



Built Environment Committee

Corrected oral evidence: Meeting the UK's housing demand

Tuesday 19 October 2021

10 am

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Members present: Baroness Neville-Rolfe (The Chair); Baroness Bakewell; Lord Berkeley; Lord Best; Baroness Cohen of Pimlico; Lord Grocott; Lord Haselhurst; Earl of Lytton; Lord Moylan; Lord Stunell; Baroness Thornhill.

Evidence Session No. 6

Heard in Public

Questions 67 - 73

Witnesses

I: Councillor Dr Ed Turner, Deputy Leader of the Council, Oxford City Council; Pooja Agrawal, Chief Executive Officer, Public Practice; Grant Butterworth, Head of Planning, Leicester City Council.

Examination of witnesses

Councillor Dr Ed Turner, Pooja Agrawal and Grant Butterworth.

Q67 The Chair: Good morning and welcome to the House of Lords Built Environment Committee's public evidence session to inform our inquiry into housing demand. Our inquiry is investigating the demand for new housing and how barriers to meeting that demand can be overcome. It will also examine a range of challenges, including skills shortages, the impact of climate change demands on that—which is very much in the news today—and some aspects of the planning system. We are making recommendations to the Government later this year. Today's session will focus on local government.

The session is being broadcast on Parliamentlive.tv. A full transcript is also being taken and will be made available to you to make any corrections after the session. Please can Members and witnesses keep their questions and responses brief, as we have a lot to cover this morning?

I am going to start, if I may, and ask Dr Turner: what can be done to ensure that there is a good balance of different types of new homes where they are needed right across the UK? We are interested in regional differences during today's hearing.

Councillor Dr Turner: Thank you very much. If I may, I will make a few points—a starter for five. One is that we have tested to destruction a complete reliance on the market to deliver and that does not work in terms of balance. One of the first things I would do is pick up the recommendations of the Letwin review and look at building a mix of tenures, particularly on larger sites that come forward.

From the perspective of the Local Government Association, we also think it is important that development is plan led. It does not mean that the planning system is perfect but in terms of diagnosis of what is stopping us build the number and range of tenures that we need, our focus would not principally be on the planning system. There are clearly areas where investment is needed. I think we all look forward to the comprehensive spending review and seeing what that contains for social housing, where clearly support is necessary.

Those would be a few of the key points that we want to highlight.

The Chair: Thank you for being so brief. Pooja Agrawal.

Pooja Agrawal: Following on from that, I agree. The question is who is delivering the social housing and I think there needs to be a bit more of an emphasis on local authorities as potential leaders in that space.

An interesting report that was published recently by the RTPi, by Janice Morphet and Ben Clifford, saw that we are seeing more local authorities delivering post Covid, which is an interesting shift, and something like 80% of local authorities now self-report that they are directly engaged in the provision of housing. How can we support that delivery? How can we

support the skills and capacity needed in local authorities to deliver on that? That is my key point today.

The Chair: Have we begun to see the scale of that change? One of the problems is that the housing figures lag reality. Do you see bigger numbers coming through?

Pooja Agrawal: Sure. This report says that over the last four years we have seen a much bigger shift in those numbers and that is increasing across the country as well in terms of regions. Local authorities use different types of models to deliver their housing, whether it is through their own in-house teams or doing joint partnerships with private developers. They are testing these different models; some of them fail, some of them work but we are seeing local authorities trying and testing this, which is a very good entrepreneurial spirit we are seeing.

Grant Butterworth: Building on that point, in Leicester we are acting as master developer on some strategic sites. Our regeneration team is leading on specification of houses, specification of development and on allocation of sites but we are retaining the ability to act as master developer in order to secure the quality that the mayor wants to see—quality of design, quality of landscaping, quality of provision. I think councils can act as developers as well as through the more traditional council housing route, but it is difficult, it is expensive, it takes a lot of capacity and effort and you need to have the land. We are fortunate in Leicester that we do have significant land ownership, although most of that is committed and the last elements are going to be committed through the next local plan. Where you do not have the land ownership, I think it becomes very difficult. Obviously, the private sector delivers to a degree but that will not deliver on, I guess, some of the more specific housing needs that we all know are there, and the public sector needs to deliver in those areas.

The Chair: We will come on to that in later questions. What about the new standard method for calculating housing need—how does that help or not help?

Grant Butterworth: We were very shocked by the 35% uplift that hit Leicester and the other big city authorities last year. I have not seen any evidence to justify that uplift for the 20 biggest urban areas and I have no idea how that delivery is intended to meet the different housing needs and the aspect to which capacity constraints have been taken into account. In our local plan that we are about to publish, we had a 30,000 housing target over the next 15 years. We had more or less agreed with the adjacent districts that they would help us accommodate our unmet need of about 7,000 of that 30,000. The impact of the 35% uplift, which is also the standard methodology review, means that figure is now closer 18,000 of unmet need. The districts are going to have to work with us to accommodate that because there is no way we can deliver that within our boundaries.

The impact on Leicester is impacting on the districts surrounding Leicester. We have a very good partnership with those districts; despite a range of political regimes we are getting on very well in delivering strategic planning. The standard methodology is a crude tool. The 35% uplift is an even cruder aspect of that. It helps to have a clear government methodology as opposed to having a myriad of debates in individual cities with individual plans. Local plan examinations would be subsumed in long debates about housing need assessments that were very time-consuming, expensive and difficult to pursue. Having a standard methodology is a sensible idea as a starting point but how it has been amended recently is going to cause huge issues, not just now but going forward, because that methodology year on year, that pressure on the districts around, is going to grow and grow.

Councillor Dr Turner: If I may, I will make a few brief observations. One is that it seems to me, with the initial attempt at the standard method and this latest attempt, you do see sometimes some very odd numbers coming out—some dramatic shifts, which do not necessarily work. That probably shows that we have tested to the limit exactly how much can be done from the centre. That is not, as Grant just said, to say that everyone should make up their own interesting way of calculating housing need. There is probably a middle way through. One recommendation made by the Commons committee was to have the ability for individual local authorities at their local plan examinations to set against the number coming up as a standard assessment with something that is more locally granular.

Grant also made a particularly important point about constraints. If you are a coastal place, for instance, and you have sea to your south, you may have a very high housing need but downs to the north, sea to the south, what are you do to? You need to take constraints on board.

There is clearly also an issue with the new standard methodology in that you have seen numbers increase in some areas of the country where land values might be lower. It will lead to more brownfield developments if that development happens—on balance a good thing—but you do need to think about the funding to support that; otherwise, the new sites identified may not be viable.

In any case there is an interesting question about the levers to ensure that development happens. Some of that will be funding, but some of that will be the wider picture that we touched on in our first answers about the nature of the housing market and the pace at which build-out happens. Simply putting figures in a local plan, allocating land in a local plan, does not mean on its own that building happens. We do need to be cognisant of the wider picture.

Lastly, we feel it is important to bear in mind other legislation in this as well—things going through on climate and on building safety and so on.

The Chair: Thank you. That last message came through strongly in the LGA evidence you kindly arranged to be submitted. Pooja, do you want to

come in on this issue and also what we can do about it?

Pooja Agrawal: The only thing I would add, building on these points, is that nuance of different places. Figures have been put across these 20 places, which are all cities, and understanding a more place-based approach and the nuance between these different places—that is what you were touching on—needs to be thought through a bit more and that is the political relationship between local authorities and central government.

The Chair: Do you expect this arrangement, this new standard method, to endure or do you get the impression that it is being thought about?

