HOUSE OF LORDS

Covid-19 Committee

Corrected oral evidence: The long-term impact of the pandemic on towns and cities

Tuesday 22 June 2021

9.45 am

Watch the meeting

Members present: Baroness Lane-Fox of Soho (The Chair); Lord Alderdice; Baroness Benjamin; Lord Elder; Baroness Fraser of Craigmaddie; Lord Hain; Lord Harris of Haringey; Baroness Jay of Paddington; Lord Kamall; Baroness Morgan of Cotes; Lord Pickles.

Evidence Session No. 1 Virtual Proceeding Questions 1 - 17

Witnesses

I: Andrew Carter, Chief Executive, the Centre for Cities; Mark Hayward, Chief Policy Adviser, Propertymark; Craig McLaren, Director of Scotland, Ireland and English Regions, Royal Town Planning Institute.

Examination of witnesses

Andrew Carter, Mark Hayward, and Craig McLaren.

Q1 **The Chair:** Good morning and welcome to the House of Lords Committee on Covid-19 and its long-term implications. Good morning to our witnesses and hello to colleagues, and happy Windrush Day, as my colleague Floella has reminded us this morning. Today we are starting our new inquiry into the future of larger towns and smaller cities, and we are delighted to have our witnesses with us to help us navigate this complicated and important topic.

I remind people that we are broadcasting so when you are not speaking please remain on mute. My colleagues and I have organised questions, but if anyone would like to speak please wave or let me know, interrupt, whatever you like, to make it a free-flowing and easy discussion.

Thank you again to the witnesses for coming. Please say a quick hello and the organisation you are representing, so that we can put names to faces.

Andrew Carter: Good morning, everybody. Thank you for having me. I am the chief executive of the Centre for Cities.

Mark Hayward: Good morning. I am the chief policy adviser for Propertymark.

Craig McLaren: Good morning, everyone. I am the director for the Royal Town Planning Institute covering Scotland and Ireland. We are the professional body for town planners across the UK.

Q2 **The Chair:** Thank you very much indeed. To frame our new inquiry and a bit of the work of the committee, as you will be aware we were formed nearly a year ago, at the beginning of July, to look at the long-term implications of Covid. As you will appreciate, because I am sure you are also thinking about this topic carefully, it is hard to disassociate what is happening now with what we think the implications for the two to five-year time horizon might be, but that is what we are trying to do. Rather than a dissection of what has happened in the last year and where we find ourselves this year, we are trying to cast our minds forward and look two to five years out to help the Government think about a slightly longer timeframe and make helpful policy suggestions for that longer period. I ask you to bear that in mind when answering.

Of course that means we have to unpick and understand what is going on, but our main task is to try to look into the future. We started our work asking the country what they thought and we gathered many views from experts and individuals. Perhaps unsurprising themes emerged, but we have been trying to use them as an underpinning for how we thought about what could be a vast landscape. We have looked at the impact of how we have lived our lives online and the nature of this hybrid world and at the changes to parents and families. This work is the next phase of that trajectory, so I hope you understand a bit of the context.

We are really keen to understand what we mean by smaller cities and larger towns, what has been happening within them and therefore what you think is likely to happen over the next two to five years and, crucially, how we can help the Government think about specific recommendations or interventions to make the most vibrant, prosperous, economically and socially highly functioning and well communities, which is our remit.

To that point, I will kick off the questions. For all our benefits, it would be great if we can get your common understanding of how you think about the classification of some of these things. I know my colleagues and I are trying to learn and understand this subject area, which we have tried to categorise as smaller cities and larger towns—excluding London, clearly. It would be great to get your perspective on what that means in that classification.

The key question I want to ask is: what do you think the impact of the pandemic has been? It is perhaps the only question where I will allow you to look a little bit more at the current and short-term impact, particularly on the areas that you know well—residential and commercial property—and how it has differed between towns and cities and different areas of the country. It is a classification and a framing question and, secondly, a question about what you see having happened in the immediate term. That will be immensely helpful.

Andrew Carter: Thank you very much. It is a good question to start. At the Centre for Cities, we look at the 63 biggest urban areas across the UK. We use a daytime population metric that includes London, which is obviously our biggest urban area, but it also comes down into places like Ipswich, Crawley and Worthing, which have a daytime population of around 135,000. That is our threshold. To give you a sense of what that consists of, it is not 63 local authorities/63 urban areas; some of our urban areas cross several local authorities. It is important to think about that when we are doing the analysis, because much of the data that we can get access to is available at the local authority level.

Those 63 urban areas—I often refer to them as cities, but obviously many of them are large towns—are roughly 60% of the economy on a jobs and output measure. If you think about where the jobs are and the output that is produced by the country, about 60% of output and jobs are in those 63 urban areas, and about 55%/56% of the population lives in those 63 big urban areas. Most of our analysis is of those 63 urban areas. Most of them are in England. We have three in Wales—Newport, Cardiff and Swansea; we have four in Scotland—Glasgow, Edinburgh, Dundee and Aberdeen; and one in Northern Ireland—Belfast. The rest are in England, and they are spread from Exeter to places like Middlesbrough and everywhere in between. That is how we think about large towns and cities.

The Chair: And on the second part of my question about what you are seeing as the immediate results of this last year on property?

Andrew Carter: In smaller cities and large towns, it is harder to identify some of the trends. They are not so discernible, but let me give you a big picture. If you look across those 63 urban areas, we can say that through the pandemic our big cities have been hit the most and have recovered the least, and that is still true today. Our smaller cities have been hit badly, but they have recovered more, or at least some of them have recovered. On average, our smaller cities and larger towns have recovered moderately better over the period, but everywhere has been negatively hit and nowhere yet has got back to where it was before the pandemic. That is my overarching thing.

I would suggest three factors to think about regarding what happened during the pandemic and what that might tell us about future recovery. One factor that we should take into consideration is the strength of the economy of those places before. You can usually take it as an average that the better performing economies going in did better during and, all things being equal, should do better coming out. There are notable exceptions, which we can get into, but that is my first factor. Strength before tells us something about strength after, because many of the issues affecting our cities and large towns were there before the pandemic. The pandemic has introduced new ones and exacerbated some existing ones, but many of the challenges were there before.

My second factor is industrial structure, so the structure of those towns and cities has something to tell us. If you have lots of hospitality and entertainment jobs and industries, or if you are particularly reliant on the aviation industry, as places like Crawley, Slough and Luton are, you have had a really rough time over the past 12 months and your future is very much connected to the industrial structure of your place. Industrial structure tells us something about what is going on.

My third factor—we have seen this through the pandemic, but I think it will also be a factor as we go forward—is the ability to work from home. This is not evenly spread across the country. We did some analysis early on. In places like Edinburgh, London, Brighton and Reading, over 45%—indeed, nearly 50%—of their workforce could work from home either in the short term or in the longer term. In towns like Burnley, Blackpool or Stoke, less than 20% of their workforce could and did work from home. However, the ability to work from home also tells us something about the nature of the recovery, the ability to recover.

Those are my three factors to provide a bit of a framework for analysing the issues, particularly the impact they will have on residential and office or commercial property. Those three factors will interact and play out differently in different places. It is a bit of a messy picture, so you have to unpick almost place by place, but thinking about how those three factors interplay gives you some insight into how we feel that the residential property market and the commercial property market may respond over time. That is my opening gambit.

The Chair: Thank you very much, Andrew. Mark?

Mark Hayward: Let us talk about the future and what it might look like. We surveyed our commercial members throughout the UK about their views on investors in the various sectors. Investors are looking medium to long term. In retail, they saw a 43% decrease in investors, and that is probably predominantly high street and out of town. Pubs and restaurants are probably static at the moment. In hotels, there is a 40% decrease. The big increase is industrial; there is 75% investor appetite for the industrial sector moving forward, but for offices it is an almost 50% decrease. Office investors are not attracted to small cities and towns, but the industrial sector, probably logistics, which we used to call warehousing or sheds, is on a big increase.

For residential, nobody 15 months ago would have predicted that the residential property market for sales and lettings would be buoyant. It is more than buoyant, it is frothy. It is very unusual to have the rental sector buoyant at the same time as the sales sector. We are seeing an urban exodus, not just from London but from other cities such as Manchester and Liverpool. We see a great increase in people wanting open space. The parameters used to be location, location, location. It is no longer location, location, location; it is good broadband speed, space to work at home, and green open space. I think that will continue, and it is not restricted to the UK; they have a term for it in French, which is l'appel du vert—a call for the green. This appetite to have more space and for more rural areas is reflected in Europe and in the States.

At the moment, the residential market shows no sign of decreasing. Housebuilders have a strong appetite to buy residential land but, as Andrew said, there is the working from home phenomenon or the Zoom culture. We have yet to see how long that will continue and whether it will have lasting effect.

