any particular interest is going to influence which sites the Government determine to adopt.

Q14 **Sean Woodcock:** As far as Government are concerned, these 12 are, to any relatively neutral impartial observer, the best in terms of the criteria set out by Sir Michael?

Matthew Pennycook: That was the remit we gave the taskforce to come up with, on the basis of the objectives we set out in the terms of reference: what are the sites across the country that most adhere to those?

As I say, there is now a slight nuance to the process, which is why I am trying to explain to the Committee exactly what we are doing. We are now refining the scope of the programme to take forward, testing the taskforce's assumptions.

There is a world—I would put the counterfactual to you—in which Government designed the programme and did not go out to an independent expert taskforce, but we have benefited hugely from the work of Sir Michael and all the members of the taskforce. As you can see from their credentials and the different skills they brought to that taskforce, there was a wealth of expertise there that informed Government and that we can take forward in refining the scope of the programme.

Q15 **Lewis Cocking:** I want to touch a bit more on infrastructure because I am not sure you have answered the questions from my colleague. My constituency of Broxbourne is just over the border from Chase Park and Crews Hill New Town, 22,000 homes, which is in the top three. It is very close to the village of Goffs Oak, which has had too much development anyway. What impact assessments have you done on local roads; for example, the M25 and the A10? What I am trying to get at here is how did you pick these top three locations and what assessment of current infrastructure and the challenges around that—traffic, for example, on current roads—have you done to recommend these three as the top three?

Sir Michael Lyons: I might start off by saying how they ended up in the top 12. We did detailed examination of infrastructure constraints and we looked carefully at planned investment in infrastructure, but our judgment was founded not on trying to find reasons to exclude a location but to reveal what would need to be done to make that an effective location.

The fact that it has ended up in the top 12 means that we were convinced that although—there are infrastructure challenges across most of the



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most interesting locations that came forward for consideration, but our focus was on trying to be clear that we could understand what was needed and that it was reasonable to imagine that those needs would be met over the life of a new town, 20 or 30 years, not all having to be satisfied at day one.

- Q16 **Lewis Cocking:** The M25 and the A10 are gridlocked at rush hour. You want to put 22,000 homes right next door to that and you are not saying, "You can only do that if you put this infrastructure in first". You have said that you have done an assessment and everything seems okay. That is what I have just picked up from your answer.

Sir Michael Lyons: There is one point in that question that I do just need to pick up, and it is very clear in our report. We have emphasised that a new generation of new towns must give a priority to public transport solutions. They simply cannot be the car-borne examples that you find on many recent larger developments, partly because of pressures on existing road networks and partly because of the environmental and health costs of continued growth in car-borne transport.

Our model is very much one that is less dependent on car-borne travel than previous new towns. That is one of the distinctions of the place-making principles that we put forward. I do not mean to suggest for a moment that there will not be car journeys that are generated by a new town and additional population, just that, for us, the issue of how that is managed downwards is a very important one.

- Q17 **Lewis Cocking:** If you think you are going to create a new town in a particularly rural setting and no one is going to use a car, you are on a different planet. It is a bit like turning up to a transport meeting where the person comes in a car and says everyone has to walk and cycle everywhere. It just does not happen in reality.

Sir Michael Lyons: This is a location that has a station and it is possible to envisage the expansion of rail-based transport from that area, which would certainly mitigate the demands on the road network.

Matthew Pennycook: Again, it comes back to the fact that this is not the end of the process. We are involved in the process of building the evidence base and scoping. We will go out to consult on those adopted sites and there will be the chance for people to input as part of that. Then in the final decision-making process, in the event of, for example, the delivery vehicle being chosen in that location or any other location being a development corporation, there would be another consultation. We will refine the propositions that we want to take forward.

On Crews Hill in particular, as with Leeds South Bank and Tempsford, the growth potential is as clear as day in terms of an urban extension that will unlock economic growth and productivity in London and accelerate housing delivery. You can quibble about the amount but London has a



very stretching housing target that it needs to meet. That is a very promising location. We will build the evidence base and see whether it makes the final cut of adopted sites. That will then come with a bit more detail—there will be more detail to come when we have made the final decisions—about what the funding implications are of that, the delivery vehicle and so on.

Cathy Francis: The locations chosen are a minimum of 10,000 homes and some significantly more. This will be the work of 10, 20 or 30 years, across a long spending review period. As we move forward with the next stage of the work, that will be one of the things we consider: the infrastructure needs into the future, how we phase them and how we plan for them as a Government over the longer term. It will not be 20,000 in one Parliament.

Q18 **Andrew Cooper:** Minister, I would like to come back to the answer that you gave to Sean a moment ago. You have said several times now that the taskforce has produced this list of 12 locations—it has done a good job—based on the criteria that you have given it, and that you are now refining the scope of that criteria. Do you expect that that refinement process is going to reduce the number of locations from 12 to a lower number, or do you expect the list of locations to stay at 12 or to increase, perhaps, based on your refinement of the scope?

Matthew Pennycook: That is what we will go out to consult on when we have made final decisions as to what proposed sites we are to adopt. I am not going to pre-empt that consultation here at the Committee. Part of the process, both the SEA process and the wider scoping of the programme, is to determine which sites we propose be adopted and, therefore, we would go out to consult on before making final decisions.

Q19 **Andrew Cooper:** The 12 sites that are in there now, that might change? “There might be more, there might be less, we will see”?

Matthew Pennycook: I will go back to the answer I gave to the Chair earlier and which is set out in the initial Government response. No final decisions on sites will be made until after that consultation process and we have made those final decisions, at which point we will have clarity on delivery vehicles, funding, and how we intend to take each site forward. We are going through at the moment a very important process of further establishing the evidence base as Government, separate from the taskforce, having had its recommendations, so that we can make those decisions.