Grant Butterworth: My view is that it needs to be reviewed and it needs to be more sensitively adapted to be able to accommodate some of the points that we have been making, particularly in the large urban areas where the constraints are so significant. It seems easy to say that the big cities can grow by the 35% uplift but the experience I am seeing, not just in Leicester but in other cities, is that that is an impossible task to meet. That impact upon the adjacent districts, I think, will politically become something—it was a convenient mechanism to reduce the numbers elsewhere when the Government introduced the uplift but I think they will find those pressures are now concentrated in and around the 20 biggest cities, a lot of which have green belt or significant constraints around them. The Prime Minister said there is going to be no building on green space or green fields so there is a tension there that needs to be reconciled.

Q68 **Lord Moylan:** For the sake of transparency, I was involved in promoting the creation of Public Practice when I was chairman of the Mayor's Design Advisory Group in London under the former mayor.

I have some questions about local plans, in particular about the fact that only 40% of local plans are less than five years old or will have been updated or reviewed in the past five years. The question is: what are the barriers to councils developing local plans? How could they be simplified? Would the introduction of a zone-based planning system through local plans help meet housing demand as a different approach?

Grant Butterworth: One of the most difficult things about local plans is the changing expectations of the Government in terms of planning guidance. If the NPPF stayed still we would be in a better place. The NPPF changes regularly and there are new expectations in terms of the Environment Bill, which I think has been in this House for quite a while and has still not emerged. We are not clear on exactly what we need to do in respect of that.

You have touched upon climate change. The policies in our draft plan, which is at quite an advanced stage, are not as robust as we would like them to be around the environment, energy and climate but we need to understand the policy context from the Government in terms of how far we can go locally. As an example, if the climate expectations are set through the building regulations I do not need to worry about planning

policy. If, however, we can set local planning policy about energy standards, we will want to go as far as we can but we need evidence to support that. We commissioned evidence last year. That evidence is probably as fresh as you can get but I am waiting to see what is going to happen at COP and whether the policy context changes. If it changes significantly, the evidence will be out of date or maybe not as worth while as it should be.

The biggest issue has been the change in context and the 35% announcement, which, again, came just as we concluded our last consultation on the local plan. It has effectively delayed our work by about a year because the districts and ourselves are commissioning new evidence to see how on earth we are going to manage this 18,000. I am sure that there are local authorities, ourselves included, that could act more quickly in some areas but the changing policy context is expensive, inefficient and incredibly difficult. The transitional periods that are introduced when new planning policy is announced are critical and if there is not a decent transition period, for whatever the new planning system is going to be, whenever that is coming forward, if that is not long enough we will have wasted hundreds of thousands of pounds on our local plan and it will have to go back down to the start of the system. I am afraid I would lay quite a bit of blame on the policymakers here in Westminster.

Lord Moylan: Pooja, we have been very interested in staff cuts and skills constraints, you may want to comment on that and possibly zoning in respect of this question.

Pooja Agrawal: Sure. If we think about the different steps of the planning system, this links to my point around skills and capacity, it is the question of who is paying for these different elements. The White Paper put quite an emphasis on the planning being funded by planning gains, which is actually quite late in the planning process. I guess the question is how we support and fund these local plans at these early stages, which is not necessarily about development management and managing growth but having those kinds of wider holistic approaches of social, economic, wider impacts that planning should have.

That comes back to the point of having enough capacity and the people with the right skills being able to deliver those local plans at that early stage. Half of the spending on planning in 2018-2019 came from development management. That used to be about a quarter in 2009-2010. Basically, planning departments are being funded by development management and that is a very tricky relationship in terms of how you are building—so the idea of zoning is the early stage of planning versus just managing development at a later stage of planning.

I can touch on capacity and skills a bit later in a bit more detail.

Councillor Dr Turner: On the age of local plans, my understanding is that some of that is about local plans that exist but do not have the five-year land supply. There is a separate and interesting question about

whether five-year land supplies necessarily work in the way intended. There are concerns from parts of the local government family about whether they lead to some gaming of the system, with sites being withheld so that other sites can be given precedence, or alternatively that the presumption in favour of sustainable development kicks in so is not identified by five-year land supply and that then is a problem. That is a particular area to look at in some of the subset of local authorities where there is a plan in place but there is no five-year land supply.

The other points have been addressed around shifting of policy requirements and resourcing. To address head on the question about zoning, this partly comes down to one's analysis of where the problem lies. The LGA's research shows there are 2.7 million homes on sites allocated in local plans; of those around 1 million have not had a planning application submitted. Of course, sites do not always get built out and so one can make plans continuously but that is not going to be the full solution. In terms of zoning, one has to be quite clear what one's aim is. Is one's aim to allocate more land for development? If you simply allocate more land for development, it is not obvious that more development will necessarily come forward. You might just see different sites being developed at the same rate. If your aim is to provide more certainty in advance, maybe that is understandable but it is not clear to me, if there is already an allocation in the local plan, quite where the uncertainty exists. We are quite concerned in relation to the Government's previous proposals, and I do not know whether they are going to be taken forward, that the growth and renewal area categories are too broad.

There is a particular issue about which I feel quite strongly. There is a suggestion that the local plan needs to do more of the decision-taking heavy lifting. So you get more engagement at the local plan stage. You get clarity about what can be built there and design and so on, but local plans are meant to be much shorter. It is very difficult to see how those things can work and they are going to be produced more quickly—so we are going to have lots more engagement, we are going to have much shorter local plans, it is all going to happen in a compressed timeframe. It is very difficult to see how that can work, certainly in terms of engaging communities, but it also may just be that is a red herring in identifying the problems.

Those are just a few reflections on that issue.

Lord Haselhurst: To what extent does the democratic system have to accept the blame for the difficulties we have? We talk of housing need and yet I suspect that officers of councils and elected councillors do not hear from too many people demanding that more houses be built in their area to deal with this question of need. Is that not the difficulty, that democracy is an unfortunate stumbling block in getting local plans composed, then recognised and enthusiastically supported at local elections?

Councillor Dr Turner: My understanding is that there has been a shift since the housing crisis has become more acute and there is more public

support for housebuilding than might have been the case a decade or two ago. However, clearly it is the case that sometimes local plans will be held up by the weight of opposition and then challenges in front of the Planning Inspectorate, sometimes various legal questions and so on. Certainly, it is important that local authorities make sure that they are hearing from people in housing need.

There is an interesting question as well about design. Maybe this takes us back to the question about zoning. If we have a standard design that applies in Leicester, in Swindon and Oxford and you put that in, it ticks the box and it is okay, that seems to me quite unlikely to meet local people's demands, where they say, "We would like to see some housing but it needs to fit in with the local area". The standard design, even if it is a very beautiful thing in the abstract, may not work well in every single place. Quite properly people say, "We want something that reflects the materials of the local area and how it looks" and that will not work in each place. That is a real problem with the zoning and I fear it would make public opposition in some of these areas more challenging rather than less.

Of course, there is also the question about social housing. It seems to me, certainly in my experience, that where local authorities are in a position to build social housing, where it is clear that that is meeting housing need at the sharp end, that can often help to overcome opposition. These things can often be tied up together.

Pooja Agrawal: Can I build on that point? There are a couple of points here about how you get people involved in the planning process. People tend to get involved in the planning process at a quite late stage when they see "This is the development that is coming on my road next week and I just do not want this done". The whole nimby thing gets thrown around quite a lot. There is a benefit in getting people involved much earlier in the planning process so that they are involved with the local plans and are involved at the early stage of understanding that, yes, there is going to be housing here but what are the bigger benefits that this is going to bring?

There is a second point here around communication and understanding that it is housing numbers, sure, but what are the other things that need to be supported, whether it is infrastructure, social infrastructure or public realm? What are all the other elements that are part of that development?

The third point is: who are people that are getting involved in these conversations? They are probably not the people who want or need homes and it is on local authorities to make sure that all voices are being heard and inputting into their local plans.