The Chair: I am sure we will probe into that a bit more. Picking up on how Andrew classifies, do you also use the same 63 towns and cities classification? Does that resonate with you? Is there anything you would like to add?

Mark Hayward: That helps, yes.

The Chair: Thank you. Craig?

Craig McLaren: I think I am here to give a Scottish perspective on this as much as I can. On the classification side of things, in Scotland we technically have seven cities. Andrew has mentioned four of them—Glasgow, Edinburgh, Aberdeen and Dundee—but Stirling, Inverness and Perth are also classified as cities, although in reality a number of our towns are bigger than those cities. That is more a quirk of their location and hinterland than just the size of them. I think it is important to bear in mind, certainly in Scotland, that most of the population live in towns rather than cities.

On taking forward some of the ideas and what the situation is like, unlike the other witnesses we do not do direct research on that, although we do

work that looks at all the research that is out there to get some thoughts and ideas on it. The picture that has been presented by Andrew and Mark probably tallies with our thinking. There are geographical and regional differences across different parts. As Andrew said, the areas that were most vulnerable as we went into the lockdown are probably suffering the most or not bouncing back as quickly as others.

The other important thing to think about here is what happens within towns and smaller cities. Different parts are responding differently, having different reactions. In some of our suburban centres, the message we are getting is that they are doing okay, because people are walking to their particular areas because they do not fancy going into the town centre or the city centre, for example. We are hearing things such as retail parks becoming more popular than town centres. People are using them, because there is a feeling of safety associated with them, particularly if they can get in their cars and drive there, and they are easy to access. It is important to bear those differences in the towns and cities in mind as we discuss this.

The Chair: Thank you very much. I am frantically making some notes. That was very helpful.

Q3 **Lord Harris of Haringey:** That has been very helpful and very interesting. I appreciate that this is a difficult ask, but what is your best assessment of the long-term change in working patterns as we emerge from the pandemic, with perhaps more people working at home more of the time? I want to know, because even a quite modest reduction of 10% or 15% will have a big impact on the finances of public transport, on the viability of local shops, on the support services for town centres—indeed, on the whole dynamic of what makes a town centre or a neighbourhood work.

What are your expectations, what will the effects be, and can it and how should it be mitigated? It might make sense if Andrew goes first, because he put some figures on the number of people who could work from home, which is slightly different, obviously, from the number who do work from home.

Andrew Carter: That is a great big question. The honest answer at the minute is that we do not really know. I think we can be fairly confident that more people will work from home, or at least have a split week, than they did. To give you a benchmark, the best data we had before the pandemic suggested that around 12% of Brighton's workforce consistently, in majority terms, worked from home. Over the pandemic, that probably went up to around half, as I said. My notion is that Brighton working from home is somewhere in between. Over time I think it will get closer to that 12% rather than stay where it has been during the pandemic, at around half or 45%.

The other point I would make, which I made in my opening comments, is that in places like Blackburn, Burnley, Stoke, Northampton, the number of people working from home even during the pandemic, when essentially

we were forced to in many respects, was still only a very small proportion; it was less than a quarter. Most of the workforce was still going into work, for whatever reason.

The obvious draw from that is that it will have a big implication for places like Brighton or Reading, but it will not have such a significant effect in places like Burnley and Blackburn simply because of the quantum of working from home and the ability to do so over time. That is related to the point I made earlier about the industrial structure. The more highly skilled, higher-wage, more professionalised jobs can be done from home. The fewer there are of those jobs, the less is done from home. There are implications that play out across the country depending on your starting position and the significance of it.

I will touch on your point about it having a whole host of implications for business rates and property; I will let colleagues talk a bit more about that. But we have also seen quite significant negative effects on public transport usage. We have lost many of the gains that we won over 10 years in encouraging people to go for a modal shift from the car into public transport. Pollution levels were higher through the pandemic than they were before. Even though they dropped initially, they returned to well above what they were before the pandemic, before restrictions were fully eased. There is a whole host of implications, but I suppose it plays out very differently in different parts of the country.

I think we will move to a hybrid system, and we see some cities doing that already. I do not think it will be as large as it currently is, particularly if we are looking two to five years into the future.

Lord Harris of Haringey: Could you tell us a little bit about the knock-on effects? You talked about transport usage, and clearly there is an issue at the moment in that people are concerned about infection, but even a reduction of only 5% or 10% in people using transport because they are spending more time at home will have an impact on the finances. So, too, will it have an impact on all the support services and so on. Do you see that being a serious issue? It could start a downward spiral for town centres.

Andrew Carter: Absolutely. The best information and data we have is on the big urban areas. TfL requires an ongoing subsidy because of the fall-off in passenger fares, and the story is similar in our other big urban areas that have fairly large public transport networks. Passenger numbers are down significantly, which has a huge implication on revenues, which effectively means that they require ongoing subsidy.

The other point you make, which is absolutely right, is that working from home is great for those who can work from home, and we should not decry that. If we had had the pandemic 15 years ago, the economy would have been in an even worse state than it has been over the last 12 months, because of the technology development since. But clearly it has had an effect in our urban centres. It has had a drastic effect on urban hospitality, urban entertainment and urban retail, with large job losses

and large numbers still on furlough. That is primarily because the office workers in these places have essentially taken their wages home. That is good to a degree, as to where they have taken them, but it has significant effects on our town centres, particularly on our urban centres, many of which were struggling before.

Unless the office workers return in a reasonable number, the ongoing struggles for the urban hospitality industry, broadly defined, will persist. That will create large transition challenges for how we help individuals move out of those sectors and industries into other sectors and industries as they grow.

Q4 **Lord Pickles:** Something that Andrew said really sparked my imagination when he talked about Brighton and Blackburn, two places I know reasonably well. One thing they have in common is that the periphery shops, the neighbourhood shops, the suburban shops, in many ways a parade of shops, were in difficult times before the pandemic. Even with, say, a 12% shift, what do you think is the future of those shopping parades under this new regime? Do you see a revival there in Blackburn and Brighton?

Andrew Carter: It is a great question, and I know that you know our towns and cities very well, Lord Pickles. It is interesting. You have to think about where the people who are working in the centre live. We know that the majority of the office worker community tends to live—I use this term loosely—in nicer neighbourhoods, sometimes in the city or the town that they work in but often outside it. When they take their wages home, that has a positive, albeit relatively small, effect in the neighbourhoods where they live, but typically they live in relatively nice neighbourhoods already because they are the higher waged, the higher earners, and they have more choices about where they live. They typically are not taking their wages back to struggling places.

We did some analysis looking at Greater Manchester and the towns within Greater Manchester through the pandemic. There was a stronger revival in places like Stockport and the Stockport town centre than in Rochdale or Bolton, because more of the office workers in central Manchester live in Stockport or Wilmslow than Rochdale or Bolton, so they were not taking their wages home. I think that will probably continue in many respects, so we need to be careful in thinking through the geography of this revival that is often talked about.

Lord Pickles: That is good analysis.

Q5 **Lord Kamall:** Andrew, I was particularly struck by this 20% able to work from home. I think you were talking about Burnley, Blackburn and Stoke. Is that mainly down to the types of jobs in the area, or are there other issues such as the demographics of a younger workforce? We hear stories of older people who have bigger houses being able to work from home, but younger people sharing accommodation cannot necessarily share the broadband. Is it because of broadband, is it the type and nature of housing, or is it really mainly due to the types of jobs in these areas?

Andrew Carter: It is mainly to do with the structure. It is mainly to do with the nature of the job that you do. As I said, if you are in certain industries, your ability to work from home is much greater. By definition that is much harder if you are in face-to-face industries. In more analysis that we have done, interestingly the towns and cities where the propensity to work from home is greater, the living space is smaller. There is an inverse relationship between the ability to work from home and the amount of living space that you have. In part, that is all because the ability to work from home is partly to do with the nature of the job. Better jobs drive a better economy, better economies drive higher house prices, and therefore living space gets squeezed, so you have a greater density of living space, co-sharing and so on.

You have to unpack all those sorts of things. Demographics and living space have implications. Typically, the older workforce has more living space at home because of where they are in their life cycle, but as best we can understand it it is driven mainly by the nature of the job and how many of those work-from-home jobs there are.

Lord Kamall: Thank you.

The Chair: Do Mark or Craig want to come in on Toby's original question?

Mark Hayward: On working from home, we can see that those who are buying properties foresee that they will be working from home for quite a large proportion of time. We have yet to see how that works out when it comes to employers' requirements. The other thing we need to look at is what will happen to these town and city centres with regard to maintaining their viability and vitality. We are seeing a surge of small retailers rather than large retailers appearing. What happens to the offices that are not occupied? With permitted development rights they can be turned into residential units, and while in some instances that will be good, historically some of these conversions have not been great. We need to have a balance of people living and working in the town and city centres. How do we achieve that?