Q20 **Chris Curtis:** On this question, coming back to what Sir Michael said on urgency and work beginning quickly, it took just over a year to produce the report. We now have the SEA process. You have then said there will be a consultation on that process that might recommend delivery vehicles. There will then be another consultation on whether the delivery vehicle that is chosen is correct, and I assume that there will probably be at least two more consultations beyond that before any work can get



started. Is that meeting the sense of urgency? I think I have heard the term “three years’ talk to set up a development corporation”. Let us say we are towards the back end of next year before we have reached the consultation on the final decisions you have made. We would be on the next election. Is there nothing that can be done to speed up and accelerate this process and not make it death by consultations, because that is the enemy of delivery?

Matthew Pennycook: We are going to do it properly and in a way that does not allow the programme to be challenged and undermined.

Chris Curtis: Some people would say that lots of consultations do not equal doing it properly.

Matthew Pennycook: The commitment remains spades in the ground on at least three sites in this Parliament, hopefully more. As Cathy said, we are talking about large-scale new communities, in many cases tens of thousands of new homes. This is not something we can rush out in 12 months.

The average time to set up a development corporation is 12 to 24 months. We have looked to streamline some of the powers that development corporations can draw upon through the Planning and Infrastructure Act and we give further consideration as to how we can expedite the timelines where appropriate, but we have to go through the SEA process. We do want to allow a brief time to consult on that SEA and the proposed sites that we recommend adopting, and then we will make final decisions in the spring and we will proceed from there.

Cathy Francis: Post the spring, if a development corporation is indeed the right vehicle, we will not be waiting until a DevCo is set up before anything is done. Once Ministers have made decisions on the final locations, we can start doing preparatory work, working with local leaders, local teams, local authorities and development partners to get those sites ready. It is not as if nothing will happen, if indeed a development corporation is the right vehicle, until that is set up. I think you will see work begin in earnest and all the necessary preliminary work before a site can be ready commenced this year.

Q21 **Chair:** Sir Michael, obviously in the submission, in the interim report, you received over 100 potential sites. That was narrowed down to 12 and the Government have said, “Thank you for your recommendations on those. We are thinking three would be quite good to accelerate and deliver.” Would they have been your three top sites?

Sir Michael Lyons: That is a slightly invidious question, Chair.

Chair: The taskforce’s three sites?

Sir Michael Lyons: We were not asked to prioritise these, so I do not have information on the views of the taskforce because we simply did not seek to prioritise them in—



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Q22 **Chair:** You are now free from the taskforce. Would they have been your three sites?

Sir Michael Lyons: Personally? I am enthusiastic about all 12. Let me be clear about that. Nothing would give me greater pleasure than that the Government felt able to progress those—

Chris Curtis: Who is your favourite child?

Chair: Who is your favourite Committee member?

Sir Michael Lyons: I am very pleased at the Government's response saying that they too want to look at how many they can progress, but this is not a short-term game and the report makes it clear that it hopes that Government will not only start on a number of new town locations but get back to running a long-term programme of large-scale developments, including new towns.

Q23 **Andrew Lewin:** I am keen to come back on delivery and development vehicles. To take a step back, in the first generation of new towns development corporations played an integral role. In the two towns that I represent, Hatfield and Welwyn Garden City, the development corporation was set up in 1948 and ran all the way to 1966. One of the things we must not lose sight of is that in new towns we have a significantly higher than average proportion of social housing. Outside of the big cities, it is the biggest anywhere in the country, and that is a testament of the ability of development corporations to buy land at good value and build those affordable and social homes. I am an advocate of the model.

Sir Michael, in your report you were pretty clear, "The Taskforce recommends that the starting point for the delivery of all new towns is through the development corporation model." Minister, in your interim response the Government were equally warm, but it was not definitive and it said that you might explore alternatives. My first question is: what alternatives are you exploring and why?

Matthew Pennycook: Again, this comes back to the process of refining the scope of the programme. We were very clear that we agree with the taskforce's recommendation that development corporations are the primary vehicle by which to take forward these sites, but we want to allow scope for other types of vehicle, from your simple joint venture to the many types of development corporation that are available: mayoral development corporations, centrally led, or even locally led development corporations. There are a range of delivery vehicles that potentially can be used.

The decision as to which we are refining as part of what will work for each individual site. Where can we get the most benefit in terms of meeting our aims and objectives? What is required? In many cases that will be some type of development corporation.



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There are other cases, and Sir Michael may want to talk about this, having a lot more insight into what is going on on the ground from all the engagement that has taken place. Some of these sites are already building out in part, there is work going on and there are already interests involved in development, and it may be that it is quicker in some cases—to return to Mr Curtis’s point—to take things forward through another delivery vehicle.

However, we share the general preference for development corporations as the only vehicle proven to successfully deliver communities at scale, when they work well. We have learned some lessons from development corporations that are up and running now across the country. They are only really effective where they have a clear strategic vision and where they have the powers to facilitate land assembly, to plan, to bring forward physical and social infrastructure including affordable housing, and to harness private investment. We can get—as I think I have said to the Committee on a previous occasion, regarding what you can do in particular with land value capture—much more public gain from the use of a development corporation to deliver things like affordable housing at the scale we want.

Sir Michael Lyons: The Minister has answered most of that question; just let me add the perspective of the taskforce. We were clear and spent a lot of time going over the history of new towns and indeed the challenges of the locations that we were looking at, and came down very firmly of the view that a development corporation of one form or another brought so many benefits that that should be the right way forward.

However, as you see in the report, we also acknowledge that the fact that we were looking at a number of sites where work had already begun, and where land ownership was already established by people with an intent to carry it forward, was slightly different. You were not buying existing farmland, in many cases; you would be considering the purchase of land that was already in the ownership of an organisation with the intent to develop it, which makes it quite a different case.

It was interesting in those discussions because we challenged this in detail: what would be the reactions of those landowners and developers, those proposing the scheme, if the Government insisted upon a development corporation as the way forward? Not one of them said, “That would be out of the question”. A number of them had reservations, partly based on what it would mean for them and the investment that they had already made, but what they were consistently looking to Government for was strength of purpose, ability to work across Government Departments, and help to both secure speedy planning permission and assemble land. All those things, we pointed to, were more likely to be achieved if you had a development corporation here single-mindedly pursuing the development, and those arguments very often won people over, at least as far as we got at that stage. Clearly, there is



much more negotiation with land owners, developers and principals still to be completed and that is what the Minister is referring to, I think.