Baroness Thornhill: You have covered quite a lot of the ground that I was particularly interested in about local plans and you said the thing about being plan-led. What do you mean by being plan-led and how much of a straitjacket is what feels to me to be a very top-down system?

If you think of housing delivery tests, naming and shaming, targets—all of the negativity that is packed on to local authorities—how much does that go against a genuine plan-led approach? In reality, my experience is that the plan is there but who has top trumps—is it the inspectorate, the developer?—because within the planning offices life seems to be a bundle of compromises. If you add the viability assessment into that, you might have the perfect plan but the gap between that and what happens on the ground—councillors often complain, “We did not get our affordable housing, our CIL or this, that and the other”. How does that feel to you at the moment and what is making it worse or what could make it better?

Grant Butterworth: An allocation in a local plan is a very strong thing because that is adopted, it has status. The inspector will decide on the allocations but there will be debates among developers and the local authorities as to where those allocations should be.

Does that guarantee delivery? One of the frustrations over years is that allocations in plans are not being delivered so the last-but-one NPPF focused very much on deliverability. Establishing and proving deliverability through local planning is a very expensive and difficult process and for those strategic sites I mentioned earlier on, when you spend a lot of money to design the scheme, the number of houses, the infrastructure and so on, it takes time. Getting a strategic allocation in the current plan is a very technical exercise and that is not easy to engage people in. There is a lot of focus on that as opposed to communicating maybe the nature of what those houses may be because that is probably most people are interested in through the process.

Local plans are very strong things and it is a plan-led system. If you do not have your five-year land supply and if you are not meeting the Government’s expectations with housing delivery, then effectively the tilted balance means that developers bringing forward sites that are not allocated have a better chance of securing those consents, which is where people certainly in more rural authorities—in Leicester it is not the biggest issue for us because there are not that many sites available—but if you have a district with lots of villages and there are a number of candidate sites that were not allocated that developers bring forward in the absence of five-year land supply, it is a big incentive to those local authorities to make sure that they have an up-to-date plan. I think the five-year land supply is quite a big stick in some authorities, less so in urban authorities. I have spent all my career working for cities.

Baroness Thornhill: Does that mean they have to go up, though?

Grant Butterworth: It comes back to targets and to the standard method. On what is maybe the most powerful incentive, in some areas the five-year land supply—or the lack of the five-year land supply—is very powerful because that means developers can bring forward sites and have a good chance of getting them through, which will be resisted strongly by local councillors and local councils but the inspectorate may go with it. It is a complex picture.

If I may, I will come back to the point about zones. As far as I can see, a growth zone could be a strategic allocation. You could very easily put a red line around a green field on a plan and say “That is our zone”—it would be very quick and simple. If you then want to prove the deliverability of that scheme, you want to have some confidence it is going to come forward, you have to begin to do all the work I was describing earlier.

On the point that Ed made about the design codes, if you want us to go further and set design codes you are going to have to do a lot more work to specify the detailed design. I have designers and landscape architects but we need Qs to do that as well deliverability, to be able to specify the houses that are going to be delivered. A zone is a beguilingly simple concept but if it is going to be, in effect, an outline planning permission, which I think the White Paper said it was going to be, there is years’ worth of work to get it to that stage. There was an essential tension in the White Paper that was never answered in that respect. So you can have an easy allocation that looks like 10,000 houses are going to be delivered very quickly and they may not be delivered, or you can have a very certain allocation or zone allocation that would probably take you five years to design and get through a planning process.

Baroness Thornhill: That is the criticism.

Lord Moylan: What we seem to be hearing—and I am just summarising this and you can knock it down—is that, contrary to what we might have expected, the difficulty with updating and renewing local plans comes almost entirely from the complexity, the work and the shifting policy environment and not from nimbyism. I am putting that in stark terms but I am trying to summarise what you are saying, because it is not necessarily what I would have expected to hear and it may not be what other Members of the committee have expected. It is important for us to understand that balance when we write our report, if you do not mind my asking.

Councillor Dr Turner: I will address that head on and then maybe share a couple of reflections, if I may, on the initial question.

There will be times when a local plan gets held up because there is a fundamental disagreement about its contents. That being said, of course the planning system also includes an important role for national planning policies and that is okay and right that the Government make some policy choices and set some parameters. We have touched on—I will give another example in a moment—the shifting sands; it makes life very difficult when you have policy instability. I think your analysis is right because, of course, also local communities and local councils can see perfectly clearly that if they simply refuse to engage in a plan-making process bad things happen and they end up with a free for all, which they do not want.

Coming on to Baroness Thornhill’s question about what plan-led development means, for me it means that development is steered by

those policies that are nationally and locally set. It is based on the policies rather than exclusively on market forces or what people want to build. Those policies are based on assessment of local needs. That is about housing need but also about the need for employment space, the need for leisure space and the need to protect particular areas. Local authorities will be thinking about where best to locate developments and will take those decisions and will think about how to make sure that places work so they are connected, that infrastructure is there and is developed. That to me is what a plan-led system looks like rather than simply allowing things to pop up in line with market forces and not be steered.

On the question of how that works at the moment, clearly there has been some hollowing out. One thing we have not talked about so far is the extension of permitted development rights. Again, it is a real problem in terms of planning quality places for people to live. Very often, unfortunately, the places being allowed to be constructed for residential occupation through PDRs are not of the quality of where we would aspire to live. I always think the test ought to be: would we be happy to recommend this for our own families? We are not.

There is a question about access to infrastructure. There is a question about location. There is obviously a question about affordable housing availability. I come back to the point: what problem are we trying to solve? Was it really the case that local authorities were getting well-evidenced, reasonable applications for change of use and were turning them down willy-nilly? I have never seen any evidence for that claim. The permitted development rights hollowing-out thing is a real issue. We do not know where the Government will go next with their planning reforms but it can be difficult to make changes to the planning system; you can quietly extend permitted development rights, nobody really notices and you fulfil some of those objectives. That is not good for building the right sort of housing that we need.

You mentioned the punitive measures that can apply if housing is not being built out, but if you do not have the mechanisms to ensure that build-out can happen, that is rather unfair. It is perfectly reasonable to hold local authorities to account when it comes to allocating land in a plan and, of course, then those plans are tested by the Planning Inspectorate. If a local authority puts in sites that are just not going to be viable, it will be found out. Holding that local authority to account where units are not being built out, where you do not have any tools, or a very limited range of tools, to ensure that the development comes forward, where you are at risk of the system being gamed, that is not a good place to be. A range of sticks can be thought of.

I will make a point on policy instability. I wanted to raise a particular example, which is around first homes. It is quite frustrating. You do your assessment of what sort of tenure you need in your local plan, you base that on the best evidence that is available of whether you need shared ownership, whether you need social rent and so on, and then, quite

understandably, Ministers have their own priorities. They say that in this particular intermediate tenure first homes are a priority and so you cast to one side all the work you have done previously about evidence and then this comes in and it has priority. Again, that is not very helpful.

My very last point about policy stability is that if you want to snarl up development for a good period, all you need to do is put a Minister on the Floor of the House and drop some hints that you are going to reduce planning obligations, which is then a wonderful incentive for people to hold development back because they think there is a greater amount to be made. I say developers but landowners as well will do their sums. Policy stability in relation to planning obligations is also important. The moment you depart from that you reduce still further the amount that a local authority can get to grips with what is happening in its area.

The Chair: I am going to bring Lord Stunell in for a comment and will then move on to social housing.

Lord Stunell: I think you shied away from what Lord Moylan put to you that nimbies are the real problem. I therefore assume that you are all enthusiastic supporters of the neighbourhood planning system. I would be interested to hear your take on that seeing as it seems to deliver more housing than you planners can deliver professionally.