Craig McLaren: I think Andrew's analysis is very useful and tallies with the things I have been hearing. I should mention that although we have all been moving to this hybrid model and people have been working perhaps two or three days a week, companies will probably still need an office that is available Monday to Friday at least and from 9 to 5, so it might not have as big an impact on the property sector, and the correlation might not be exact because people will still have the office. They may well downsize, but some of them may be tied into longer-term leases or they may own the building themselves. The impact of working from home will not correlate exactly with the impact on the property side in cities and towns.

Lord Harris of Haringey: That has been very helpful. Essentially you are telling us that the dynamics of all this are potentially quite profound. The trouble is that at the moment we cannot quite predict how dynamic,

and where all the chips will fall at the end. Clearly there is a series of knock-on effects, but later questions will try to tease out some of those, so I will stop there, otherwise I could spend all morning doing this.

Q6 **Baroness Morgan of Cotes:** I was going to ask about green spaces, which Mark has already mentioned, so I will start with you, Mark. You have already said that the demand for green spaces has increased as a result of the last year.

I want to talk about gardens but also, potentially for city dwellers, about the importance of our parks and other spaces. Is there any distinction between those living in towns and cities and the demand for green space, particularly for current and future residential development? Will there now be much more of a demand for green space from people buying or letting? I would like any other thoughts you have about demand and the difference in demand and expectation between towns and cities? For example, will there be more green space built into future city developments?

Mark Hayward: I think there will have to be more green space, because the developer will have to respond to the demand that there is. Their attitude is to increase density wherever they can because it increases profit, but I think they will have to look at that. We have seen that the demand for green space has accelerated very rapidly, not just in the sales market but in the rental market. Historically, if you asked a letting agent whether it was easy to let a ground floor flat, the answer was no. It is easy now, because people want a ground floor flat because it has a piece of garden and they do not want just a tiny balcony. I do not think that will go away. There is security in having space around you, which is important.

Looking at the rental market, tenants want to be able to walk to a park or exercise safely and have space around them. It will continue. Some of the existing stock has good garden space around it. Edwardian, Victorian and 1930s properties in particular sit on large sites. Traditionally, or predominantly now, new homes have very small gardens, but they do have a garden, which is important. That trend will continue. We have unprecedented demand at the moment, and that does not seem to have slackened in any way, even though stamp duty holidays are coming to an end.

Baroness Morgan of Cotes: Craig, what about from the RTPI's perspective?

Craig McLaren: I think there will be a demand for green space. Given Covid, the whole idea of healthy living has now come more to the forefront of people's minds. I think it is something that people will need. Public Health Scotland did some analysis recently that shows that there is quite a differentiation between space depending on the tenure. Only 3% of homeowners do not have access to open space in the house, whereas for private sector tenants it is 23% and for local authority tenants it is 19%. There is a nuance there that we need to be aware of. As Mark said,

getting more green space does not necessarily mean that you have to reduce the densities of areas. You can change that. If you design it properly, you can increase density and still have green space. We have seen that in many ways in some of the newer developments.

The other thing is the broader picture of green space across a town or a city. You need to look not just at individual development but across the city. In Scotland, the planning Act, which was passed by Parliament in 2019, introduced an obligation on local authorities to undertake an open space strategy, and we have seen some really good examples of that. Glasgow and Edinburgh in particular have digitised it and been able to analyse not just where green spaces are, how they are accessible and if they are accessible, but the quality of the green space, because that is really important. You can provide green space, but if it is not maintained properly, not in the right place or not the right quality, in some ways that is of no use to people. You need to think not just about the quantity but about the quality of the green space.

Baroness Morgan of Cotes: Baroness Jay will talk about planning reform, so I will leave that, but it will be interesting to know whether the same changes might happen in England as well. Andrew, in your experience and from your perspective on cities—I noticed that it was not one of the three factors you talked about—are people not talking about green space, or is it perhaps the fourth factor?

Andrew Carter: It may well be. I think it has become more prominent. It is related partly to the structure of the built environment. To use Brighton as an example, about 45% of the households in Brighton live in flats, whereas in Burnley or Wigan it is less than 10%. If you accept my assumption that people living in flats have less private open space or private green space available to them, that tells you something about how those places play out. That is really important.

More generally on Craig's point, Milton Keynes has the most green space, at about 47 square metres per resident; Worthing has probably the least, at about 4 square metres per resident; and in Worthing about 35% of households are in flats. The household structure and the state of the built environment tells you a little bit about access to the green space.

It is important to reflect on what happens and then what might happen. It is fairly standard across our cities and large towns that essentially they attract individuals from 18 to about 30 or 31, for a bunch of reasons; it is mainly to study but it is also to start their careers. Most of our cities and large towns lose population from 30-plus. I am talking about the domestic population, not international migration, which is a different issue. They lose them essentially to their hinterlands, so they are still within commuting distance of, say, Norwich but they move out of Norwich.

We have done loads of work on this and others have done loads of work on this. When you ask them why, they give you two reasons: they want bigger housing, more living space—they might have lived in a flat and

they do not want to live in a flat any more—and they want access to green space, whether it is the countryside or some other persuasion. That is fairly standard, whether you ask the people of Swindon, Norwich or Middlesbrough. They will tell you exactly the same thing, and that is partly to do with life cycle development—people having families or thinking about having families. That will happen and has been happening.

On the exodus, as we see it, although I am a bit sceptical about some of those bolder claims, the question is whether that pattern changes, speeds up, or is bigger. The pattern is there, and I would expect it to continue. It might accelerate. You might see 28 or 29 year-olds leaving rather than 31 year-olds, but we ought to think of it in that sense rather than our 18 or 20 year-olds, some of whom move around quite a lot, suddenly being turned off by cities. I do not think that is the case. If anything, I think they will be turned on more by our cities and larger towns if we can do the things that we should be doing to make them more vibrant and dynamic places.

Baroness Morgan of Cotes: Do you think that one of the things city councils and large town councils will do if they are redesigning parts of cities or town centres will be to put in more green space, because there will be a demand from people who might want to live there?

Andrew Carter: Yes, and we have begun to see this already. Places like Coventry, Warrington or Ipswich already needed to provide more open space, not just green space but more open space generally, and not to regard it as an add-on or an afterthought but as instrumental to regenerating and rejuvenating their areas. The public realm right at the heart of Bradford, which Lord Pickles will know very well, was instrumental in a broader package of interventions to bring the town centre back. That is a significant change that I hope will exist and continue as we come out of the pandemic.

Baroness Morgan of Cotes: Thank you. Craig, I see you have your hand up.

Craig McLaren: Yes, I have a quick follow-up to what Andrew said. I think it is important to bear in mind that we will have to change our spaces totally. It is not just about green spaces; it is about how spaces are used across the board. You can see how city centres are already reclaiming the streets from cars to people. That will become much more important, and the idea of cities being much more people-centric and less car-centric will come much more to the fore and should come much more to the fore as we take forward the recovery.

Q7 **Lord Kamall:** I have quite a complex question, and I will try to keep it simple. I will ask you to look into a crystal ball at the long-term impact. I know that most forecasts are wrong by definition. We are not going to hold you to account in 10 years' time and say that you have got this wrong, but I will ask you all to look into a crystal ball particularly on prices, availability and demand. I know that demand and prices are related—not exact prices, do not worry; I am not going to ask you how

much a two-bed semi in Crawley will cost.

On top of that, a paper I read the other day said that disruptions like the pandemic tend to accelerate pre-existing trends. For example, we saw our high streets facing trouble already, and people wondered about the future of the high street. What do you see as the long-term impact on residential properties for sale and for rental in town centres and suburban areas, and on how they are used? We have started to see light industry work at home or IT work at home. I want to ask you to look into that crystal ball if you can. Let us start with Scotland.

Craig McLaren: It is a good question, which, as you say, is very difficult to answer. I do not know how the figures will stack up in the future, but I think there will be a change in the way we use our homes. We are seeing that already. I am working from the office today because I cannot work from home because I am getting work done to my house, along with everyone else in my street, it seems, at the moment.

We are adapting our homes. It is quite important to bear in mind that we will use our homes differently and change how they function, and that means changing how they look, how they feel and how they work. In Scotland there has been a massive increase in householder applications for extensions. We are seeing people making more use of their homes and trying to make more use of the land that the house has. That will be really important.

City centre living is something that people still like to have. Certain demographics, as Andrew said, will still make that happen. In Scotland, we do not have the permitted development rights that you have in England which allow offices to go to residential, although there is still real demand for that to happen.. I think the idea of 20-minute neighbourhoods will be incredibly important, and I know the committee is interested in that. The Scottish Government have made a commitment to try to make that a driver for how we take forward the development of our towns and cities across Scotland.

