



Communities and Local Government Committee

Oral evidence: Operation of the National Planning
Policy Framework, HC 190

Monday 16 June 2014

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Written evidence from witnesses:

Panel 1 (Questions 113-161)

Sir Terry Farrell

Town and Country Planning Association

Panel 2 (Questions 162-195)

The National Trust

British Property Federation

Home Builders Federation

Watch the session

Members present: Mr Clive Betts (Chair); Simon Danczuk; Mrs Mary Glendon; David Heyes; Mark Pawsey; John Pugh; John Stevenson; Heather Wheeler; and Chris Williamson

Panel 1 Questions [113-161]

Witnesses: **Dame Kate Barker DBE**, Author of 2004 Review of Housing Supply and 2006 Review of Land Use Planning, **Dr Hugh Ellis**, Head of Policy, Town and Country Planning Association, and **Sir Terry Farrell CBE**, Architect and Leader of 2014 Review of Architecture and the Built Environment, gave evidence

Q113 Chair: Welcome, everyone, to this second evidence session on the operation of the National Planning Policy Framework and our

inquiry into it. Just before we begin with taking evidence, can I ask members of the Committee to put on record their interests? I am a vice-president of the Local Government Association.

Mrs Glindon: My husband is a councillor and I have a member of staff who is a councillor in North Tyneside.

Chris Williamson: I have got two members of staff who are elected members on Derby City Council.

David Heyes: I have two members of staff who are councillors.

Simon Danczuk: My wife is a councillor and some of my staff are councillors.

Mark Pawsey: I have a member of staff who is a councillor.

Heather Wheeler: I am also a vice-president of the LGA, my husband is a councillor and I have got a member of staff who is a councillor.

John Pugh: I have got two members of staff who are councillors and I am also a vice-president of the LGA.

Q114 Chair: Okay. That has put on record our interests. Could we just begin, then, by asking the witnesses today to say who they are and the organisation they represent, please, for the record?

Sir Terry Farrell: My name is Terry Farrell and I represent my firm, which is in my name, and also the review that I have just done.

Dame Kate Barker: My name is Kate Barker. I have not been invited in any representational capacity, but given that other people have been declaring their interests, I should declare an interest as a non-executive director of Taylor Wimpey and also of the Yorkshire Building Society. I am not here representing either of those today.

Dr Ellis: I am Hugh Ellis. I am Head of Policy at the Town and Country Planning Association.

Chair: Could I just begin by saying that my briefing refers to "Kate Barker" but the nameplate in front has been brought up to date as "Dame Kate Barker"? We offer you our congratulations on the honour that was announced over the weekend.

Dame Kate Barker: Thank you very much.

Q115 Chair: To start off with, Sir Terry, you have used the term "proactive planning". Could you tell us what you think the key ingredients

are in that term and whether you think the operation of the NPPF is delivering proactive planning at present?

Sir Terry Farrell: "Proactive planning" means going further than guidance and policy and development plans. It progresses much further into the layout, the shape, the size and the form, and progresses much beyond guidance and policy and outline plans.

Q116 Chair: Hugh, do you want to respond? Have you got a view about what proactive planning should be? Have we got it at present?

Dr Ellis: I would only say that the ambition of planning originally was extremely high on those issues about design and inclusion and the ambition for the system. Over the last 30 years, the ambitions of planning have become much more restricted and there is a real risk now that planning is more and more a defensive activity rather than a positive activity. That is partly to do with the resources in the service and partly to do with the policy it operates.

Dame Kate Barker: I have read a little about the views of Terry Farrell on proactive planning and I have to say I agree with them. Good questions to ask about any of the places we all live in individually are: what would we like it to be like in 15 years' time? What kind of development would we like to see? How might we like to see it change or not change? It is quite hard to see some of those big questions, even in small areas let alone in more regional areas, being asked anywhere in the system.

Q117 Chair: None of you have referred so far to the issue of local plans, which ought to be a key to proactive planning, looking ahead and shaping how an area should look in the future. We have got a major challenge, have we not? Kate Barker, in your 2006 review, you drew attention to the fact that local authorities in many cases—probably the majority of cases then—had not got a local plan in place, and we are still in a situation eight years later where only 54%, I think the latest figures were, of councils have got a local plan in place. Is that a major problem with developing a proactive planning system?

Dame Kate Barker: In some sense, it must be, because if you want to have the sort of view I have described—and Terry Farrell's view is slightly different, but there are some elements that are common—I do not see how you can be answering and discussing it with your community if you have not got a plan in place.