Grant Butterworth: I will go first on this. Nimbyism is an issue everywhere but to different degrees. In an urban authority, a city authority such as Leicester, Liverpool or Nottingham where I have worked, nimbyism is less of an issue than in maybe some more localised rural environments. It is quite telling that in Leicester there is not a single neighbourhood plan. There are no parishes in Leicester. Again, neighbourhood plans work well or are very active where you have a mobilised and motivated local community who want generally to protect their environment through a neighbourhood plan. The issue about neighbourhood plans facilitating growth in the right place could be a powerful tool but a lot of the neighbourhood plans I have seen may be a little more protective rather than facilitating growth.

I absolutely would not underestimate the concerns that local people in Leicester may have about us building on greenfield sites. Most of the sites are allocated in our local plan; the only sites we have left are greenfield sites. I would not call those people nimbies but they are very concerned about the impacts of losing open space that they use for recreation and health purposes. There are going to be big debates about those sites in our local plan process. I can understand that there are local concerns about that. The context of an urban authority in developing relatively scarce greenfield sites in an urban context is very different from building on the edge of the villages in the south-east. The neighbourhood planning system is, I think, very immature in respect of cities.

Pooja Agrawal: I completely agree. We have seen that neighbourhood plans are more successful outside urban areas, so they tend to be in rural and parish areas. I was involved with one in London and for me it is a

question of scale. Neighbourhood plans work well in a particular smaller area and it tends to be public realm asks or a very direct ask, but it should be the role of the local authorities to think at a much more strategic scale, at a much larger scale, thinking in a much longer term as well—25 years plus. We are talking about sustainability and how does that come in at that smaller scale. We need to be thinking at a larger scale. Neighbourhood plans are an interesting tool but, again, it comes down to who has the time, opportunity and privilege to be able to spend that much time as well, building and creating neighbourhood plans. If that is a genuine tool moving forward, can we support different communities to be involved in the neighbourhood plan process?

Councillor Dr Turner: Oxford is an area with some neighbourhood plans. I would certainly recognise what has been said.

My view, and it is a personal view, is that there are different ways of involving people in plan-making and planning. Neighbourhood planning has proved itself as one way of doing that but it will not work in all areas. It is important in areas where there is no interest or capacity to develop a neighbourhood plan that you do still find a way of capturing some engagement and for people to become involved. A neighbourhood plan may be a brilliant mechanism for some communities and it may not work in others. It is important that we look at the whole picture.

Q69 **Baroness Bakewell:** Taking up the points you have been making, does the figure of 90,000 new homes per year for social rent accurately reflect the demand for new social housing? Are the Government introducing the right policy initiatives to ensure that homes for social rent are built? I would like to reference the LGA submission to us. It spoke about—and you have already used the word—how councils need tools to incentivise landowners and developers to build high-quality homes. Could you enlarge on the tools? What priority tools do you feel are needed? Could you comment on whether you believe there is a political will to supply these houses?

Councillor Dr Turner: There were a number of questions in there. In terms of the number, the LGA talks about 100,000 such homes per year, Shelter talks about 3.1 million over 20 years, but 90,000 social rented homes would be great and it would be a great start. It is important and very welcome in your question that you focus on social rents because there was a time when social rent was more or less sidelined as a tenure and all the focus was on the affordable rent tenure, which in a lot of places did not work because housing costs and market rents were just too high.

Realistically, Section 106 is currently doing a lot of the heavy lifting in seeing that social rent homes are built. There is probably a limit to what Section 106 can deliver and I think later we will come on to different ways of funding affordable housing, which is why I mentioned that direct investment is important.

Local authorities benefited from the lifting of the housing revenue account borrowing cap so that has been helpful. If people are not familiar with it, Janice Morphet's work over several iterations looking at the role of local authority housebuilding and local authority housebuilding companies is excellent. I would be very happy to share references to that, if it is useful.

We also need to look at the availability of sites. That is why I say it is important, when sites are allocated, backed by robust affordable housing policies, that there is not a route for people to sit it out and not build at all. So if I am a developer and I have an allocation and I know I have to provide, let us say, 40% social rent on the site, I will just wait and hope that one day I get let off the requirement. Another point is I should not be allowed to, having perhaps paid over the odds for a site or having had a landowner who has aspirations that are simply too high, claim unviability and then not build that way. Those are some of the tools that we are talking about.

I referred to the Letwin review previously but realistically in order to see more social housing builds, we do need to see a range of tenures being built out, particularly on large sites, which is why we think that following up the full recommendations of the Letwin review are so important.

Lastly, and from quite a personal perspective, when you are planning housing revenue accounts, even without a borrowing cap, you still need to look at what can be afforded and you face competing demands: you face estate regeneration demands; you face strong pressures to improve the energy efficiency of your housing stock—there is a big funding gap there—for the benefit of the tenants and also to reduce carbon emissions; then you also want to build new housing. You do have to make those trade-offs. Those are very interconnected. If you rely on the housing borrowing revenue account to fund retrofitting measures, for example, those are pounds that you cannot spend buying new homes into the HRA that you have developed. Those competing pressures are very important.

Baroness Bakewell: I am interested in knowing whether social housing, because of all the circumstances surrounding it and all the other problems you have to solve, comes at the end of the priority list?

Grant Butterworth: Sorry, I think most councils would absolutely want to see social housing right at the top of their priorities but you mentioned the tools, which I will come on to. The affordable rent issue is an oxymoron in some places. There is an issue about the ability to pay. The whole mechanism through things like 106 is around affordable rent as opposed to social rent. Social rent is really about councils delivering houses that are truly affordable to rent. I spoke to a housing colleague in Leicester yesterday. The three tools you need are: the land, the sites and the capacity to deliver that through maybe different mechanisms; and then you need viability or funding. At the moment—and I am glad Ed has made the point—we are struggling because of a range of factors: things such as construction price rises, the availability of funding and the 40% cap. We cannot deliver within the budgets, within the borrowing. We

cannot deliver on our targets, which are very significant in terms of the manifesto. The nature of and constraints on the funding are a key issue. Relief of the cap has made a big difference. You can see that in the numbers but the numbers are tiny in comparison. A million houses have been lost to right to buy since 1981 and something like 7,000 have been delivered in the same period. The one-for-one right to buy issue—you sell one, you replace one—that did not work. If that is going to work, you need a different mechanism for funding and capacity.

Baroness Bakewell: What tools do you need?

Grant Butterworth: Funding and capacity on the land. It is quite simple. Some authorities have gone down the local housing company route; some of those local housing companies allow authorities to maybe attract a different level and nature of staffing in terms of capacity and calibre. However, there are risks associated with that approach that you can see across the country. Again, if an authority has significant land holdings, the local housing company could be quite an interesting mechanism.

I come back to the point I made earlier about the council acting as master developer in Leicester in terms of big sites. The big strategic sites we have been involved with, because we own the sites, we will bring them forward, we will make sure that each phase will deliver on its affordable housing 106 commitments, along with its education commitments and its other 106 commitments. If we sold it to the market a developer could probably come back with a planning application and give us a developer appraisal, “I cannot afford the affordable housing”; the developer appraisal backs that up. There is something about stewardship and local authorities taking the lead, not just in delivering social housing but in terms of the delivery of housing.

Pooja Agrawal: I was just nodding at the stewardship and ownership of that vision. It goes back to my previous point and you asked the question about who has top trumps. It is complicated. It is so complex and I hope this conversation is showing how complex the system is and how complex planning is. For me, it comes back to that, who has the top trumps, and we can question democratic accountability but for me that should be the local authority which has the skills and confidence to be able to negotiate, take the stewardship and use its land confidently and not sell its land because it needs to deal with an immediate deficit, but to think about that longer-term view. Again, I do not think that neighbourhood plans have those tools or capacity with the land, for example. I will come back to that.