Q24 Andrew Lewin: Thank you both. That was very comprehensive. It might be one for outside the Committee, but I would say there are echoes in history here. Welwyn Garden City, of course, was already in development before it became a new town. This is not the first time we have had to deal with this problem.

One more question if I can, Chair, about political risk and the political cycle. No Parliament can be bound by its successor, but of course we do have recent history of big infrastructure projects—HS2 probably being the most obvious example—where political wrangling meant that we reached inertia. I am interested particularly, Minister, in your view. How can you make significant progress in this Parliament so that, should there be a new Government in 2029, this is a programme that looks across the political spectrum, one that it is in everybody's interest to continue?

Matthew Pennycook: I am looking for the correct form of wording. I think the precise political dynamics will partly depend on the delivery vehicle. If the delivery vehicle is a mayoral development corporation, the Mayor in question will have ownership of that delivery vehicle. There is probably a more acute risk to centrally led development corporations in terms of the Government.

It comes back to a factor that we asked the taskforce to look at and that we are considering as we refine our objectives, which is deliverability. There is a deliverability question from the point of view of, "What is the required infrastructure?" and the offer from Government, if you like. There is a temporal deliverability aspect, and again that played a part in the choice of those three most promising sites. What are the ones that we can start going on sooner than others? They quite clearly, among the 12, are ones that present much more of an opportunity in that regard.

I come back to what I said to Mr Curtis. We want spades in the ground on at least three of these in this Parliament, with work under way. At that point, it is a brave Government that junks a delivery vehicle that is up and running and where we have put in place the necessary planning powers, as we have said on development corporations, to facilitate master planning and land assembly, I would say.

Chair: Thank you. I am mindful of time, colleagues.

Q25 Mr Will Forster: Minister, the new town delivery bodies are likely to require significant up-front funding but there was nothing in the Budget, nothing. Can you explain why? When will the Government announce funding? Particularly in relation to the three priority new towns, do you have an estimate of how much funding they will need to get up and running?

Matthew Pennycook: I understand why, but it is not accurate to say that there is no funding available to Government for new towns. There is



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no new towns funding pot but the new towns programme will be delivered with a combination of our existing grant funding pots. There is the £39 billion social and affordable housing programme. In the national housing delivery fund we have circa £5 billion for land and infrastructure grant funding. There is the National Housing Bank with the circa £16 billion of financial capacity that sits behind that. We will draw on all these sources to bring forward the programme.

In terms of what clarity the Committee and the House can expect going forward, in very general terms, at the point we consult we will be able to say a bit more about funding and the broad categories of funds that might be used to deliver. For example, if we propose an adopted site and the recommended delivery vehicle is a centrally led development corporation, there will be a sense of what the Government offer is on that. Funding details will have to wait until we have made those final decisions, only later in the spring, and then we will have a clear set of sites that we propose to take forward and how we propose to take them forward. There is funding there to draw on.

Q26 Mr Will Forster: Thank you. Sir Michael, your report highlighted that confidence from the marketplace is so important. Is, at the moment, that lack of funding or uncertainty of funding a concern? If the Minister is going to announce something towards the end of this year, I assume you believe that funding has to be good enough or we will not build these new towns. The industry will not have confidence in them.

Sir Michael Lyons: The taskforce is very clear on the importance of forward funding from Government and of Government being able to strike a deal with landowners and developers in each location so that they can look forward to a return on their investment. That was a very important part of our conclusions.

The timing of people's expectations is quite difficult to know. Realistically, those involved as landowners and developers understand from their own experience how long it takes to meet statutory regulations and for Government to come forward with very specific conclusions on funding. Obviously, people would like a decision sooner rather than later, and that is particularly significant in those locations where development is already under way, but people are realistic and particularly developers understand the challenges that Government are faced with at the moment, before they can be more specific.

Q27 Chair: For clarity, Minister, you are going to have the SEA and you have the additional consultation. In terms of the up-front funding that the taskforce recommended to get the delivery models up and running, that funding has been earmarked and put aside, essentially?

Matthew Pennycook: I will bring Cathy in, who might add a bit more detail from an official point of view, but no, the precise funding offer will be made clear at the point that we make final decisions on the programme and make that public. Part of what we are doing through



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both the SEA and the wider scoping of the programme is determining the precise objectives—and those will be part of the consultation process—and the sites we want to take forward, and how. We are refining all the questions about how we deliver these sites as part of that process, and that will include the funding. I do not have a set of funding pots in my head for various sites. We are working that out and that will be part of the decision we take that we consult on, before final decision.

Cathy Francis: If I can just add a little on what is happening now, Sir Michael started the engagement with local areas and we have continued that, speaking to developers and local authorities.

In terms of making recommendations to Ministers—which, as I said up front, will be Ministers in this Department but also more broadly—we will need to set out what we think the costs will be in this Parliament and give some sense of longer-term costs, but we need to be quite specific on nearer-term costs including in the set-up of any delivery vehicle or any interim arrangements. We have funds that we can draw on. I think what we are saying is that the funding that—

Q28 **Chair:** Those funds that you can draw on, my understanding is that they will come from existing programmes, including the social and affordable housing programme, grants from the National Delivery Bank, and the National Housing Bank.

Cathy Francis: Yes.

Chair: That is correct?

Cathy Francis: Yes.

Matthew Pennycook: As per my answer to Mr Forster.

Cathy Francis: That is correct. There will also be, as we look at infrastructure, a call from other Departments. On initial funding for the set-up of the delivery vehicle, we recognise that we need capacity to help local authorities bring forward these sites and we will, as part of our recommendations to Ministers, make clear what we think is needed in this Parliament, and those funds will be prioritised from our budgets.

Q29 **Chris Curtis:** Those three pots are capital spend. What you also need here, in order to set these, is probably quite substantial, significant day-to-day spend.

Cathy Francis: Yes.

Q30 **Chris Curtis:** That is not going to come from the \$39 billion or the \$16 billion from the housing bank. Where is that money going to come from and how much is there? You cannot make the offers yet because you have not made the decisions yet. You can only offer what you have.