One of the difficulties with plans—I think I made this point—is it is a bit like a company; you develop a business plan and you think you know where you want to be in 10 years' time. I used to work with Ford Motor Company, where we thought in very long periods. You never

quite get there, but if you do not start off with this vision, you have nothing to deviate from.

A big problem in England has been to have a plan-led system that has been characterised by local authorities that often do not have particularly good plans. We have somehow failed to get a system in which plans can be put in place with decent consultation in a reasonable space of time so they are still relevant when they arrive and at least stand the test of early years. That is a real problem. It has meant that planning has focused, as Hugh has already indicated, very much on development control in a rather negative and defensive manner, and is not answering the questions that I should think most planners probably yearn to answer and have trained to answer. That would be my guess.

Dr Ellis: It is vital to have a plan-led system. As I said, our history in planning is that we did deliver very visionary plans for places. A lot of them sit in the TCPA library. The issue now is that, while we do not have plan coverage, we have also got emerging trends that are very worrying. The courts are beginning to strike down policies in relatively recent plans—in 2012, for example, on five-year land supply. There is instability in the system. There is also a wider question that you cannot manage England without either a form of national, regional or sub-regional strategy for local plans to sit in. It is simply nonsense to pretend that a nation can be organised on that basis. That means that we have a long way to travel. However, if you take resources out of the planning service, you are not likely to get the kind of visionary plans and the kind of creative planners that we need.

Q118 Chair: I will come to Sir Terry Farrell in a minute. Just to pick up on two points—we probably will not go too far into the national planning system at this point—resources were not taken out of the system back in 2006, were they? You could argue between 2006 and 2010, until the deficit-reduction programme began in earnest, that there were as many resources around as the planning system had ever had, yet the authorities still did not do local plans.

Dr Ellis: That is true. You cannot get away from the fact that that is partly a political problem on the ground about whether people want to push forward with local plans, because they involve quite a lot of controversy, but it is also important to reflect that we have only had a plan-led system since 1990 and in that time we have been in the process of almost continual reform. We need to think about that in terms of changing the law. The planning law in this country is now the most unconsolidated and complex planning law that there has ever been in the post-war era. That cannot help either. Clarity about the

status of the local plan and clarity about developing plans from the centre is critical.

Q119 Chair: Are you arguing, then, for a major reform of planning law? You have just talked about uncertainty and change, and you are arguing for another one.

Dr Ellis: It is a deeply unpopular view, but when you have organised a dysfunctional framework, the only option is to reform it. The conversation is now beginning about whether this nation now desperately needs a consolidating Planning Bill. It vitally needs to resolve some of the issues that the NPPF patently has not resolved in terms of policy and how we operate.

Sir Terry Farrell: We have a system that sets up an adversarial situation between anybody who wants to build new and development control, which looks at the proposals of an outside party. When you look at the average street or high street, or look at our housing estates, universities or hospital campuses, they do not necessarily have proposals as to what we should do with them. Planning is mainly to control the new, but 80% of our buildings will still be with us in 2050. We have to think about what will improve a high street, and there has to be an idea, a vision or a direction of travel for our built environment, 80% of which will still be here in 2050. At the moment, development control primarily addresses anyone proposing something new, and that is only 20%. It does so in a way that is not setting out clear enough positive directions of travel. It mainly waits for the private or whatever sector to make those proposals and then examines them and tests them in too adversarial a way.

Q120 Mark Pawsey: I would like to ask about the principle within the NPPF, which is that of sustainable development, and whether that principle is helping us get effective planning. I wonder if I might start with Dame Kate, if I could, please, because the principle of sustainable development comes very much from your land use planning review. You said: "Where plans are out of date or indeterminate, applications should be approved unless there is good reason to believe the costs outweigh the benefits". There are many small communities who have given us evidence that that has led to them being under siege—that there are a massive number of speculative applications coming forward. Do you accept the responsibility for that?

Dame Kate Barker: I am not sure that I do, in the following sense: the real reason that people have come under siege recently has been much more to do with the National Planning Policy Framework than with the suggestion I produced. It was, indeed, quite a long time ago. Coming back to it, one of the reasons that communities feel under

siege is that they have not got plans in place. Perhaps having given them a slightly longer period in which to adjust to the new framework, or given them some ability to produce some draft that would control it, would have been helpful, but the reason I produced that recommendation and the reason, in some sense, I am not unsympathetic to the direction of travel of the National Planning Policy Framework is that I did want people to put plans in place so that we could have a proper plan-led system.