Q70 **Lord Grocott:** You have answered a good deal of what I wanted to ask so thank you for that. If I can just look at the big picture—because it screams at you if you look at the stats over the last 20 years, in terms of different methods of occupation—we all know what the big picture is: there has been a dramatic decline in social housing and a huge increase in private rented accommodation. I would like an answer to the question: is that trend in development a good thing or a bad thing? If it is a bad thing, what is your most straightforward answer for how to rectify it? It is

quite a big question. As a rider to that, the most alarming statistic concerning my first question is one we got the other day, which is that 40% of former social housing, that means council housing, is now private rented housing.

The other question, more a factual question, is this: for the million-odd people who are on a housing waiting list, can you fill us in with a bit of colour on that? Is it possible to do that on the macro scale? Are these people on the list? How are they split between people already in social housing but in the wrong kind, if I can say that—they are in houses that are too big or too small and they are waiting for a bungalow or something of that sort? How many are currently in private rented accommodation or what proportion are in private rented accommodation and just cannot cope with the rents? How many are in “affordable” housing? I would just like to get some colour on that—some fairly simple, straightforward questions.

Grant Butterworth: I will have a go at it. In the private rental sector, I think, there are some good, well-managed, long-term, private rented sector investments which are providing good-quality accommodation. We are beginning to see those in most cities. There is something about the long-term role of that within the market as opposed to home ownership and I think that is a very good thing.

I will come back to PDR. I think we are seeing some dreadful, dreadful conversions to poor-quality accommodation. Our enforcement team are struggling to manage a lot of these things and a lot of the most vulnerable people in our cities are probably living in very substandard accommodation. The local list in Leicester has about 6,500 people on it. I do not know what the average wait is but they are generally waiting a long time because of the nature of the supply, and that comes back to the ability for us to be able to deliver those houses. It becomes even more complex when you look at things such as accessible houses or bungalows or people with specialised needs because the market will not provide those. We are making choices about what types of housing to deliver through our intervention but we do not have limitless pots of money. There is a huge pressure in terms of people living in very poor-quality rented accommodation. Most authorities will look at things such as additional licensing, selective licensing, sorting out the mechanisms to manage the pressures of houses of multiple occupation, because cities are seeing these areas becoming very problematic. There is a range of issues and quite a lot of those are driven by things such as the nature of permitted development, certainly in cities such as Leicester, which is providing dreadful accommodation and we cannot control it.

Pooja Agrawal: There are so many questions there. When we saw the highest number of homes being built in this country, the majority—I think it was 60%—were being built by the public sector. What is interesting is that at that time we saw the biggest delivery from the private market as well. We often have this thing that the public sector is going to crowd out the private sector but statistically that is not true; hence the biggest fall we have seen is local authorities in the public sector delivering homes

over the last 40 or 50 years, and I think that is where you see a drop-off of the actual provision of social housing.

The second point I would make is that there is a tension here between central government and local authorities around right to buy and, like you said, 40% of social housing is now privately owned. Construction and building homes, the whole industry, it takes time and I am sure all of us here have the privilege of owning our homes, we know that to buy a home takes quite a long time but if you think that that gap between buying a home and delivering a home is probably a few years, we are never going to be able to catch up with delivering the number of homes that are being bought through right to buy. That is a political tension there with the supply and demand.

Councillor Dr Turner: I will make couple of points, if I may. First, on the 10-year shifts, I recognise the analysis and some of it perhaps would happen anyway but in a context of rising house prices people end up buying their first home later and are likely to spend longer in the private rented sector. There is then also a specific shift within the affordable housing sector away from social rents towards affordable rents and other so-called affordable tenures—sometimes they will be genuinely affordable, sometimes they will not in some parts of the country.

That relates to a specific policy choice and it is for government to choose whether it wants to invest in capital and invest in social housing, or whether it is a better idea to invest less up front, have higher rents and then see housing benefit pick up the bill. I have never seen an analysis that says the latter is good value for public money but that is a policy choice that Governments have to make. I see that you would then end up with affordable tenures that are not very affordable and with people in lower-wage employment facing really difficult cliff edges because the rents are just too high. In fact, the needs of local labour markets and families would be much better served if you saw more social rents, which is what we were talking about in the last topic. I thought it was very welcome that the focus was on social rents and it seems to me that some of the other intermediate tenures just do not work.

It is a fact that the private renting sector is now playing a much bigger role. People used to think about private renting as being for the student who was living out for a year but now we are now talking about families often being there for a significantly longer period. The quality needs to improve. There are a number of ways of doing that. In my part of the world, in Oxford, we have had a good experience with HMO licensing. We need to be proactively checking properties and landlords, we cannot simply wait for complaints to come in. Often those who are most vulnerable will not say, "My landlord is not meeting his or her obligations, my property is a mess". They will not understand that they do have rights that they can assert so it is very important that the local authority is proactive in doing that. That costs money.

Licensing schemes can help. Unfortunately, it is the case, as I understand it, that a number of proposals for private rented sector licensing have

been turned down by the ministry in recent times. There is no general consent in place for authority-wide private rented sector licensing schemes and that is a shame. It seems to me where a local authority says "We need to make a policy intervention to improve standards in the private sector", which is playing a very different role to one it played 20 or 30 years ago, it ought to be able to do so.

On housing waiting lists—and again this is a personal view—undoubtedly housing waiting lists are an interesting insight into housing need in an area but I think their scientific usefulness may be limited because there are inconsistencies in who is now allowed on to a list or not. Local authorities had an exercise a few years ago where people who stood little realistic prospect of being housed could be removed from the list; there may be people on the list in multiple places. Conversely, there will be people who say, "I have no chance. I am in the private rented sector, I count as being adequately housed. I do not like it, I do not like the property and it is not very affordable for me but I simply stand no chance with social rented tenancy". They are right, they have no chance with social rented tenancy so they will not go on the list, but arguably they ought to count towards the assessment of need because their housing needs are not being adequately met.

In thinking about how we assess the need for affordable housing, which incidentally I think probably ought to be a separate category in the housing numbers calculation, we should not be too focused just on housing waiting lists.

The Chair: I will bring Lord Lytton in. Perhaps we can make the answers a bit shorter because we need to—

The Earl of Lytton: A very quick one here. You have all referred to this question of need as opposed to demand and you have all mentioned right to buy. Right to buy is a longer-term stimulus. How much of a causative factor towards the demand is that? If you stripped it back to people who need housing at social rents or affordable rents and stripped out the right-to-buy factor, would it make any difference or is it insignificant?

Grant Butterworth: I do not have the numbers to hand but right-to-buy sales, which are ongoing, have had a cumulative impact, and there would be less of an impact if councils were able to replace that stock lost through the one-to-one replacement, which did not work. The ability now to, in effect, spend 40% of the right-to-buy receipts on reprovisioning alternative accommodation is not really enough—there is not enough funding for us to be able to backfill that housing. I am afraid I do not have the numbers to hand as to the extent of that component of either the need or the demand, but it is significant. Maybe the significance is enhanced by the fact that what we are talking about is housing that will not be provided by the market.

Effectively, if housing associations are not in the game of social rent and local councils are only in that to a very limited extent, the right-to-buy sales element is very significant because there is no alternative. I think

that is the point that has been made about people reverting to very poor-quality rented accommodation and maybe not engaging in the mechanisms of council housing because they are aware that it is probably not a good use of their time. I am afraid I cannot quantify the extent.

Councillor Dr Turner: I have never seen any evidence of demand for social housing being increased because someone thinks, "If I can get social housing, immediately I have the right to buy". Maybe that is a phenomenon but, if so, it is peripheral.