Cathy Francis: Yes.



Q31 **Chris Curtis:** You must have an idea in your head of how much there is in that section and how much potential there is money-wise. I assume you broadly have a number on that which you can share with us.

Matthew Pennycook: The Department is going through a process of business planning, post spending review, of how much RDEL can be allocated to different priorities, of which this is one. We have some final decisions to make on the exact funding pots but we have a sense of the amount of RDEL funding. You are right that it requires RDEL as well as CDEL to deliver.

Cathy Francis: The resource costs will come from RDEL. We are working through that and we will be able to publish that in due course.

Q32 **Chair:** That goes back to the initial question from my colleague in terms of our disappointment, maybe, with the autumn statement being quite quiet on the funding for this. If you are reassuring us, Minister, that those discussions with Treasury colleagues are happening, once you get a better idea of how much you will need, do you feel that you will be confident enough to come back to the Committee at a later stage to say, "This is what we have secured to get the initial corporations up and running", or will there be new funding rounds, or will you be going out to private funding? Is this where you are keeping options open for land, joint ventures, or other models? It is just trying to get a bit more clarity.

Cathy Francis: We have funding in the Department. Ministers have been clear that as part of our business planning we will prioritise what is needed for new towns to make sure that they can come forward. It will not be a case of going back to Treasury because we have our funding envelope for this spending review. It will be about prioritising both RDEL and capital costs in this spending review, and having a longer-term view of what is needed. When we announce which sites will come forward, they will not come forward unless we are confident that we can do what is necessary and provide the support with RDEL and capital costs from our existing budget. Just to be clear, we are not going back to Treasury. Ministers have given us a clear steer that we must prioritise our resourcing for new towns as we can.

Chair: Within the current envelope?

Cathy Francis: Yes.

Sir Michael Lyons: Chair, could I just add a footnote from the research that the taskforce did? The taskforce's report is very clear about the importance of confident funding from Government, but what we found was that one needs to take care with this issue of earmarking funds. Ebbsfleet gave us a very clear example. In the early days, the estimates of how quickly it would be able to get going were quite wide of the mark. As a result of that, it had around its neck—to some disadvantage in its early days—the problem of being seen to underspend, to have failed to have used the budget when it could have been used for other purposes.



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This issue of precision in when the money is becoming available and care not to earmark if you can be confident of programme funding I think is a very important part of the mix.

Chair: No, and I agree on that. It is not about precision, it is about clarity on the funding. We were just trying to seek that.

Matthew Pennycook: Hopefully you have that now. It is within the spending envelope from existing sources.

To reassure the Committee and follow up again on Mr Forster's question, it is not the case that because the Chancellor did not announce a new towns funding pot at the Budget there is not money in the Department to take forward the programme. I think, and Mr Curtis is champing at the bit to come in again—

Q33 **Chris Curtis:** A vague number would be—a sense of scale—

Matthew Pennycook: I cannot give you a vague number.

Chris Curtis: There could be 10 pence sitting somewhere or there could be tens of billions of pounds, or billions of pounds.

Matthew Pennycook: The Committee and the House will have clarity on funding when we have made final decisions in the spring. I have given you a sense of the funding pots that are available that we are prioritising from.

What may be useful for me to say in addition to that, which I think was somewhat the thrust of your question, is that of course Government have to cut their cloth in terms of what can be delivered in this Parliament. I give the hypothetical. If, through the SEA and scoping of the programme, we thought that X number of sites were best taken forward by centrally led development corporations in every instance, could Government stand up scores of them? Quite clearly not. We will have to make decisions about what sites should be in the programme and at what point we can bring those forward. I am more than happy to come back—it goes without saying, Chair—at the point we publish.

Chair: That would be helpful, Minister. Thank you.

Q34 **Andrew Cooper:** Minister, I think you will recognise that a fundamental frustration of our constituents is that far too often, when they accept housing development in their towns and their communities, the infrastructure appears years later, if ever. That is fundamental to the section 106 process as it stands at the moment.

The whole point, I guess, of the new towns delivery model is that we avoid that and that the infrastructure is part of a planned community. Having announced the sites, we are now at risk potentially of speculative development in these locations that would need to be dealt with. There is also a risk that we have increased the value of these sites, potentially,



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which may make it more expensive to deliver. What steps have the Government taken and what steps have you taken to capture the land value early and to protect these sites from speculative development before you are ready to take them forward?

Matthew Pennycook: Again, for further detail I will refer you to the initial Government response. We are very clear about the approach we are taking in respect of land, that we are going to, as a Government, support delivery bodies for new towns to acquire land and that the no-scheme principle of compensation for compulsory purchase would apply, ie if we need to use compulsory purchase powers, compensation will not include land value generated by the new town scheme. We have put the necessary safeguards into place. Again, we are refining the approach to land in different localities. Cathy might want to come in and Sir Michael may want to expand on the taskforce's recommendations in terms of land, but this was a central consideration: at the point we have evidenced, even through the call for evidence, that sites are known to be being explored as new town propositions, how do we ensure that we do not see precisely that?

Sir Michael Lyons: I do not have much to add. We were very clear about the need to protect government investment and the prospects for return. We looked carefully at land value capture and reached the conclusion that while it was possible, it depended upon having control and ownership of land and that one should not be too optimistic about what costs could be covered through land value capture. Here, we would strongly endorse the approach that the Minister is outlining today.

Q35 **Andrew Cooper:** You are satisfied by the Government's response to this?

Sir Michael Lyons: Yes.

Q36 **Andrew Cooper:** Is there anything else that you think the Government should be doing to capture value and to safeguard potential sites?

Sir Michael Lyons: In a perfect world where there were no constraints on expenditure, you would be out now buying as much land as possible and negotiating very hard. I have consistently, in conversation with the Minister, underlined the importance of quite muscular negotiation with landowners. I think that what landowners and developers want from Government they see as very valuable. It is valuable because—

Q37 **Andrew Cooper:** What do you mean by "muscular negotiation"?