The difficulty is—and the Chairman referred to this, in a sense, implicitly—we have had quite a long period, from 1990, in which we have had a plan-led system without any plans. If you really believe in a plan-led system, you have to say, “Why is that?” Whether we like it or not, the arrival of the NPPF has produced an incentive for local authorities to start to get plans in place, and that is very useful. Perhaps I think it is a little bit brutal and perhaps I think, looking back, that that statement in the planning review, which I have to say produced a great deal of difficulty, was also a bit brutal, but if, in five years’ time, we end up with better local plans, that would be very helpful.

I would also like to say something about a comment that Hugh made. When I was making this comment, it was at a time when we still had regional spatial strategies and still had the ability to look at things across quite a wide area, which was very helpful and I was very supportive of it. What we have had with the National Planning Policy Framework has been beneficial in a way, because in the short term it is quite urgent to try to move housing up, but I would not want to see a perpetual system in which local authorities operated without plans and were then at prey because they did not have five-year land supplies. I would think that was undesirable.

Q121 Mark Pawsey: What would you say to those communities that do feel under siege and that it is open season for developers? Should they go out and put pressure on their local authorities to adopt local plans, given that the local-plan system has been around for over 10 years and only 52% of metropolitan boroughs and 54% of district councils have got a local plan?

Dame Kate Barker: Yes, I think they should. You can see it working. People are asking for plans. It is also worth saying that, while you say they are under siege, they are not permanently under siege because, once an area has accepted a certain number of applications, the rush for development in places that perhaps are less desirable will tend to fade away. I do not think even in the present system they are going to be under siege for ever, because even if they have no local plan, they will probably be able to demonstrate the land supply more readily.

Q122 Mark Pawsey: Dr Ellis, you have described the system whereby there is a presumption to get a five-year land supply where there is not a plan in place as “a punitive system”. Why do you think it is punitive?

Dr Ellis: For this reason: it has to be right that local communities face up to their responsibilities to deliver housing. We have taken away the key tool for them to do that, which was regional planning, which enabled housing growth to be focused in sustainable locations rather than asking each individual community to take responsibility for it. We have to have that strategic response.

The critical issue about the presumption is this: it is a presumption in favour of development, because the definition of sustainable development in the NPPF is completely incoherent and does not recognise any of the established definitions. At the very beginning of the NPPF, there is a box that puts the Brundtland definition of sustainable development very clearly at the front. Then in paragraph 6 it says that what the Government means by sustainable development starts at paragraph 18 and finishes at paragraph whatever it is. The problem is that there is not any of the language, for example, that is critical for the delivery of sustainable development expressed in a coherent way. What is the siege mentality developing from? It is developing from a very powerful presumption in favour of development where there is no plan but no effective balancing mechanism to demonstrate what environmental harm might be in a coherent fashion. The result of that is really back where we were in 1989, which was with a very strong presumption of development, which the Government in 1990 removed, and the lack of a plan-making process. That leads to uncertainty and planning by appeal—and appeal rates are particularly high for housing. While that may drive the quantum of housing we want, the question is: does it drive quality, and does it get political and community buy-in to growth?

Q123 Mark Pawsey: We are all agreeing that the problem is that there are not sufficient local plans in place and that is where the problems have occurred. Have you got an explanation, Dr Ellis, as to why there are so few local authorities that, so many years after the introduction of a local-plan system, do not have a local plan in place?

Dr Ellis: There is no single answer. I wish there was. It is complicated, but the key factors are that we completely re-wrote planning law in 2004—so that is the starting point, rather than 1990, for plan preparation—then we have made fundamental reform. You have to remember that in 2010 and then in proceeding years, we removed and abolished one-half of the statutory development planning,

because regional plans were legally one-half; they were the strategic content for local plans. One critical factor is that we have expected the system to go through fundamental change on a very regular and increasingly regular basis, but the other aspect of that is whether or not we have had the right sorts of dynamic planners and resources and whether or not we have had the right conversations with communities. I am not sure still that the planning system does not need to make a huge leap forward in the way that it communicates and engages with the public.

Q124 Mark Pawsey: Do you think there should be a statutory requirement for a local authority to produce a local plan within a certain period of time? Would that be helpful? Would that give us more local plans?