One thing I think is interesting has been that in spite of the cranking up of discounts, right-to-buy numbers have not been anything like as high as they were in the 1980s. I think that is because of the shortage of social housing and therefore the changing character of people who occupy social housing. You tend to have people in significantly more difficult circumstances, on significantly lower incomes, in a context where even with discounts house prices have gone up so it costs more to buy the property; therefore, the numbers have declined.

Notwithstanding that, one impact that it does have is if you are looking to local authorities to build, it adds that element of risk. If you have a local authority housing company that has been selling stock into the HRA, that stock can be purchased in the right to buy, that is a risk in terms of planning and it may reduce the amount of housebuilding that can go on.

Q71 **Baroness Cohen of Pimlico:** That question that has been given to me to ask is about Section 106 and the advantages and disadvantages of the Government's proposed infrastructure levy to replace Section 106 agreements and the community infrastructure levy. My experience of Section 106 in Cambridge is deeply disappointing. I am not quite sure why but developers seem to be able to bargain that away in the late stages so that the late stages are occupied with developers saying why they cannot build some vital piece of infrastructure. Usually, the vital piece of infrastructure is social housing that they are not going to build. I am against Section 106; it comes too late in the proceedings and you can bargain it away. Will this be improved by an infrastructure levy?

Grant Butterworth: One of the more recent changes to the National Planning Policy Framework is the Government were saying they were concerned about this deliverability point in terms of allocations, so they said you have to do a lot of work to prove that your allocations are deliverable, including the bundle of 106. That is part of all the work I was referring to earlier on: to be able to answer what is your education 106, what is your open space, what is your transport, what are your schools. You need to understand the housing mix. You need to understand the number of units. You need to do all that work before you get to your local plan examination. It is all there. It is all nailed on. It is in the allocation; therefore, it cannot be argued away at the planning application stage.

That is a good example of the policy shift. That came in about three years ago in the NPPF. I do not think many local plans have got through that work. There are many of those allocations out there where that will be

tested. Most of the allocations in terms of 106 that are being tested relate to plans that were adopted a long time ago. Those 106 calculations were less specific in the local plan. The developer has the opportunity now to say, in effect, "It is not viable for me to be able to afford any of these"—affordable housing and all the others—and all they have to do is provide a development appraisal, which shows that the metrics in the market do not support it. We are then obliged to grant planning permission.

We also have to do whole plan viability assessment in order to show that the policies in the plan are affordable. It comes back to the deliverability point. Things such as energy policies or open space policies or space standards all cost. We have done a whole plan viability assessment for all the sites in Leicester, and that says that the conditions of the market in Leicester are such that on brownfield sites you can forget Section 106, more or less.

On greenfield sites, you will be able to get most of your affordable housing elements. In Leicester, the local plan calculation is: we have only a limited amount of money; 106 is a bit of a distraction, it is not a huge amount of money in the scheme of things. I understand that some London boroughs are getting 50% of affordable housing but what that gives you in terms of funding will buy only a relatively small amount of affordable housing in London.

The bigger debate comes back to the intervention and the funding. I am suspicious of any national approaches. There are lots of national things in the White Paper. I am very suspicious about all those. The recent statements, when Robert Jenrick was talking two or three months ago about local authorities setting the new levy locally, I am not quite sure how that would work. You would have a national levy but we would set it locally. More importantly, the big unknown to me is that the White Paper talked about developers having to pay the new national levy only on completion.

Local authorities can, in theory, borrow money and fund the schools, the roads, the public transport, the open space. It could take 10 years to build out a big site. So are local authorities really going to be borrowing against an uncertain revenue stream? That takes a brave Section 151 officer to say, "Right, okay, we will borrow against this assuming that these developers will deliver out of their phase and their commitments". I suspect that the new system will prove to be yet another system that does not work.

Finally, it would be far easier—if you think about things such as schools, health, police, housing—to just do it through taxation. Do not worry about trying to put it all on to developers—a lot of the government functions and the policy choices for government, as opposed to trying to effectively get it off the balance sheet and put it on the developers, because across the country you will not get a consistent delivery. The frustration you share I am sure is not just in Cambridge.

Baroness Cohen of Pimlico: I will pick up a supplementary from an

earlier question. During the pandemic, some of those who got fired, placed on furlough, whatever, were some of the lower-level but extremely competent people who used to be out there inspecting private landlords. I had the great fortune to encounter one of them weeping into a telephone, which did not work. Is this within your experience or are you still fully staffed to go round the private landlords and sort out the bad ones?

Grant Butterworth: I do not have housing responsibilities, so I could not answer that question.

Councillor Dr Turner: First, on that specific issue—we will talk soon about some of the skills issues in this area—it is severe in parts of planning and also in environmental health; that is right. Secondly, if you rely on essentially discretionary local authority expenditure to do private rental sector housing work, which unless you have a licensing scheme you will do, that is something that will be squeezed if local authority budgets are squeezed. It has to compete for funding with other areas.

The way you deal with that is if you introduce a licensing scheme then some of the costs are shifted instead on to the applicant for the licence—the landlord—but then there is that question I pointed to about whether Whitehall is approving licensing schemes in a timely way, or at all.

The Chair: I will bring in Lord Best and then Lord Berkeley on this infrastructure levy 106 question, please.

Lord Best: Returning to that one, we have managed to squeeze about £7 billion out of the developers and housebuilders through Section 106 and the community infrastructure levy, of which about £5 billion—two-thirds—has been for affordable housing. We will now replace that with a new system in which we are very uncertain what exactly will happen.

The reason why housebuilders say it is not viable to proceed is because of the price they paid for the land. If land prices had inflated at the same rate as everything else since about 2000, land prices would be low enough to do all the affordable housing and the other things. It is because land prices have increased so much more than everything else, the price they have to pay to secure the land is so high. Do you think that methods that reduce the land value, that require, in advance, the affordable housing, the infrastructure, and are clear when the land price is being negotiated by the developer, would have the effect of enabling the good things to happen that at the moment all get cut out?

Councillor Dr Turner: The ambition is absolutely right. Where you have sites that are quite profitable rather than marginal, I accept with some regeneration schemes that you do have different considerations and there are genuine viability concerns. But where you have a situation where the land values have risen too much it is important to have those tools to try to keep the land value reasonable so that you do capture the planning gain. One thing we have not talked about this morning so far is compulsory purchase.

Compulsory purchase ought to be a last resort rather than a point of routine but it is important that government follows up and looks at the Land Compensation Act because that should be part of the picture.

On the specific question about the proposed infrastructure levy and replacement, I hear what is being said about the problems with Section 106 but I am reminded of Hilaire Belloc, "Always keep a-hold of nurse for fear of finding something worse". I am concerned about the timescale point. If local authorities are to receive at the end of development an uncertain sum because it is linked to sale values, quite how you are meant to enter into contracts to deliver infrastructure I do not know. My personal view is it would be wise to keep affordable housing separate from infrastructure funding. That also means you can require more on-site provision, which leads to more mixed communities. The mechanism of giving a poor-quality unit back to the developer in some way seems to be very difficult.

A nationally set levy would be a complete disaster. It would not reflect local values and circumstances, but even something set locally, within some unexplained parameters, I do not think would help.

Lastly, there is an assumption in the White Paper that local authorities will make those trade-offs between infrastructure and affordable housing. Local plans do that already but there may well be areas that have a high need for both and it should not be assumed that there is an ability simply to trade out affordable housing at no cost or to increase infrastructure without depriving an area of the affordable homes that it needs.