Covid and other things that are important, like climate change and zero carbon targets, mean that we need to design and shape our cities in a radically different way. For me, that means changing the models of how we provide our housing. We cannot provide mono-tenure, mono-use housing estates on the edge of town centres any more. We need to have something that is much more linked into existing communities and provides the services that people want within a 10 to 20-minute walk and to meet their daily needs. I think that is what people will demand, so that will happen. We need to try to work with the housing sector and the construction sector to make that happen, and that has to be through a combination of carrots and sticks to make the transformational change that is required.

Lord Kamall: You have talked mostly about residential. Do you want to talk about commercial and how you see that or the demand for that changing?

Craig McLaren: As we know, town centres were having a difficult time even before Covid. In Scotland, we had our town centre review, which I think has done the right thing in thinking about moving town centres away from being purely retail centres to being much more about the experiential side where people come together. It is about promoting culture, housing and entertainment. That is the sort of thing we need to do. We need to look at the regional structures we have and see if they are appropriate—they are probably not—and we need to think about town centres in a very different way.

For me—I would say this, being a planner—we need to plan that as best we can. One reason why it has not worked is perhaps because planners have not had the powers or the resources to make sure that they can put forward a proactive vision for the place, which can then be delivered by a range of different players. The town centre will change to a very different place. I think we have seen the seeds of that being sown already, particularly in some of the larger cities, but that can transfer to some of our towns as well.

Lord Kamall: Mark, I will ask you the same questions, but I also want you to think, if you can, not only about residential and commercial but about any sort of split or trends between buying and renting within residential.

Mark Hayward: We have seen a reduction in the PRS for the first time for almost 20 years. There is a keenness for people to own their own homes, and I think that will continue. On the opposite side, I think landlords feel that they have been victimised, and the attraction of being a landlord is decreasing. We have this lack of property in the PRS.

On home ownership, with money remaining cheap—it will not stay cheap for ever—the loan to values are very good at the moment, so I think that will continue. On the type of housing that people will want, first-time buyers, who statistically are aged 34 but anecdotally are probably more like 42, seem to want to buy straight into a house that they can remain in for a period of time rather than the traditional "you buy an apartment, stay in there for two or three years and then buy a house".

It is interesting that people now remain in a house for between 18 and 25 years between moves. They will want to improve the property they are in, and when they purchase it they are purchasing it for the long term. We are attempting to build 250,000 homes a year, but the demand is for 300,000 homes, so that will put pressure on the system and continue to mean that we will have house price inflation.

The retail side is less easy to predict and, as has previously been stated, we had issues with town centres and town centre retail before the pandemic. We know that the out-of-town centres still remain popular, and we know that there is the whole feeling—"Do I even want to go shopping? I'll just get it delivered". Will that continue? In the medium to long term, the housing market will remain good unless there is some

significant economic downturn, which we are not necessarily seeing at the moment.

Lord Kamall: Thank you. Andrew, you look at 63 areas. We are very London-oriented here, and one of the things about this country is that we are heavily centralised. Are we going to start to see decentralisation, or will that just snap back after people go back to work? But generally the same questions: residential, commercial, rental, buying.

Andrew Carter: On your devolution point, I hope so. If you had asked me 12 months ago I would have been more optimistic than I am today about the appetite for more rounds of devolution. The devolution that was started when Lord Pickles was in office has stalled a bit, but that is a discussion for another time.

I think you are right in a sense to think about the situation across the country, because what is noticeable in many places is that we have problems on the supply side in that supply is very slow or sticky. It is not really able to respond to quite significant increases in demand, and we see that in house prices or rental values on commercial properties. There is a supply side constraint in particular, but not exclusively. If you go to places like Reading, Brighton or Crawley, notwithstanding where we are in the pandemic, all the pressures are on the supply side: can we provide? That just drives prices up. That is the fact of the matter. If you go into many of our towns and cities in the north and in the Midlands, the primary problem is one of demand. If you go to Newport or Bradford, vacancy rates on retail properties before the pandemic were more than 20%, so they will be higher now. I do not know what they are, but they will be higher now than they were then.

That just tells you that there is a huge shift in demand. It is not a supply side problem in the sense that we need to provide more supply. There is a supply side problem in that we need to take supply out. There is too much supply of certain properties, particularly retail but not exclusively, in many of our towns and cities. Helping that retail transition from one use to the next will be a challenge, particularly where underlying values are pretty low and so the cost of repurposing is not owned by the realisation of the use at the end of it. The repurposing cannot be capitalised into the end use value, so these places sit idle or sit underused.

Again, you have to think about those different kinds of places. The price pressure there is all about reducing prices and maybe bringing some of those properties back in. You can see in residential and commercial that rents have been fairly responsive.

One of the problems we will need to deal with, as you well know, is that our business rate system is not responsive to economic conditions in any meaningful timeframe. We have business rate levels in the south and the north that are reflective of seven years ago. That is great if you are in the south, because you are underpaying for property. Many people do not think of it like that, but you are. If you are in the north, you are

massively overpaying unless you can negotiate some arrangements, and obviously the Government have given moratoriums and so on.

We need to get our system much more responsive to underlying economic conditions so that the price mechanism works and hopefully brings more property back into use at a given price. But that will not be easy, because landlords and others will, rightly, need to make some decisions with their tenants.

Lord Kamall: Thank you.

Craig McLaren: Something that Andrew said sparked something in my mind. One thing that we need to be aware of in all this is the way in which leases are handled for retail in our town centres. Many organisations will have taken out 20 or 25-year leases, but the landlord has no relationship with that place whatsoever and is located somewhere else. If that company folds or moves out, the landlord will still get the money for it, so they are quite content to let that place rot—well, not rot, but certainly they are quite content for it to remain unfilled and vacant because they are still getting an income stream for it. There is a big issue with some landlords' lack of commitment to a particular place. It does not come across their sight, because they are looking at it from a monetary perspective rather than the quality of the place where the particular premise is located.

Q8 **Lord Hain:** I have found all of this absolutely fascinating and insightful. I wonder whether we are addressing it sufficiently urgently. It seems to me, judging by what I observe—I live in Neath, which is a town of about 30,000, as I think Andrew will know—that the town centres are dying. What we have in Neath, and it is replicated elsewhere, is a centre that, when I first moved here 30 years ago, was very cosy, pedestrianised, vibrant. I do not want to exaggerate, but it is a shadow of its former self now. In the town centre market, which is a Victorian market, you could get almost anything fixed.

To stop our town centres dying and maybe some of the city centres too—we are relying on market forces at the moment, accelerated by Covid—do we need to use fiscal incentives more actively than we have done through business rate reductions and that kind of thing? Should we have a policy of affordable premises to encourage more artisans and different types of enterprises in our town centres? Do we need affordable premises and not just affordable homes? In other words, do we have a fiscal approach here, perhaps having zero business rates for small towns? Could I have your views on that, starting with Andrew, please?

Andrew Carter: That is a very good point. I know your part of the world very well, Lord Hain. I come from Swansea, so I am not that far away from you at all in thinking about—

Lord Hain: A Swansea Jack?

Andrew Carter: I am a Swansea Jack. A broader problem for Neath has been the slow decline of the economy of Neath more generally and of the

south Wales economy over time, which reduces money in the pocket, which has a knock-on effect on the ability to spend on the high street. I make that point, because it is critical. When you look at the performance of our high streets across different metrics, it is very closely connected to the wider economy in which they sit. Unsurprisingly, if the wider economy is more prosperous, the high street, however it is designed and whatever its form, does better. That is an obvious point, but it is a really important one.

On the other point you make, we have to be more mindful about some of the trends that we have seen in our high streets and therefore what we might want to do to revive them. Leaving them only to market forces, as I was saying earlier, and using prices to bring property back in will be problematic for many areas, because that will take an awful long time. There are large negative effects from declining high streets. You see this across the country, and whenever you ask people you find that the state of their high street really matters to those sorts of areas.

There is an argument for thinking about how we can support and stimulate more alternatives, more vibrancy. Some of our better developers, landlords, investors—maybe Mark and Craig can speak to this—are increasingly getting there. You see them providing space as part of developments that provide meanwhile uses or pop-up spaces, spaces for different uses, on peppercorn rents and so on over time to try to bring some of that vibrancy back in. Many of our councils are doing this. Warrington and Coventry in particular are using their own premises to provide space for start-up businesses, smaller businesses or community enterprises to take up those kinds of spaces to provide initial vibrancy where there is a lack of it.

There are some emerging examples that we could build on, but it is a broader question that you are right to raise. We should not wait, and we cannot wait, because these things will take too long and have too much of a negative effect. We need, as you said, to look at fiscal. That is right, but there are also planning changes. We have seen that through permitted development rights and the easing of those kind of things in some places. We need to manage it carefully, but I think it will be a good thing.