Dr Ellis: It would certainly help, because the ideal thing is not just about how many local plans there are but whether they are on the same cycle. That is an issue that is not raised but is really important. Local plans somehow need to be drawn sub-regionally to be prepared in the same cycle. That is why the duty to co-operate is not working properly: because the plans are all in different timescales. I am not saying it would solve the problem, but anything that helped deliver that outcome would be very important.

Q125 Mark Pawsey: Sir Terry, your area of interest is quality. Has the principle of sustainable development helped bring forward quality planning?

Sir Terry Farrell: Sustainable development and quality are relatively synonymous, because to create good environments is in itself sustainable. Good town planning can achieve a huge amount in terms of sustainability. The layout of our towns and our roads, and the relationship of uses to transport—all these things—are in themselves contributing enormously to sustainability. But you cannot achieve these things without having some very positive way forward and positive planning. Very often, there is not any great sense of where we are going to in terms of planning and, therefore, sustainability.

Q126 Mark Pawsey: Can the principles of good planning from time to time mean no more development in an area?

Sir Terry Farrell: They can, and of course they do in terms of national parks and so on.

Q127 Mark Pawsey: My follow-on from that question, then, is: if that is the case and good planning means no further development, where are future generations going to live?

Sir Terry Farrell: I said “in national parks and so on”. There has to be development to meet continuing needs for accommodation. In terms of where it is put, I am by and large in favour of urban areas and building close to transportation. In the review, it said that the longevity of buildings should be taken into account in planning consents, because that in itself contributes to sustainability. If we build for a 50-to-60-year life, that in itself is an act of sustainability.

Q128 Chris Williamson: I wonder if we can move on now to one of my hobby horses, around securing good design. I wonder if the panel could just tell us whether or not they agree with the view of the Housing Minister, Nick Boles, who has said that modern housing estates are, in the main, “pig-ugly”.

Sir Terry Farrell: I would by and large say they were, but not for necessarily the same reasons as a lot of people think. People often think it is to do with the house itself—the boxes we put on the land. It is very often to do with layout—to do with roads and pavements and lack of landscaping. It is to do with the space between the buildings, and it is also to do with lack of variety. There is not enough mixed use. There is not enough variety in the layout and so on. The pig-ugliness is often to do with the things that are not the boxes we put on the land, although the houses themselves are often, by international standards, not terribly good. That is a cultural thing, though. We have changed health; we have changed food. Our food in restaurants was appalling 50 years ago, or 30 years ago. We really need to get the customer—the general public—to think that it is pig-ugly and they should not be paying for this.

Q129 Chris Williamson: My anecdotal experience is that the general public do think they are pig-ugly; I think there is pretty much consensus there. Kate, what are your thoughts on that? Would you agree that they are pig-ugly, or is it about the layout?

Dame Kate Barker: It would be a little strange for somebody who has admitted to being on the board of a builder to say that all new estates were pig-ugly, so I am not going to do that.

Chris Williamson: Are they a thing of beauty, then? Are they aesthetically pleasing?

Dame Kate Barker: Regarding newly built things, I have built an extension myself and was slightly appalled by it, but I find as it weathers, it improves. We sometimes talk as though the new things

are ugly and somehow in the past we built lots of beautiful things, and then people talk about Bath. I tend to look at some of the estates that were thrown up in the 1930s and think, "Gosh, those are considerably worse." My personal view is that there were some not-very-good estates built perhaps 15 or 20 years ago. What we are building now is probably rather better than that, partly because of the efforts of planners and design, which has been through some improvement.

But I agree with Terry Farrell that often it is the layout of estates that is difficult and unsatisfactory rather than the buildings. Some of that has to do with conditions around transport and difficulties in getting estates managed. To generalise about them all would be hopeless. I have seen some I think are very attractive and some that I do not like, but that is terribly personal. Other people might really like the things I do not like. For example, lots of people rave about the Accordia development in Cambridge; personally, I do not care for it. That does not mean I think nobody should live there.

Chris Williamson: You think it is all subjective, then. Beauty is in the eye of the beholder, is it?

Dame Kate Barker: No, I do not think it is all subjective. There are some things—the kinds of issues that Terry Farrell has just raised around mixed use and landscaping—that I think most people would agree with, but there are other things that are relatively subjective.

Q130 Chris Williamson: Would you say there is room for improvement, then, across the piece?