Grant Butterworth: The land value point is very beguiling and very tempting but the actions of people within the market are very complex. If you think about the limited number of brownfield sites, the expectations of those owners will be potentially quite long-term. They will have a close eye on the policy announcements of the Government and, again, if there was a very strong unavoidable government policy that affected land prices that would help. But it then comes back to the points Ed is making: how do you make sure that is ring-fenced to be spent on the most important things? Again, if you look at the flexibility around things such as 106 in neighbourhood plan areas, there is the temptation to carve stuff off and give that to local communities to decide what it should be spent on as opposed to the affordable housing needs or the infrastructure needs.

There is a very complex question about how you pin down the money if you did manage to secure it through some mechanism that affected land values.

Lord Berkeley: For the last eight years I have been following a development in Tavistock, Devon, where the developer applied for planning permission to build 750 houses. Some of the Section 106 money that it committed was going to reopen a railway line from Tavistock to Bere Alston, which would enable people in Tavistock to commute to Plymouth, because the road is awful. About five years ago, the developer told me "We cannot do this any more because we have given all our

money to the builder". Ed, you may have the same problem with the Cowley branch in Oxford. How do these things get funded? I am interested in railways but they need funding—not an enormous amount but there are many other things and you have all been talking about the needs for what Section 106 is or the alternatives can be applied for, but what is the solution?

Pooja Agrawal: Where I have seen it work best is when local authorities push for that to be built first—build the council homes, the social homes, first—before developing the rest of the site. You get that guarantee up front and that is a good push to see those benefits coming up front. It helps with community buy-in as well because people start to see the benefits that are coming forward. It comes back to that previous point around it is all about negotiating with developers, so you also need local authority officers to have those skills and the confidence to be able to have those discussions.

From experience, I know viability training, for example, is something that is asked for from officers. They need to develop those skills, partly because perhaps when they studied planning—if that is what they studied—they did not study that at university so there is another, parallel conversation here about how we think about the education system as well.

Grant Butterworth: On the rail point, it is another good example of how government funding mechanisms are very complicated. In a former life, I was involved in securing the opening of the Robin Hood Line in Nottinghamshire, which took probably 10 years to do. The nature of rail funding then was probably easier to navigate than now because the capital investment in the railway line is one thing but then you have to think about the franchises and who will operate the trains and how that is secured through a very complicated system that seems to be changing significantly. If the DfT ends up running most of the railways, that should become simpler in theory, but the nature of rail investment, I would imagine, is an incredibly difficult thing to secure and pin down to a development of that scale. It is very obvious and desirable infrastructure to improve the accessibility but the deliverability of that—I am not surprised that developers are finding difficulties there because of the way rail service delivery is planned by government. That is not aligned and integrated with planning.

Councillor Dr Turner: To answer the question directly, stripping it away to its simplest: capture what you can of the land value; whatever instrument it is it should be stable. You should not have a constantly shifting policy environment. If it is going to work for infrastructure, one way or another the money needs to be available up front. Waiting for infrastructure development which does not happen has been a perennial problem, which you highlight very clearly, but which is also evident on a much smaller scale. That is no good at all. We have all had examples of the system being gamed, developments not being completed so that sums do not become payable, and so on.

Ultimately, government infrastructure funding arrangements also need to be in place because Section 106 and your infrastructure levies will not go the whole way to meeting the full cost of infrastructure. We just have to be realistic about how much value there is to be captured.

The Chair: Can we move on to skills because I want to make sure that we have time to discuss that?

Q72 **Lord Stunell:** It has come up several times already that there are huge pressures on planning departments and local authorities in general. We have climate change and diversity as well. How can the shortages be addressed?

Pooja Agrawal: There are a number of layers to answer this question. First, we have seen housing departments and planning departments being hugely scaled down over the last 10 years—something like 55%. We know the majority of local authority staff are managing adult and children's services. That more proactive planning aspect of local authorities has been diminished, yet we are seeing a huge pressure on housing numbers just growing over time. We had this conversation in the corridor just outside. Funding is a big issue, as it always is. A recent survey by the GLA and Public Practice showed that funding is the biggest barrier in terms of capacity for local authorities, and we know that is true across the country as well from similar surveys being done by PAS.

Funding is a problem but there is another layer of problem: finding the right people. Planning officers are the hardest people to recruit in the public sector. Over a quarter of traditional exercises for senior planners fail. Even if we have these jobs open, we are still not able to capture the talent and capture people into local authorities.

There is a third layer: skills, and the types of skills that are hard to recruit to. We have the traditional planner, and what we all imagine that to be, but there is a variety of skills and need for them. Place-based skills need to be developed and captured into the public sector.

On design, I know that Grant has urban designers in his team but that is quite rare. A design group published a report recently that said 70% of local authorities find it challenging or impossible to recruit staff with design expertise.

We have talked quite a lot about getting people involved and getting more people in the communities involved. The number one issue is the lack of resource in-house to be able to do proactive community engagement. That touches on that point. In our work in the last year we have seen a huge need for regeneration and economic development skills in local authorities responding to Covid and town centre recovery. Those skills are missing now. As we look ahead at sustainability and how we deal with retrofitting our existing stock, we also need to have a much more strategic overview of net-zero or climate action plans at a whole-district level at that early planning stage.

Finally, with the Environment Bill coming forward, we do not have the biodiversity and ecology skills in-house. There is quite a panic at the moment in terms of what that will look like if that is statutory for local authorities to respond to in the coming few years.

As for what can we do about it, yes, definitely having central funding for local authorities is critical. We have seen where there is much funding available for resources, that gets picked up and local authorities can bring people in. That is important when we are talking about delivering housing. You need to make sure that local authorities have the capacity to do that. We need to think about upskilling existing staff as well and being able to support that. There are different programmes and different ways of doing that.

What we need to do is to bring people from the private sector into the public sector, seeing that as a viable career. That would be more about education as well, about how we think about that for children. Planning—dare I say it—is not seen as very sexy so how do we get young people to see when they walk to school what they are looking at is all part of planning and the built environment?

I am an architect by background and design skills are important. We have touched on that a little bit today but we need to see the importance of that and push that and have those design standards in-house.

The last point I would make—I know Grant already talked about them—is the graduate programmes. That is an interesting tool also available to increase the diversity of the workforce in the planning sector.

Grant Butterworth: I agree with all of that. We are in crisis at the moment. It is really tough. Experienced planners who can negotiate with the developers have been talking about how it is a difficult job, particularly on the major schemes. They are in great demand by the private sector and again in the public sector we are constrained in terms of what we can pay them.

We have been reliant on bringing in great graduates. There are not enough graduates coming through the universities and colleges. We have been using them as full-time planners when they have joined us. We trained them up quite well. They then generally have been backfilling the posts as we lose staff to other authorities or the private sector.

Within the last 12 months, it has grown to crisis proportions. Our graduates, who are relatively inexperienced, are fantastic resources. They are taking jobs in London. They are working four days a week remotely, living in Nottingham and Leicester, coming down here for one day a week. I am not too sure that is the best way to plan a place. They are getting a London weighting so we have an immediate issue, which will grow and grow because of the nature of how we work.

On design, I am very fortunate in that we have talented specialists in landscape design and urban design, ecologists and archaeologists, but

there are not that many of them. They are great. They are very committed. However, the approach that we all need with things like the Environment Bill and nature of things such as sustainable urban drainage, and the new national street design guide, once that comes out, is good engineers who understand about design. You need urban designers who understand engineering; you need drainage engineers who understand sustainable urban design. All those skills need to be blended. Planning is all about blending those skills, bringing them together, making the best of those specialisms and making judgments about how you make a place better. How do you afford to do it within the constraints of the policy and within the constraints of what the developer wants to do and what the developer can afford to sell houses for?

There is something about a single-design conversation. What I find beautiful I suspect may be different from what every single one of you finds beautiful. That is a big distraction. The national design code, there is some good stuff in there but the best bits of it were written in the *Urban Design Compendium* 20 years ago. Urban design is not that complicated but you need people who are very talented to be able to understand how those things play through into special places that, as Ed says, we would choose to buy a house or rent in. I am not as optimistic as Pooja about whether there are easy solutions because the universities are cautious about investing in planning schools and courses.