Lord Hain: Before I bring Craig and Mark in, is there also a climate change issue here? Do we want everything delivered by delivery vans, or do we want compact town centres with people working in them, supplying the services, fixing the things, repairing the things, recycling the things rather than throwing them away?

Andrew Carter: We should think very seriously about that. We are finishing some work now on the relationship between the density of our built environment and carbon emissions. There is a positive relationship, which is that in places that are denser—I am not talking super-dense; 30 storeys—as density increases from relatively gentle levels of density to higher levels of density, our carbon emissions go down.

There is a whole bunch of reasons associated with that. If you are beginning to knit together net zero, Covid recovery, the revival of our cities and town centres, those things begin to talk about how we use our space, how we use our cities and towns more intensively, and that means bringing more of our activity back into those areas and supporting that to happen. There are definite connections between those different agendas.

Mark Hayward: I agree with you, Lord Hain. The high street, the town centre, is the heart of any town, and if it is seen to be dying, to be becoming shabby with empty shops, with uses that are probably not typical of a high street or a town centre, action is needed pretty quickly, because otherwise that decay will spread. The place, the town or the community will become less appealing, and there may be more or less development. We need to attack it quite seriously quickly, because otherwise it will be dead. Encourage people to come back. Use its occupiers, tenants of a property.

Craig McLaren: I agree that there is a need for some urgency on this. The fiscal measures that you mentioned are certainly worth considering. I have already talked about landlords who perhaps do not have an attachment to "place", but most who do, particularly some of our councils, which are being creative in taking this forward. Glasgow City Council, for example, has been trying to work with local traders and local people and to give "meanwhile" uses to shops that are vacant for the time being so that there is temporary activity in some of those shops. As to how that progresses over time, we will see. There is some creativity there as well.

It is also important to remember that the success of our town centre does not depend just on what happens within almost a red line around where that town centre is. There are factors outside that which can have an impact on it, one of which is out-of-town retailing. There is a need to curtail that to try to make sure that investment is focused on our town and city centres.

For me, we need to look at this in a much more holistic way. We need to have a bigger place vision for our town centres that sets out what we are trying to achieve and where we engage with all the players early on in the process so that we can get some idea of what the ambitions, constraints and opportunities are to then deliver a route map, which is resourced to make that happen. What we tend to have now is a series of individual deals being made in different parts of a town or a city centre. Having a broader holistic plan, which gives an idea as to what we will do and how we will do it, would be incredibly useful.

Lord Hain: If you were to have a zero business rate policy, let us say for small enterprises—it would have definitional problems—that would have to be funded by the Treasury, would it not?

Craig McLaren: I would assume so, yes.

The Chair: One of the key things that came out of our original scoping

exercise was the rapidly increasing inequalities across the UK, so I will pass over to Baroness Fraser to talk more about these.

Q9 **Baroness Fraser of Craigmaddie:** I want to turn our attention to inequalities, as the Chair said. Some of you, particularly Andrew, mentioned inequalities pre-pandemic. Thinking long term about the use of space, access to green space, residential properties and commercial properties, and looking at how inequalities are affected within towns and cities and between different areas in the UK, what do you feel the impact of the pandemic will be on existing inequalities? What do we need to do to mitigate the risk that we might create new inequalities post-pandemic?

Mark Hayward: That is a big question. There are inequalities out there. Is the pandemic exacerbating these inequalities? Possibly. What will we do to mitigate this and prevent it in the future? It is a question of big holistic thinking, getting all those involved with real estate in to talk about it and to plan and see how we can attack it in a measured way. I am sure Andrew will have a more articulate view, particularly as he has some good research on those towns. That is my feeling.

Andrew Carter: Again, the big picture is that, geographically at least—on certain indicators, not on every indicator—as we all know there are extreme inequalities between places across the country. Particularly when you look across OECD countries, you see that we have quite extreme inequalities on a whole range of different indicators. Some of them are relatively stable, albeit at a high differential, and some are getting worse, and they were getting worse before the pandemic. That is the starting point: a country of quite extreme inequalities on a number of different aspects.

The pandemic has undoubtedly made it worse. There is nuance and variation within that statement, as I said. Some of the towns that have been most hit through the pandemic have been Crawley, Slough and Luton. They were doing okay before the pandemic, so the pandemic has hit them particularly hard because of the industrial structure that I talked about. They are particularly reliant, directly and indirectly, on aviation industries, which have been walloped, obviously. But London has had a particularly bad pandemic. If you asked me what I think about London over the longer time, I would say that London is fine. It recovers because of its assets and such.

The inequalities that were extreme before the pandemic have made it worse, so there is a genuine worry that the patterns that we have been discussing, such as working from home, as far as I can see only make the inequalities more likely to increase rather than decline—because, for example, of who can work from home and who cannot. Again, it is indirect and direct. With people working from home, the hospitality and leisure industries, predominantly the industries for lower-skilled and lower-waged entry point jobs, have been particularly badly hit. If they do not recover in any way, and we cannot allow those people to transition to other jobs, there will be a permanent negative effect for those kinds of people.

I definitely think we ought to worry about that. When we think about what we might do about that—I think Lord Kamall asked this question earlier—a solution, not the only solution, is to go further and faster on the devolution agenda that we have started and paused. That has given more power, resources and control to more places across the country. We have done our big cities and our metro areas. We can essentially roll that out to many more places, and give them the responsibility, the powers and the resources to make the decisions that can improve the lives of their people. It is not the only thing, but it is a critical component of how we recover from the pandemic in the short term and in the long term.

Baroness Fraser of Craigmaddie: Andrew, you gave some good examples earlier of Edinburgh and Brighton, where 45% of the workforce can work from home compared to Burnley and Stoke, were it is only 20%. Then you talked about the age profile of people who live in cities and then move out to cities. Is that simplistic, perhaps? If we are thinking from an inequality perspective, should we be asking further questions or digging deeper about why Edinburgh and Brighton can enable people to work from home? Why are some 18 to 30 year-olds in cities? Is it a bit more nuanced? That is what I am trying to dig into here.

Andrew Carter: Yes. We should always dig in deeper, and there is always more nuance behind the headlines or the subheadings, as you well know. We should definitely dig in deeper. As I said, the primary explanation for those working from home is that they are in professional white-collar, office-based activities. Brighton and Edinburgh have more jobs in financial services, ICT and such than somewhere like Burnley or Blackburn, and more of the workforce will be able to work from home. Brighton and Edinburgh are attracting precisely the people who want to work in those industries in those cities.

There is a kind of cumulative causation effect, which is that Brighton is an attractive place to work, particularly if you are in the professional services industries, broadly defined. You move there and unsurprisingly you benefit from that. If you are in professional services industries, for example, Burnley and Blackburn are not as attractive because they have fewer jobs in the short run and smaller career opportunities as a result. There is an exacerbating issue, which is why that drives the persistence and the growth of the inequalities that we see across different places. You are right that there is always more nuance to be digging into.

We also know that, across the country, 60%, I think, of individuals with relatively low skills live and work in the area they were born in. For graduates, that declines to around 30% to 40%. A significant proportion of graduates still live and work where they were born, but obviously a big proportion of them shift around. I said that 18 to 30 year-olds are moving around, but graduates or students who become graduates are a large component of that moving around. They move to study and then either stay where they are or move again in their 20s or 30s. It is predominantly our higher-skilled individuals who are moving around the

country. Those individuals are going Brighton and staying in Brighton. A few of them are going to Blackburn, and some stay, but many do not.

Baroness Fraser of Craigmaddie: That leaves a massive section of people who are not graduates. You also made the point earlier about people living in nicer bits of the town or city than they necessarily work in, but that is not true for everybody.

Andrew Carter: No, it is not. Again, if you know Hull, a significant proportion of the higher-skilled people who work in Hull do not live in Hull. They live outside Hull in East Riding, obviously—I can see Lord Pickles nodding—and a significant proportion of those individuals live in Beverley. Beverley, if you know that part of the world, is a quite nice neighbourhood. The housing stock is very good, the access to green space is very good, all the amenities that Lord Hain was referring to are all very good in that part of the world. In other parts of Hull the neighbourhoods are not enriched by good housing stock or amenities. You see this across our urban areas; it is particularly the higher-skilled population who are congregating in those nicer areas.

Thinking about those individuals as a mechanism for levelling-up within places is somewhat misplaced. They are more likely to work from home in Hull and go to Beverley than they are to go to another part of Hull. They are more likely to go to Stockport than they are to Rochdale. They are more likely to go to outer London or to St Albans than they are necessarily to go to inner Hackney or to inner Lambeth, or wherever it might be, even in a place like London.

Q10 **Baroness Benjamin:** I want to ask you a follow-up question, Andrew. Do you have any data or a breakdown of the ethnicity of those affected by the inequalities in our towns and centres that you are talking about?