Sir Michael Lyons: Let me just outline what I think landowners are looking for. They are interested in a strong partnership with Government because they see that as the way to speed up planning approval, deal with infrastructure issues, and secure good quality forward planning. If Government bring those strengths through a development corporation or some other mechanism, they have a right to expect that their investment secures a return. Therefore, right from the beginning, I think, they need



to be clear that approval of a location being part of a new town programme does have value and that the additional speed that is involved can secure an earlier return on capital for owners and developers. Basically, we are saying that that is something that Government need to bear in mind in their discussions and seek to be as strong as they can be in securing their position for the future.

Q38 Andrew Cooper: How critical is it to the success of the scheme, would you say, that the land value is captured effectively? In your answer, you appear to be saying that the land value capture is important but it is not the be-all and end-all. Would you stand by that or am I putting words in your mouth?

Sir Michael Lyons: No, I mean something slightly different. Where we got to on this, after spending a lot of time on it, was a recognition that in popular discussion, land value capture was often seen as likely to meet a much higher proportion of costs than it will in practice. The taskforce was clear that Government should take steps to protect the possibility of land value capture to minimise the cost on the public purse, but new towns will not be fully funded through land value capture in any reasonable scenario about future values. Therefore, there will be costs for new towns that are part of the creation of new settlements and of funding economic growth and need to be accepted as part of that reasoning rather than a return on the investment made.

Q39 Sarah Smith: Sir Michael, in your report it was clear the importance you placed on placemaking in these new towns. Would you agree that there is an inherent tension between having ambitious house-building targets and the aspirations for the high-quality aspect of these new settlements you want to see built?

Sir Michael Lyons: There may be a trade-off. I do not want to sound naive about this. However, what we saw as we moved around the country and as we talked to house builders, developers and housing associations was that there were plenty of examples of people meeting rather similar requirements to those that we were demanding and feeling that they had got a return on their investment. It is not completely ruled out, I think is the answer.

Clearly, there has to be a discussion about how these placemaking principles are applied to any one location, but I think I have subsequently gone on record as saying that in 30 years' time the successful new towns will be those that score highly on them all. It is not a pick-and-mix agenda but they will apply differentially in terms of local circumstances and what is going on in surrounding areas.

We spent a lot of time on these and I think they are a comprehensive set of challenges for ending up with a new town that is attractive to both residents and investors. The two things need to go hand in hand.

Q40 Mr Lee Dillon: Can I just come in on quality of housing? To pick up on



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something I raised in the Chamber yesterday, so the Minister will be aware, are the Government committed to mandating a New Homes Ombudsman in this Parliament at all?

Matthew Pennycook: On a statutory footing?

Mr Lee Dillon: Yes.

Matthew Pennycook: I am happy to write to you with other details but the New Homes Ombudsman is in place, making a vital contribution. There is more we could explore on redress. I think I committed to you yesterday, in fact, but I will certainly—

Mr Lee Dillon: The Secretary of State said he would follow it up in a meeting.

Matthew Pennycook: I will certainly do that and I am more than happy to meet to set out what the Government are doing in that particular area. On quality, in general terms the Government support the placemaking approach recommended by the taskforce. We were very clear from the outset—I think in the first written ministerial statement and the manifesto that we stood on—that we want these to be exemplary developments. There is a question as to how those placemaking principles are taken forward on any particular site, and again—and I am sorry to have to keep coming back to it—the final selection of placemaking principles for the Government will be subject to environmental assessment and consultation, but the Committee will not have to wait for long to see what we mean by the detail of that.

Q41 **Sarah Smith:** Minister, I saw you shaking your head when I suggested that perhaps those two things were in tension—

Matthew Pennycook: I do not think there is necessarily an inherent trade-off, particularly not in terms of some of the delivery vehicles we are looking at. There is a tension but I do not think there has to necessarily be a trade-off between supply and high quality design.

Q42 **Sarah Smith:** Getting this right is key to building the trust of the communities where these places will be. Unfortunately, we could probably go around every single member on this Committee who would have an example of where a smaller development has not delivered on that, that the commitment to social infrastructure was not there, and certainly there is research out there that provides the backing for that as well. How have the lessons from bigger examples where people have been failed been learned in how you will take these plans forward and how you will ensure those principles are delivered through these developments and that we do not have communities moving in with no schools or hospitals, or the station capacity not being there for them? That will completely lose the trust of the electorate.

Sir Michael Lyons: You are quite right. Partly it is those problems that have led both the taskforce and the Government to focus on larger-scale



developments. Large-scale developments, 10,000 plus, are much easier to secure long-term planning, to plan infrastructure more effectively so that it coincides with development rather than lags it. That was a very clear finding of ours that I think the Government have taken on. The legacy of the New Towns Taskforce work is as much about all large-scale developments following on from the evidence of the Competition and Markets Authority pointing to large-scale developments and the virtual absence of them in recent years. This is the way to go forward but it has its challenges.

Q43 Sarah Smith: Minister, do you also want to respond?

Matthew Pennycook: I can expand on that in two ways. First, I recognise—not least from my own constituency—that, yes, development often comes forward, and has over recent years, that is not good, not high quality, and that we need to drive up standards generally. That is why in our manifesto we said we want exemplary development to be the norm, not the exception. There are great examples out there but it is broadly the exception at the moment.

We are taking that forward in a number of ways. In the NPPF in December 2024 but in the current NPPF draft that is out for consultation we have strengthened the expectations in terms of national policy around infrastructure delivery, and particularly modern infrastructure of the kind you cited. In conjunction with that NPPF we are bringing forward a new suite of design guidance to try to drive up standards on these new town locations in particular. This is why as part of the scoping of the programme that we are taking forward currently we have to make clear how these are differentiated generally, although we can learn lessons from general large sites, of which again the NPPF out for consultation has policy in relation to.

I come back to Mr Cooper's questions and others. We will be able to extract more public gain because of the way these are delivered and, therefore, have much more confidence that we can ensure that the social, physical infrastructure, amenities and services are in place at the point that we need them to be. However, you are right, the extent that communities will accept these new large-scale developments will heavily rest on whether they are those exemplary places that people want to live. They cannot be bog standard housing estates; that would represent a failure of the programme, in my view.