I have worked through about three recessions and three cycles. The universities tend to respond to the last cycle too late. So how you turn on and off the stream of graduates is a difficult one for the education system.

You ought to cherish your planners because we are quite tired at the moment.

The Chair: Do you want to come in, Lord Lytton, with your question before Pooja and Ed speak?

The Earl of Lytton: Realistically, what is the timescale to bring these people on board? You have partly answered that. It does sound like a perfect storm. The local authority in my area has just received a notification from Natural England that the level of water abstraction by the water utility company has reached what it regards as a critical point in terms of preserving wetlands and that there must be a net-zero increase in potable water consumption from this source. In effect, this is causing the local not to determine planning applications that are coming through. It is a serious issue. You cannot attenuate potable water consumption because every unit you put up needs clean water. You cannot supplant it by rainwater harvesting or grey water harvesting or those sorts of things. You have to have a scheme to make sure that all the other people who are consuming water cut their consumption, which seems to me a whole new dynamic in planning terms, if that is something that they now have to assess.

Grant Butterworth: That is a good example of an area where the skills probably do not exist in local authorities. The skills are probably quite hard to get in consultancies and the private sector as well. If we do not have the in-house skills, we will commission support from consultancies, agency staff, and again they are in demand, so the price goes up, and it is a concern. The nature of how government flags and looks at capacity through its policy-making processes should be planned alongside the policy development because when it lands at a local plan, and a local plan may end up being very unsound because of a very particular point like that, that is a waste of everybody's time and effort.

Councillor Dr Turner: In the spirit of bringing solutions to some of this, one area we have not talked about is planning fees. It is a significant hidden subsidy. Some work showed that it was £180 million annually into the planning system because planning fees do not recover the costs of maintaining the process. Given the acuteness of the situation colleagues are pointing to, that would be a good moment to do it. That should be done locally. There are other areas of local authority activity where you retain the ring-fenced budget, you are not allowed to cross-subsidise other services, but you charge what the service costs. That would be the right way to enable us to get in some of the expertise we need, at least into the medium and longer term.

Pooja Agrawal: Just building on the solutions, we need to think a bit more creatively and more widely about the pool of people who could be planners. When we are talking about net zero in ecology, they probably do not think of themselves as planners but they can be working in housing and impacting their places. That is what we have seen with our programme: we are bringing people and transferring their skills and pushing the narrative that working as a planner in the public sector is a brilliant and ambitious thing to do.

My final point would be how important the narrative is around public sector officers, planners and placemakers. They often get a bad time of it and are quite often seen as a problem and not as the solution. The more we support them and support the narrative that they are trying to do good things for their community, that will have a big impact in terms of attracting people to work in the public sector in the first place.

The Chair: Thank you for being so constructive. That brings us on to our last area of questioning. There is not a great deal of time but over to Lord Haselhurst.

Q73 **Lord Haselhurst:** How can the relationship between central government and local authorities be improved to meet the Government's housing targets? Is that not the trigger to achieve improved co-ordination within planning and authorities to ensure that the new sites that the Government may be interested in have the necessary infrastructure?

Grant Butterworth: We used to have what were called regional government offices. They would flag up incoming policy thinking into the regions. They would talk to us and feed back our responses to Ministers.

That happened across the piece for things such as transport, planning and housing. That still exists to a degree, although not in the sense of regional offices, but certainly there is good dialogue between the DfT and our highways people, regular contact at high level. We are a big city and there are big investment programmes, such as the Transforming Cities Fund, but that two-way dialogue is important because, in general, national solutions will struggle to be applied remotely and be distinctive in different places.

In what that dialogue is about—us having conversations such as this with civil servants—there is potentially a big role for Homes England. I do not know the extent to which Homes England feeds into policy debates and discussions, but it is struggling with the things that we are struggling with—attracting staff, delivering schemes, delivering sites, working with developers. There is a substantial government agency there that could potentially help with the look-across into new policy development and policy initiatives.

We have not touched upon things such as infrastructure funding; most of that is larger than local in being across boundaries, and we need strategic planning. The Government need strategic planning; the health service and education planning need to be done on a larger than local basis. We need properly funded sustainable strategic planning. The authorities in Leicester last year are doing it and paying for it ourselves; there was no government money. We have an informal non-statutory strategic growth plan that is looking to 2050. We are talking to government agencies—and this is quite interesting—they are telling us about what might happen over the next 10, 15, 20 years. That is something that we all used to do and we all used to understand the pressures of planning and infrastructure in a way that was a national, local and regional conversation. It took time and effort and energy. There is a huge gap in terms of strategic planning. It is happening in some places such as Oxford and Cambridge—why Oxford and Cambridge I am not sure—but it should be happening everywhere.

Lord Berkeley: From what you have said, it seems that relationships between your authority and central government are not too bad. You are short of staff, particularly critical staff, but is there a parallel problem for you when working with different government departments and finding that they do not talk to each other?

Grant Butterworth: I suspect that that could be improved. Again, I do not know how civil servants share the dialogue. We have our own dialogue. For instance, Homes England reps come along to our strategic planning meetings and we speak to Highways England colleagues, but we do not necessarily see that joined-up conversation. Lord Kerslake came up with a "single conversation" a few years back, which was a good thing. It was the Government saying, "We want to have a single conversation from the highways, housing, planning, transport, infrastructure and environment perspectives". That was a good initiative. Local authority structures are not best placed to do that, particularly in two-tier areas. I

am glad I do not work in a two-tier area. Joining up the conversation nationally and locally is something that we would all benefit from because there are lots of tensions pulling the system apart at the moment.

Councillor Dr Turner: This may be reflecting on recent history but the White Paper business has not served anyone very well—marching up to the top of the hill and then down again. It has clearly fostered an atmosphere of some mistrust. From where we are, it misdiagnoses some of the problems. It would be better to repair things, to think about the tools that local authorities need to require build-out, to make sure that local authorities are being held to account, quite rightly, for things that we can control. We ought to determine planning applications in a timely fashion. We ought to put together local plans with local involvement. We ought to reflect evidenced need for different land uses, housing, employment, whatever it might be, in our local plans. Hold us to account for those things but do not hold us to account for things that are beyond our control.

One last point on this national/local thing that we have not talked about. There was a proposal about using the national infrastructure system for housing development rather than things such as power stations. That is a terrible idea and should be left well alone. Quite how you will get high-quality development involving the local community out of that sort of business I do not know.

The Chair: Pooja, any final comment? I think you have the last word.

Pooja Agrawal: There is a cultural thing here. Central government has the ability to see common threads and themes across the country and thus is able to facilitate and bring those conversations together; for instance, where you might say all these coastal towns are struggling with flooding over the next 30 years, let us bring them all together and try to solve this together. That would be an interesting opportunity to address some of those siloed ways of working. We do that on a regional basis in the south and south-east, but the opportunity to have a cultural strategic sharing of problems and solutions would be a positive step forward.

The Chair: Thank you, that brings our evidence session to an end. Thank you. You have offered one or two follow-ups, notably the study on social housing, Ed, if you could.

Councillor Dr Turner: Janice Morphet's reports, yes.

The Chair: Would you be kind enough to forward that to us? If you could get numbers on right to buy, for example, where you were not able to answer, that would be good. Any regional angles would be appreciated. We are looking at levelling up as part of this joined-up infrastructure story that we have just been discussing. If there are particular regional issues you think should be highlighted—we are getting evidence from some more northern authorities in writing—we would be interested in that. Thank you very much, that ends today's broadcast.