Andrew Carter: We have some. I do not have it to hand, but I can send that in. I would not want to give a full answer on that question, but we do have some data on that. Again, if you think about what was happening through the pandemic, many of our ethnic minority communities and population work, although not exclusively, in hospitality and the care industry—the sorts of industries that were disproportionately affected, and therefore they are disproportionately affected as a result. I can provide more information on that.

Baroness Benjamin: That would be good. I would be interested to see it. I think we all would.

Q11 **Baroness Fraser of Craigmaddie:** That is why we need to dig a little further on inequalities. Craig, can I come to you? I specifically would like you to speak here about the impact of potential 20-minute neighbourhoods, from an inequality perspective, because I am thinking of comments that people have made about the shift from encouraging people to use public transport. We may have gone back a little bit on some of that. Many people with disabilities find it sometimes very challenging to use public transport and are reliant on cars and taxis to get anywhere, or are reliant on working from home and good internet. I

would like you to speak, particularly from a Scottish perspective and through an inequality lens, about on the impact of this.

Craig McLaren: I am happy to do that. There are some interesting stats on green space use during Covid, which probably replicates some of the issues that we have in the way they are used across different demographics. It is probably no surprise, but work done by Public Health Scotland has shown that public spaces are less used by people who are 18 to 29, people from black and minority ethnic groups, and females. There are different reasons for that. Research does not exactly say what they are, but there is some stuff there. Green spaces are used more by 55 year-olds and over, which again is not a surprise but it is evidence that we need to bear in mind.

I have already quoted some of the figures from that study, which talked about the green space that different types of householders have, which shows of course that if you own your house you are more likely to have some green space that you can use. Looking beyond the household, there are differences between how people use green spaces generally. I think we see that the homeowners and private rental are more likely to use green space, whereas housing association tenants are least likely to use green space.

The 20-minute neighbourhood concept that you mentioned, Baroness Fraser, tries to build in the green space initiative and the green space ideal. A lot of people think about the 20-minute neighbourhood as purely about providing shops for people so that they can get their loaf of bread or pint of milk or whatever it is. But it is much more than that. We are trying to create a community that has everything that people need to sustain a good, healthy and happy life that is close to hand. That should include things like shops, absolutely, but it should also include elements such as green space and open space. It should be pedestrian and people centred. I like to think that would mean that people with disabilities, for example, would find it easier to access things that they need rather than having to travel on public transport to get to some of those things. That is important.

We see examples of that. I was quoted as saying that places like the Gorbals in Glasgow, which had a poor reputation in the past, has been regenerated extremely successfully and has become, for me, a bit of a poster boy for 20-minute neighbourhoods. It has a mixed community, with people living in fairly high-density areas but with walkable access to a local shop, a library, local park. There are a lot of things there. There is also access to public transport to get to things that you do not need daily but you need to access weekly. The Gorbals was regenerated. It was pulled down from what it was like in the 1960s and we had a blank piece of paper to make that happen. Due to the foresight of so many good planners, architects and engineers, we could get a place that looked ahead and that has now proved to be very successful.

The issue we have with the 20-minute neighbourhoods is that some of the existing places, particularly suburban housing estates, which may sit

on the edge of our towns, are mainly housing only, do not necessarily have a local shop, and might have a bus stop but not necessarily a train stop to get to other things. One of our biggest issues will be the retrofit from mono-tenure, mono-use housing estates on the edge of town to something that is much more akin to a community where people can get what they need on a daily basis.

Q12 **Lord Pickles:** I am as guilty as anyone of this, but we all tend to think of town centres as they were when we walked there clutching our mothers' hands—the independent baker, the independent butcher, the fishmonger, the hardware store. There has been a cold wind running through town centres for a long time, and that cold wind is now hitting out-of-town shopping centres as well. Rather than raging against the night, if we are to build vibrant town centres, vibrant communities, going with the trend, what intervention, what innovation, do national government, local government, business and the third sector need to work together to come out of this maybe different but stronger?

Mark Hayward: Whatever is done has to be sustainable, so it has to be for longer and not just be a quick fix if we are to encourage people back into town centres. It has to be thought through and planned. Then you have to make it attractive for those who will retrofit, whether that is by grants or business rates, and look at a cohesive local plan to do that. It is not just the high streets, as such. It is the suburbs of some of these cities and towns with their own small retail units that by and large have died and are not there. That is what needs improving. I suppose with that improvement you will get great social connections within the community, the community coming together to shop or to visit health centres or whatever.

Craig McLaren: Whatever we have to do, as you say, has to be collaborative, and we need to look to the strengths of all the different players involved in this. For me, it is being collaborative to try to create a place vision, as I said earlier. The idea of place is something that we need to mainstream and embed in our thinking. In the past, we have tended to think in silos—funding streams, programmes—which is about the organisation delivering them rather than the people they are being delivered for.

The idea of place is where all these different things come together at the same time. We can assess the needs and talk to the communities in those places to see what their needs and wants are and what is achievable for a long spell. An early discussion with all the key stakeholders trying to work out what you think you want for your area and then looking at how we can make that work by providing a route map for it would be a good starting point.

There are a couple of things that are interesting from a Scottish perspective that reinforce this essence of place. In Scotland, we have what is called the place principle, which has been agreed by the Scottish Government and the Convention of Scottish Local Authorities. It is a statement essentially that talks about how you work together to try to

work across silos and across organisations, to see what works best for place. It probably needs a bit more teeth e, in my view but the idea behind it, trying to make people work together more effectively, is incredibly important.

We also have in Scotland the town centre first principle, which again is something that has been put together by the Government and by COSLA and allows them to work with you to try to make sure that the public sector organises its assets and thinks about trying to make sure it invests its assets within town centres as a first principle. Again, they will need more transparency around that to make it work, but the ideas behind it are very much about trying to cajole people to think about the importance of the town centres as a destination for things as well.

We also have a thing called the place standard in Scotland, which is a tool that allows different people to almost assess their places' weaknesses and strengths and allows you to take forward ideas as to what that could look like. That is very interesting, because in the views of a different group you often get different answers. That is a conversation about what we can make work.

The important thing about all this is that we can create a plan for our town centres, and we are good at doing that. But quite often the delivery of that plan depends upon others to resource it. There is a need to try to better link the vision, which we have through our plan, with the resources that make that happen. That might be how you use your infrastructure to perhaps meet the market and open up a particular area. It is about how you decontaminate or reuse vacant and derelict land. It is about using developers and working with them to see what they can deliver. It is perhaps about de-risking some sites for developers as well.

The collaboration is the key part of it for me, and the idea of trying to think about it as a place rather than a number of different programmes, which can often contradict one another or at least work against one another.

Andrew Carter: I agree with you about the outdated view of many of our town centres and high streets. Our more successful high streets or town centre across the country are less reliant on retail. As an overall share of activity, they are less reliant on shops and retail, but that retail does better so the vacancy rates are noticeably lower. It is just that retail and shops are a relatively smaller share, whereas in many of our struggling places—I talked about Newport earlier, which had 24% vacancy rates before the pandemic, and 60% of the space in the town centre was given over to retail—too many shops are performing really badly.

First, we need to get rid of, or remove, that reliance on retail. Secondly—again, we have seen beginnings of this, and hopefully we will see a continuation of this—we need more people living in our town centres. Typically we would encourage our people to live away from our town

centres and travel into the town centre. There is a lot of scope to get people living back in town centres, and many places are doing that.

Also, our more successful places give more space over to entertainment and face-to-face stuff, whether it is leisure, food or related activities, stuff that cannot be done online. We talked about that earlier. You see our most successful places give more space over to entertainment.

Fourthly—this particularly reflects where we might go post-pandemic, and again we saw the emergence of this before the pandemic—we need more workspace; not offices, per se, but more space to work on a flexible, temporary, occasional collaborative basis. There are more opportunities in that kind of space. We are talking about smaller cities and towns. I have talked about places like Derby, Coventry, Exeter, Swindon and Warrington. All of those are examples of how that might be done. They are not perfect by any means, and they have a long way to go, but that is very much where they are. None of them talk about butchers, bakers or candlestick makers when they think about the future of their town or city centres.

Q13 **Lord Pickles:** I think it was the fishmongers I was keen to see back. I have one final question, going back to Baroness Fraser's points about the 20-minute neighbourhoods. I can see how, where I currently live—the Essex countryside, Essex suburbia—it would be easy to put together, no problem whatever. I can see the Gorbals starting from fresh. Do you have any examples of a successful retrofit that we should look at?

Craig McLaren: I was dreading you coming to me for an answer on that one. I am wracking my brains trying to think of one. As I said earlier, I worry about our suburban areas where there is quite a bit of work to be done to make that happen. There are a number of places that are already 20-minute neighbourhoods, and we should recognise that. I live in Glasgow, and Glasgow city is a jigsaw of lots of different 20-minute neighbourhoods. Where I live I can walk to the shops. There are many places that are there already but just do not know that they are a 20-minute neighbourhood. The 20-minute neighbourhood concept in many ways is what we have been trying to do in planning for years, and what we should be trying to do in planning is to make sure that places are people friendly and that people can access things that make them very liveable.