Q44 Sarah Smith: Focusing specifically on the environmental sustainability requirements that have been outlined by the taskforce, if the new towns are to be these exemplar developments, should they be required to meet higher environmental standards than what might currently be the norm? I am happy for that to be the Minister or someone else.

Sir Michael Lyons: Do you mind if I take the liberty of going back to the last question and then come to this? A point I would like to share with the Committee was the pleasure that I took as we went around talking to



landowners and developers and found evidence among a number of the sites that we have recommended to Government of developers themselves wanting to develop to the very highest standards because they saw that as a market advantage. They saw in the long term that would secure a better return on their investment. That is clearly not the case for every development in the country, but that gave me considerable heart that this is not a process that solely requires Government to make demands; it is actually understood in the market.

If I can come back to your point, could you remind me, please?

- Q45 **Sarah Smith:** On the specifics you outlined around the environmental standards within these new towns, do you believe that, given the exemplar nature of what we want these developments to be, there needs to be higher environmental standards than currently provided?

Sir Michael Lyons: All the new towns are long-term projects. That is something we have come back to time and time again here. Resilience to the climate changes over the long term are an important part of the planning. It takes you back to effective large area planning for large settlements makes that more possible than piecemeal development around existing settlements. I think there is a discipline in the whole process of determining new towns, which focuses you more on the future and resilience. Whether that needs different regulations or requirements we have to see as those sites come forward.

Matthew Pennycook: From a more general, national planning policy perspective, through the draft NPPF that is out to consultation one of the things we are specifically trying to do is ensure that where there are appropriate national standards in place—for example, the forthcoming future homes and regulations standards—local areas are not developing their own divergent policies. We want to be very clear that where there is a national policy in place it can stand and that duplication or deviation is not particularly helpful in that regard. On things like that I would not be expecting homes in the new towns to go beyond. We want to generally pull up standards across the board in a variety of areas.

Cathy Francis: Through the discussions we have been having with local areas—and we will have to see how this develops over the coming months—it may be, to your point, that there is a particular area that wants to be an exemplar for a particular theme. Certainly, I have had at least two conversations about environmental opportunities and the opportunity potentially for one or more place to champion that and lead the way. We will see whether or not that is something that follows through, but it is a discussion that has been brought to us from at least a couple of areas.

- Q46 **Maya Ellis:** Looking a bit more broadly now, the Government are obviously consulting on changes to planning policy intended to accelerate house building at the moment. Sir Michael, what impact do you feel the wider reforms will have on the delivery of new towns, and are there any



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further reforms you would like to see to accelerate new towns delivery?

Sir Michael Lyons: I have a pretty brief answer to that. We drew attention to the fact that Government need to look at whether there are any further changes to make to advance the programme of new towns. Everything that I have heard is that they are on the case.

Maya Ellis: You are confident that is—

Sir Michael Lyons: I am confident, but let's see.

Q47 **Maya Ellis:** Fair enough. Minister, the previous Government decided to have the minimum accessibility standard for 100% of new homes under the part M4(2). Can you explain why you have brought that down to 40%?

Matthew Pennycook: Some local areas are not delivering accessible housing in any volumes. What we have proposed is 40% minimum on M4(2) and (3), but that is—and it was very clear on the extended oral statement I made on the subject—a minimum and areas are able to go beyond that. We think that strikes the right balance between ensuring that every local area is delivering a certain proportion of affordable homes but that we are maximising housing supply more widely at the same time.

Q48 **Maya Ellis:** Do you have an ambition of where you would like that final percentage to fall? That is a minimum but is there an ideal of where you would expect—

Matthew Pennycook: Just encourage local authorities where they feel able to go beyond that minimum number. We are currently out to consultation on that framework and we will listen to the feedback that we receive from it before making final decisions on what the new NPPF will be.

Q49 **Maya Ellis:** Finally, on behalf of one of my constituents, Maria Gee, who is very passionate about swift bricks as I know many others are, could you clarify where we are at on that policy and what Labour is doing to support swift bricks? Do you know roughly how many you expect to get in our new towns?

Matthew Pennycook: I fully appreciate that some people are not happy with the fact that we have not taken the building regulations route. We did that for very good reason, and I am convinced that is a far slower route than what we have done. We have strengthened national policy expectations around swift bricks in particular, and we are very clear in the consultation we believe that should mean at least one swift brick in every brick built house unless there are compelling reasons why that should not be the case. We do need to account for the fact that there are some development sites that swift bricks would not be appropriate, but I think they will be fairly small in number. This is, as you know, a low cost intervention that we can do.



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As an aside, I was standing at the bar of the other place listening to an extensive debate on swift bricks. Experts in the other place would say that it is not the only necessary part of the solution to declining breeding swift numbers in the UK—insect decline is another thing—but this is an important thing we can do through national policy to support—

Chair: It is good to see that you are spending your time very wisely, Minister.

Q50 Chris Curtis: We have just had what I think most people regard as an incredibly successful planning process where over the course of a few months your Department has signed off on an incredibly substantial, significant infrastructure project with Universal in Bedford through an SDO process, which I do not think has been used for many other things before this but has now probably proven that it is a quick and efficient way to do so. Is that something you are looking at using for other things, particularly for new towns?

Matthew Pennycook: Not looking at using the SDO process to bring forward new towns. The SDO process has its place. Cathy could expand on this. It may look quick and efficient from the outside. It is incredibly resource intensive for the Department to essentially become the planning authority. It was warranted in this case and I agree we got a good outcome in terms of Universal coming into the UK and all the investment, jobs and opportunities that come with that. It is not a mechanism that we can use regularly because of the sheer amount of work and resource capacity it absorbs in the Department, but it does have its place for certain schemes.

Cathy Francis: I agree.

Q51 Mr Lee Dillon: I will come on to affordable housing within the new towns world. The task group was quite clear that affordable homes will help against that housing shortage, but we have seen some conflicting evidence around affordable housing. The Town and Country Planning Association supports it, but we have also heard in terms of the cost of infrastructure and low land prices on some of the new towns that actually being able to fund that affordable housing could be a challenge.