There are examples that we should hold up that people do not realise are 20-minute neighbourhoods. The 20-minute neighbourhood is shorthand for good planning. If you look to different sorts of neighbourhoods across all the cities and towns we have across the UK, there will be examples that we can hold up, which may need a tweak here or there but are broadly doing what they should. It is the outer most suburban areas that I worry about, and I do not have any real answers for that at the moment.

Lord Pickles: What are the ingredients of a 20-minute neighbourhood: a fish shop, three shops, a park?

Craig McLaren: The important thing about a 20-minute neighbourhood is being able to access your daily needs within a 20-minute return walk from home—if fish is your daily diet, you hope that you have a fishmonger, while for me it is about the loaf of bread, the pint of milk—some space you can access if you do not have your own and some community facilities. If you need something different, some furniture for example, that is beyond the 20-minute neighbourhood. You need to bear that in mind—a hierarchy of different types of settlement offering different types of services based upon how frequently you require them.

Q14 **Baroness Jay of Paddington:** Picking up on that last exchange, the fascinating thing is that you find so many 20-minute neighbourhoods in huge cities. Craig has just mentioned Glasgow, but in London you have a network of individual villages where children go to school within 20 minutes, people shop within 20 minutes, and have a bit of green space and so on, so maybe it is a question of using that example in different areas.

I have been fascinated by the way you have so usefully identified the cities and towns that we are talking about, because that has been one of our problems, but you have also identified that they largely seem to be very different depending on individual reasons, such as the industry or the geography or whatever it may be.

A current problem, which you will all be much more familiar with than I am, about the potential reforms to planning is that some individual concerns may be not exactly suppressed but may be more difficult to imagine when you are having a more overall exchange, or making an overall attempt to legislate to improve density or whatever it may be.

Without getting into all the headlines of what the media and the Westminster village are talking about, can you see reforms of planning that you mentioned just now, Craig, that might be useful in achieving some of the ends you have talked about, or do you see some of the reforms that are in front of us at Westminster at the moment going backwards in that way?

Craig McLaren: We need to think about planning in a slightly different way. A lot of people think that planning is about the man or woman you have to go to to ask for planning permission for your extension. That is important for people, but planning is also about vision. I have talked a lot during this session about place vision and how important that is. I became a planner because I wanted to make things happen. Planners and planning should have an enabling role, which we as a profession all want. We are there to try to make things happen, where they should happen, and perhaps also stop things happening where they should not happen. I think we have lost that, to a large extent, in how planning is seen. I think politicians do not see planning as that concept of enabling, which I think they should. I do not think that communities see planning in that way either.

We have done some interesting things in Scotland to try to redress that. I mentioned that a new planning Act in 2019 introduced a new purpose for

planning, which was about advancing decisions on development in the long-term public interest. That is what we always do, but I think it has been lost in current discussions and debates and that the Act has given a new focus to show that planners are there to try to work for the broader public interest.

Another thing that will be very interesting, although I know there will be some discussions about it in the English context, is that we introduced statutory chief planning officers for every local authority in Scotland. The idea behind that is that planners are there to give a short, medium and long-term view and to think about the place, to be the place champion, which I think is very important.

The idea of a having statutory planning officer is to get them more involved in discussions at the corporate level earlier on rather than being brought in at the end and planning being seen as the bit they have to get through to get what they want. It is about using planners in that enabling and facilitative role, and it is important in changing the function of planning, showing how planning can add to the discussion about what you want to do and how you want to get there.

I know there are some ideas about how they will almost become the chief place-makers in England, which is a useful way of trying to make sure that we embed thinking about place and the longer term as well as the short term, and embed thinking not just about the immediacy of one particular place but about how the place fits with other places and the connections between them. I think there are some useful things from Scotland.

Coming back to the discussion we had about equalities and disparities, in Scotland we have a national planning framework. We are going through the process of developing the fourth national planning framework. The framework can be a useful tool in trying to set some of the priorities for where you want growth to happen, where you want to stimulate growth but also where you want to stop growth, and where you want to invest to make sure those things happen.

There is also an interesting national planning framework in Ireland, which not only has a 20-year vision for what they want their country to look like but is attached to a 10-year capital investment programme, which shows that you have the resource to make things happen, which is very important. That was a bit of a high-level ramble.

Baroness Jay of Paddington: That was very useful. Tell me how you resolve the strategic objectives of a long-term public planning arrangement with the short-term concerns of individual home owners in particular, but people who want a particular type of place to live in.

Craig McLaren: That is a very good question. What I suggest, and have been trying to promote, certainly in Scotland, is that we need to get away from a position where the way most people engage with the planning system is through telling us what they do not want when they object to

planning applications. We need to flip that and make it more about having an earlier conversation with people about what they do want the place to look like.

In Scotland, over the last 10 years or so, we have had a series of charrettes, which are community-based workshops, over four or five days. They are very intensive, bringing the communities together with key stakeholders, funders and other organisations, politicians—the gamut of people who have a stake or an interest in the area—to have a powerful and robust discussion about what they want the place to look like.

From there, you have to look at what your dreams are for that area, but there also needs to be some realism about the constraints, what is needed to make the area function properly and how it fits with other areas. From there, you get better understanding and a better buy-in from people about what you want to do, and then you can develop a route map to show who does what to try to make it happen.

We are hopeful that having some of those discussions at the start of the process will lead to less confrontation at the end of the process. It will not get rid of it entirely, it absolutely will not, but it at least gives people the opportunity to be more influential about what can happen, because they will think about the whole place rather than just a particular development or application. That is how I would like to see the planning system evolve, into something much more facilitative, enabling, engaging and integrative.

Q15 **Baroness Jay of Paddington:** Thank you very much. That is very interesting and helpful. Andrew, could you talk a bit about how varied different towns of a similar size are, your 63 places, which have such different characteristics? How do they fit into some kind of overall public planning strategy?

Andrew Carter: That is a great question. I think we need planning reform. Over time, planning has become too restrictive, preventing places from adapting to changing conditions and placing too much power and control of the system in certain hands. I do not say that is deliberate, but I think it has become apparent over time. We need planning reform overall, but the important point you allude to is that planning reform on the supply side is much more important for some of our more expensive, more dynamic communities and neighbourhoods, many of which, but not all, are in the greater south-east area where, because of the high house prices and demand for space, planning reform is thinking about those kinds of places.

As you move through the north and the Midlands, again not exclusively because there are variations, the supply-side constraints that the planning system introduces become less significant. They are still there, and we would want to make the planning system as cost free or as reduced-cost as possible to encourage the transition that we desperately need. But we do need the overall planning reform that would allow us to think carefully about the places that are under extreme pressure and

where we should be thinking about how we encourage more development that suits them but that nevertheless responds to the national need. However, planning reform will be less important in some of our weaker areas, because the problem there is not on the supply side; it is lack of demand.

Baroness Jay of Paddington: Can you envisage any arrangement whereby the creation of the 20-minute neighbourhoods that we all seem rather enthusiastic about could be helped by planning reform?

Andrew Carter: Let me put on record that I am more sceptical than many others about the idea of 20-minute neighbourhoods. In a flippant way, I think it is the latest fad idea that has come along. We have had lots of fads over time and this is the latest. In some respects, for those who know their planning history, it is a bit like Abercrombie's view of how London should evolve when he put together his 1940s plans, where each neighbourhood would have its own kind of thing. There is a history to this.

I am slightly sceptical, and for two reasons. One, I think, was alluded to by someone else. I think this is primarily a big-city issue rather than a small-city, small-town issue. Many of our smaller towns and cities are already 20-minute cities and towns, albeit that you may have to get around by car, but many people own a car and they are already 20-minute neighbourhoods, so there is a big-city emphasis in that idea. I am not sure how applicable it is to our smaller towns and cities. Secondly, it fundamentally misunderstands the role and importance of specialisation over space, particularly for the economy.

Our town and city centres in our small places, as well as our big places, are not like other parts of the city. They are meant to be the very dynamic, most vibrant, entrepreneurial parts of our economy, and they are those sorts of places in well-functioning places because they are specialised. People come in and share their ideas, share their worth. They are not just randomly and evenly spread across space, which is one of the problems with the 20-minute neighbourhood—or 15-minutes depending on which idea you follow—so I am more sceptical about the 20-minute idea.

In some respects, this is where planning needs to be careful. It pushes against the grain of preferences on the customer or citizen side and on the worker and firms side, and we need to be mindful of that. We should not lose the importance of our town and city centres as fulcrums of our economy, of our community, and not just think of them as another place. That would be a mistake.

Baroness Jay of Paddington: That is very interesting. Thank you. I do not know, Mark, if you have anything to add? This has been a rather widespread discussion, but it would be very helpful to hear anything you might want to add.

Mark Hayward: Planning is hugely emotional. It needs to move away from the sort of combative nature of its approach to a more complementary notion. Of course, there is a solution to planning called "banana", which is "Build absolutely nothing anywhere near anyone". That will not happen.

Baroness Jay of Paddington: It is better than NIMBY.

Mark Hayward: Yes. I have nothing else to add.

Baroness Jay of Paddington: Craig, you want to say something more.

Craig McLaren: Thank you for the opportunity. It is something that has just struck my mind. I think there is a role for planning in 20-minute neighbourhoods and I see a more positive role for them than Andrew sees. We published some work recently that showed how you can try to almost operationalise the 20-minute concept, certainly in a Scottish ideal, and there are things in there about how you can use national policy and design policies. These are meant to be walkable places. In many ways, it is not about the car. It is about how you can walk, promote active travel and how health outcomes can be affected.

The other point I wanted to raise goes back to the fact that having a chief planning officer, a chief place-maker, should address the fact that planning's influence has waned over the last few years. Another big issue for planning is resourcing. Planning has been seen as a bit of a Cinderella service. In Scotland we have seen some fairly scary figures about the resources that planning departments have lost—33% of staff and 42% lost in budgets over the last 10 years. Planning is the service that has gained the least from any changes to budgets so there is a bit about trying to reinvest in the planning system, part of this idea about planning being seen as an asset rather than something that is just a point of entry that you have to go through to get your permission, and is much more creative.

Baroness Jay of Paddington: Thank you very much. That was very interesting.

Q16 **Lord Kamall:** Andrew and Craig have touched on this. Whenever you see a large development, quite often there is an exhibition for local residents and a glossy brochure produced by public affairs consultants that has a wonderful picture of families meeting, pushchairs, quite diverse people, and so on.

As we look at the high street changing, what is your vision for the high street? I am not thinking of a central planner saying that this should be done. I think about my local high street. I live near Kingston upon Thames, which is considered a relatively prosperous area, even though we have large social housing estates. I look at a lot of the shops, which even before the pandemic had been vacated, branches of companies like Gap, and I wonder about the future of the high street when a lot of shops are boarded up and empty.

Will the future be a lot of things such as coffee shops, co-working spaces,

entertainment on the ground level, and people living above, so you bring these things together at the high street? What sort of visions do you have for the high street? I am not asking for a one size fits all, but your visions for a typical high street. Why not start with Mark, then Andrew, and then Craig?

Mark Hayward: From a consumer's point of view, it needs to be a vibrant high street. It needs to be somewhere where people feel safe and want to go to, so it is desirable and will have a variety of probably small, owner-managed shops rather than chains, because the chains are ubiquitous and all high streets start to look the same. There will be mixed elements of retail and hospitality. I can think of some lovely villages around London. You have talked about Kingston, and we can talk about Chiswick and other similar places that people are attracted to. People want to go there, to live near there, to be able to walk to it, going back to our 20-minute neighbourhood. If you look at the hierarchy of needs of people wanting to buy or rent, a lot of it is about being in walking distance of shops, schools, and those sorts of things. People want that vibrancy.

Andrew Carter: I agree. When you look at the more successful town and city centres on some of the metrics we have talked about, you see less retail, less shopping, as in the overall space, and more people living there—whether it is on one floor up or, in some instances, on the ground floor in different ways—more entertainment, so more of that hospitality-type activity, and more work space. You can talk about the relevant ratios, but in our more successful places those are the kinds of things that are going on.

Our more successful town centres and city centres sit in more prosperous places at the wider scale. That means that we have to broaden our agenda to think about how we make our towns and cities at that scale more successful and more prosperous, and that is about the provision of skills and education, transport and the ability to move around, good jobs and all the rest of it. You can think about these things almost in concentric circles, if I could frame like that, but one must not lose sight of the fact that successful town centres always sit in successful towns or cities. Fewer shops, more living, more entertainment, more work space.

Lord Kamall: Craig, can you paint a picture, a sort of glossy brochure, of what the future high street might look like?

Craig McLaren: I would love to be able to do that. I have no glossy materials with me. From what has been said already, some key words—vibrancy is important—and for me the phrase "work and play", come to mind. As Andrew says, we will have less retail in town centres. We talked earlier about a town centre being an experiential place, a place you go to experience things. In Edinburgh, for example, the House of Fraser has been turned into a Scotch whisky visitor attraction. There will be more things like that and also more people living there.

Another very important aspect is that town centres need to be well designed and places where people feel safe, where people can walk to them, and can feel as if they are places where they want to linger. There is a concept of "sticky" streets, where the uses within them make people stay there, and spend money there. It is important to create places where people want to linger.

Another important thing that we quite often forget is to make sure that places are accessible, and accessible to different types of people—people with disabilities, people from different socioeconomic groups, and people from other places who can come and visit and have the experience you are trying to create in the area.

The Chair: That brings us neatly into the last set of questions, trying to get some specific ideas. Baroness Benjamin, over to you.

Q17 **Baroness Benjamin:** I want to thank all our witnesses for a very interesting session this morning.

As you know, it is Windrush Day today, when we celebrate the Windrush generation who came to Britain after the Second World War to help rebuild the country, whose people had suffered the effects of war in so many ways. Today, this country is suffering a different type of impact, due to the effects of the Covid pandemic. Huge inequalities have been exposed, as we have said this morning, and there is uncertainty about the future, all of which is not beneficial to the nation's well-being. We need the same spirit of inclusiveness, vision and ingenuity to recover for the sake of future generations, our children.

What recommendations would you like to see this committee make to government and other organisations to help bring about a vibrant and sustainable future for post-pandemic towns and cities? What recommendations do you have that would make good towns and cities? Andrew, perhaps you could tell us your vision and your recommendations.

Andrew Carter: I think I touched on this earlier. We have gone through a very difficult period. There is no doubt about that. But I was heartened when I went to places up and down the country to see what they were up to—lots of fantastic ideas, lots of fantastic things under way in a range of different places, and not just the big ones but across the country.

I would go further on that and be serious about re-enacting and giving a big push to the devolution agenda that was started by Lord Pickles when he was Secretary of State for Local Government. Be serious about giving power, resources and responsibilities to our local authorities across the land. Give them the responsibility, which they want, to work with their local communities, their local investors, and their local business communities, to reshape their places. Move away from the sort of model where everything turns towards Whitehall and we have to always look to Whitehall and to government for permission or funding in some form to do anything of any note in our places, which is debilitating for those places. We want our leaders in those places to be responsive.

By the way, we did some polling not so long ago as part of the metro mayoral elections and found that 80% of the population in the metro mayoral areas wanted their places to have more responsibility and more power. The public want their local leaders to be empowered to do the things that matter to their places, and I think national government should respond.

Baroness Benjamin: Everything happens for a reason, then.

Andrew Carter: Things happen, and we then have to figure out very carefully and quickly how to make the best of them.

Craig McLaren: One quick thing I would ask you to take away today is to make sure that we embed place-based thinking and doing in how we take things forward. As we have said this morning, places are important to people; they have an emotional attachment to them. Places can have a positive or a negative impact, depending on a person's experience in that place. Place-based thinking allows you to think about how different funding initiatives, programmes, activities and interventions can work together in a collaborative way, which is so important.

I would also ask you to think about planning as one of the enablers, so that planning can work at an early stage to provide a vision of place and a route map, and to think about how we can measure the success of the outcomes of what we achieve on the ground—that we have better towns, cities and town centres—rather than thinking about the main performance measure of planning being about how quickly we process a planning application. The measure of success should be much more about what you are trying to deliver. If you do that, you change people's behaviour.

As part of that, if you resource it, you could ensure that planning is a key part of the corporate structure. That is the chief planning officer idea.

Mark Hayward: I agree with the previous two speakers. We need co-operation, and we need government to make that happen, enabling those in the towns and cities to complement one another, to co-operate with one another and to make it happen for the long term.

The Chair: Thank you very much, everyone. We are nearly bang on time. I appreciate your clear and very simple final points for us to take away. I am not sure that I have ended up two hours later understanding more—I feel I need more knowledge and skills to understand your area—but I appreciate your time and effort, as I am sure the rest of the committee does.

This is a complicated subject. It is hard to unpick the future and what is happening now and separate the two, but thank you very much for helping us try to do that. We appreciate your time. I have written down a bunch of things, but I am most struck by your relative optimism that in some ways we can reinvent things, particularly if decision-making is moved to much more local areas, giving power back to places to make

decisions for themselves. Thank you very much. We wish you a good and successful coming out of this period of lockdown.