I have a couple of quick questions to you, Minister. In certain areas would a rigid 40% minimum target be a risk to the Government's wider house-building ambitions? Will the Government provide grant funding beyond existing levels to reach that 40% affordable housing where needed?

Matthew Pennycook: I think there are two things to say in response to that, Mr Dillon. First, in terms of the contribution that the new towns programme will make to our wider house-building targets, this allows me to touch on the issue of LHN and how we expect the new towns to interact with that. We have been very clear that our starting assumption was—not least because those new towns that we are able to get up and running and being developed in this Parliament, back to Mr Curtis's



question, will only start building out at volume in the later years of this Parliament and into the next—delivery of new towns is over and above the targets that flow from our revised standard method. I have heard representations from members of the Committee and others to think again about the interaction of LHN in terms of ensuring the right incentives are in place, and we are giving that a lot of thought.

What I am determined to do—and again, apologies, but we will publish more detail on this as we take the scoping process forward—is to ensure there is a fair and consistent approach across the country, ie that we are not coming up with bespoke arrangements on LHN for every particular new site. I think we do need a fair and consistent approach but we are giving consideration to how that interacts going forward.

In terms of the 40%, it is an aspiration; it is an aim to deliver the 40% on each site, at least 20% that is social rented homes. That is important to the Government. It goes back to the process that is under way looking at what is required for each individual site. One of the factors that we are considering, through those Government funding pots that I have described earlier, is what might need to come forward to ensure we can deliver these sites in the way we can. There will be a role for viability and viability will bite on different sites in different ways, but we do want to ensure that we are trying to meet that 40% wherever possible.

It will not be the case, I can assure you, that any new town site comes forward with very low levels of affordable housing. We have to draw on and look at where that £39 billion social and affordable housing programme in particular can support new towns delivery.

Q52 Mr Lee Dillon: Can I push you slightly on that aspiration number, and this is also to Sir Michael. Your 12 recommendations would have considered the ability to deliver affordable housing within that remit, so then the question back to the Minister is: what is the lowest percentage level that you would sign off for a new town to be acceptable? Below 30% is a no?

Matthew Pennycook: I am reluctant to sit here and pluck a number out of the air. I would like to get to at least 40% on all those sites. It is not that we can discount viability entirely, but again that comes back to looking at the funding we have available, particularly in this Parliament, in the spending review, those grant funding pots as well as RDEL funding pots that we can draw on. What can we deliver on each site? We have been very clear that our objective is that 40% but we cannot—and we have been very honest about that; I think I have in the previous session— discount viability entirely as a consideration in taking the programme forward.

Q53 Mr Lee Dillon: Sir Michael, did you have a comment about that aspiration within the 12 that you have recommended?



Sir Michael Lyons: We were very clear that our view of these new town communities is that they are living communities, that they make space for all tenure types and all parts of the community, and recognising, of course, that these things change over time. The tenant of today is the owner of tomorrow in many cases.

Mr Lee Dillon: In a functioning market.

Sir Michael Lyons: Yes, absolutely, in a functioning market.

Q54 **Mr Will Forster:** When will the Government set out their policy about the interaction of new towns and local authority housing targets?

Matthew Pennycook: Cathy can give some further insight, but at the point that we have gone through the consultation and issue our final report in response to the Government taskforce, all the details about the programme will be known, including how we intend to take forward that interaction between LHN and new towns. I suppose I am sharing as much as possible with the community in making clear that we are giving careful consideration to how they interact, given that our starting point was these are over and above the LHN number. I have recognised that from incentive terms. I do not think that necessarily means local areas will be able to discount the entirety of their housing targets for a new town, but we want to ensure the right incentives are in place so that areas are where they are generally otherwise supportive, that housing targets are not a factor that mean they do not want to see these large-scale new communities come forward.

Q55 **Mr Will Forster:** Thank you, Minister. I think I understand your reasoning of why you are softening your approach. Has that been from feedback from local leaders that you had to reassure them? To Sir Michael, if the new towns were imposed on local areas above their housing target, would you be concerned that there is opposition and then your 12 projects would not get off the ground?

Sir Michael Lyons: What we reflected back in the report was that the issue had been raised with us on a number of occasions, as we explored different locations. I think the Minister has said he is taking that into consideration as he thinks about the future.

Matthew Pennycook: It is highly governed, I have to say, by what is fair to a local area in terms of this being a distinct delivery route. These are not just otherwise standard large sites, but what will ensure that there is the right balance of incentives that places want to bring them forward.

Chair: Thank you. Looking at engagement with local leaders following on from that, Andrew.

Q56 **Andrew Cooper:** Minister, I am sure you set out at the beginning that you would want to take the best decision you can in the national interest, but I am sure you would also want to, where possible, bring communities



with you. I think it is fair to say that has not happened in Adlington in Cheshire East where our colleague, the Honourable Member for Macclesfield, has presented a petition with over 19,000 signatures I believe. Councillors on Cheshire East have been very critical of the extent that they were consulted on the proposal before they started. Coming to Sir Michael first, what consultation with local democratic leaders did the taskforce take before making its recommendations?

Sir Michael Lyons: Our focus was consistently on who had brought forward the proposition, whether it is a council—as it was in the case of Milton Keynes—or a landowner or a developer. We were responding to who it was who had brought the proposition in. As part of our exploration of the viability of that we will in every occasion have had a discussion with the local authority to learn about their perspective on this proposed development.

Picking up on Adlington in particular, in addition to this, when we came to prepare our report for Government we explicitly asked in every case the relevant local authority were they content to be listed among those areas that we were recommending to Government. In that case Adlington responded by letter, signed by the leader and the deputy leader, saying they were. I think we felt that was safe enough at this stage for us to put the proposition forward to Government for consideration. This is a fraught area because usually we can name how many people have signed petitions. However, what Government have to balance, and what I hope the taskforce would balance, are the needs of those who are not yet residents, who are looking for homes, who are interested in the economic growth, which in each of our 12 areas we have been able to identify. It is fraught in how you get a view on the future interests as well as the current interests.

Q57 **Andrew Cooper:** Minister, as we move into the next stage of consultations what can we learn from what has happened with the response to Adlington and how would you do community engagement differently so that we can hopefully bring people with us on the next round?

Matthew Pennycook: I am not sure the opposition that has been stated in respect of Adlington is a function of how we did community engagement, if I am honest. Again, this goes back to what the New Towns Unit is doing. It is visiting local areas. It has made an offer to all political leaders to engage with them to further refine their evidence base around sites.

As I said many times to the Committee, we will carry out the appropriate assessments and public consultations before any final decisions are made on locations. I want to be clear, and I could not be more honest about this, we will make decisions on these in the national interest. We will not make decisions on these locations based on the number of signatories to a petition in opposition.



Q58 **Andrew Cooper:** Indeed, although the developer in the Adlington case, Belport, has raised concerns, I think it is fair to say, that the level of public engagement that it could do with the local community was limited by an NDA. Why was an NDA necessary?

Sir Michael Lyons: That was the standard process that we took across those sites that we were about to recommend to Government, not least because until the point that we had finished the report and handed it over, we were not certain what ones were in the final choice set. It is partly protecting those who put the ideas forward, but also giving the space to complete our work so that it could be recommended to Government.

I can concede that if there were a way it would have been a good idea to consult more widely on all those areas before we put them to Government, but that would have required a very different timetable and would have required the taskforce to become the proponent of the proposition, which seems to me dangerous ground. Once Government have made their decisions about what ones they want to carry forward, that is a different matter. There is a clear locus there to consult on.

Q59 **Lewis Cocking:** To the Minister and Sir Michael, when you go through the local plan process you have a duty to co-operate with your neighbouring authorities and what have you. I have asked written questions on this. There has been no consultation with neighbouring authorities in these proposed new towns. When you move to the next stage of the consultation can we get a cast iron guarantee that there will be consultation with neighbouring authorities? Because Chase Park and Crews Hill are just over the border, but it does not mean we will not see in Broxbourne serious ramifications from that development on our infrastructure and we have not yet once been consulted to give our views or ask questions about it.

Sir Michael Lyons: Shall I deal with the taskforce, Minister?

Matthew Pennycook: Yes, and then I will come in.

Sir Michael Lyons: I acknowledge that that is the case. I have already explained that we focused on those bringing the proposition forward—

Q60 **Lewis Cocking:** So you focused on the people who will make the most money out of it and within their interests to get these sites forward. That is not a sensible way to do it.

Sir Michael Lyons: It is not the whole process either, is it? We did concentrate on who had brought the proposition to us and our role is a limited role in recommending to Government a series of potential locations that we feel were worthy of further exploration and to be taken forward. We were quite clear in our report about the importance of further consultation. I think our approach was the right one, to limit the number of people engaged, to work to the timescale—which was very tight—and to then deliver to Government the suggestion, “This might be



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an area to look at. You need to consult extensively and, indeed, to take on board cross-border issues". I do not think it was for us to resolve all those issues.

Q61 Lewis Cocking: Before the Minister comes in can I clarify that? You are saying if you had have had more time you would have done more in-depth consultation on these sites?

Sir Michael Lyons: I am saying that we were working and focused on completing the work to the timescale that we had agreed to.

Lewis Cocking: So you were.

Sir Michael Lyons: I cannot tell you what we would have done if we had more time and exactly how that time would have been allocated across the range of things that we were trying to advise on.

Cathy Francis: I have spent time at Crews Hill and have met with the local authority and know the site fairly well. It will be subject to the normal planning process if it is chosen in the final decisions that Ministers bring forward. Yes, duty to co-operate will be appropriate. We are not trying to circumvent the planning process through these initial discussions. Everything I have discussed with the local authority there is a commitment to engage with local communities and the normal planning process will apply.

Matthew Pennycook: All that I would add, Chair—and I appreciate Mr Cocking's frustration—but I think the issue here is that your question is almost premised on us being at the end of the process rather than midway through it. The role of the taskforce was to come up with recommendations around the sites. It is now for Government to refine the scope of the programme and to consult on it. That consultation will allow a wider group of authorities and other interested parties to make comments on the programme as a whole in those locations. Then you have the process—much to Mr Curtis's chagrin—of if delivery vehicles of a specific kind come forward to be consulting on issues like the precise red line boundary of a development corporation, or whatever it might be. There will be time to take that into account.

On local plans, we expect local planning authorities to continue development of their local plans. We will work with local areas to ensure that those plans support growth that is envisaged in new town propositions. There are other changes to the duty to co-operate that we have announced as part of the new plan-making system that I am sure you are aware of, but I am happy to get into that if it is of interest.

Chair: I am mindful that you have to leave, Minister. We have one final comment.

Q62 Sean Woodcock: This is one point of clarification for Sir Michael. You stated that, rightly, you focused on those that put forward the sites but that you did contact on the list of 12 the local authorities to say, "Do you



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have any problem with this going forward?" Can I take from that that no local authorities of that 12 objected to being on the list?

Sir Michael Lyons: Yes, and they would not have been put forward if we had a serious rejection of the idea—

Sean Woodcock: All the local authorities where the sites are said, "We are happy for this to be put forward"?

Sir Michael Lyons: Absolutely.

Q63 **Chris Curtis:** You said the normal planning process will apply. If the normal planning process applies, that means local councils being able to sign off and veto, effectively, new town programmes that have been put forward by the national Government. Surely there will have to be some mechanism outside the normal planning process that will apply.

Matthew Pennycook: It depends entirely on the delivery vehicle, doesn't it? If it is a mayoral development corporation that will have a particular planning process; if it is a centrally led one it will have a particular process. A public-private partnership, a joint venture, would go down in a sense the standard. I think what Cathy is trying to say is there is a process that comes forward with any particular delivery vehicle, in addition to the work Government are doing and, indeed, the taskforce did.

Chair: Thank you very much, Cathy, Minister, and Sir Michael. We will continue to engage with you as this progresses, following the SEA consultation later in the spring.

Matthew Pennycook: Thank you very much, Chair.