Dame Kate Barker: There is room for improvement in some areas, and I am sympathetic to the idea that there should be more consideration of design. One of the aspects that sometimes worries me about design is who you draw in to think about design. When we talk about consultation, it is often at a very low level on design. We do not often get people coming forward, particularly in more rural areas, with interesting and innovative design. A lot of comparison is often drawn with Scandinavia, where you get quite a different standard of design that here I think a lot of planning committees would be rather taken aback by, but there is very little effort to talk to people more widely and say, "Would you like to live in places that look very different?" People buy them and live in them pretty happily, but then there is not much choice around.

Q131 Chris Williamson: Hugh, what do you think to the "pig-ugly" statement about modern estates? Would you agree or not?

Dr Ellis: I would agree—not universally, but there is some extremely poor design quality.

Q132 Chris Williamson: Is it, though, as Kate and Terry have suggested, more around layout, or would you say it is more than that?

Dr Ellis: I would say it is more than that; there is a systemic problem in planning in thinking about good design. There are some good examples and there are great practitioners out there, but we have made some pretty terrible mistakes over time. The division between town planning and architecture has led to a big problem professionally—the conversations not happening. The Farrell review goes a long way to trying to perhaps knit those things back together. Planning started off primarily as an artistic activity, but you would not believe that from most local planning decisions anymore. There is a question about whether or not there is a grasp of that.

Good design is certainly not purely subjective. It is really interesting to see the places historically that work. Letchworth as a place has very high design standards that were, critically, written in at the very beginning in 1903 to the master plan and design of the homes, and have been enforced very rigorously over time. It is an extraordinarily successful and well-liked place to live. I suspect that many of the places we are building now, not just because of their design but sometimes because of their incredibly small space standards, are essentially going to be places we will have to go into and, a bit like the 1960s, retrofit or demolish. That is a terrible outcome, given that we understand how to build great places—because we have built them historically.

Q133 Chris Williamson: There is a conundrum, is there not, between the desperate need for more housing in the country—we are living through, I think we would all agree, a housing crisis—and the unwillingness, very often, of the general public to accept new housing developments? I wonder if you could tell us if there is any evidence in your experience that better design would increase the public's willingness to accept development in their areas. Perhaps you could start, Hugh. Have you come across anything along those lines?

Dr Ellis: It is difficult for the TCPA to say that there is hard-edged research to demonstrate that. There is certainly a tremendous amount of feedback in practice, some of it emerging from neighbourhood planning, that where there is a strong dialogue around quality and inclusion—where homes, for example, are being built and can be seen to be built partly for local need, and where the design is sensitive to local standards—the conversation is a much more creative and productive one. How many times that conversation is happening on

most planning applications is an open question. In our experience, that dialogue is a rarity, not the norm. In many cases, the difficulty is that pattern designs—inevitably, perhaps, from the private sector; that is how they operate—are what they want to build and the room for design choice is really at the margin and pretty peripheral. If we want a more creative debate about design, that will help the issue about acceptance of development. After all, it is about the offer. If the offer is high quality and can be proven to be high quality, then you would hope the debate with communities would be more productive.

Q134 Chris Williamson: What do you think, Kate, bearing in mind that people's perceptions are coloured by what they already see? Even if there were this consultation on design, people very often take a pretty dim view of what they see has gone before them—whether it is layout or whether it is the buildings.

Dame Kate Barker: Apologies; I want to go back to a previous answer. You asked, rightly, whether I felt partly responsible for the fact that some communities feel under siege. Perhaps I should go back and say I do feel a bit responsible for that but, in some cases, it is communities that were successful for a long period in not accepting any more development that, because of a lack of planning, have suddenly found they have had to accept development. It comes back to the point that there is still a reluctance of most people to have development in their community.

Now, I am going to answer your question. I am never quite convinced that there are huge amounts of evidence either way on design. I do not disagree with Hugh that some points about good design are factual, and I think Hugh is thinking here—I would agree with him, partly—of the quality of build and the environmental sustainability of the build, and we have talked about landscaping and road layout. I kind of agree with all that. The view about what is built will vary a lot, however, in a very subjective way, because some people will look at it and think, "That is okay" and some people will find it very difficult. Persuading people of the fact that design is going to be better and it is going to look better is quite difficult. Most people—I have to say I, sadly, include myself in this—cannot read plans very well; we are not very plan-literate, and it is asking a bit much of a community to be very plan-literate. You often are faced with CGIs that look rather nice and then the reality does not quite live up to it. Good design is important. We need to think about what good design is and how we can make progress on good design, but will it fundamentally mean that people will suddenly go from saying, "I do not want development in my village" to saying "I do"? That is quite a tall order.

Q135 Chris Williamson: Sir Terry, you have called for a “radical step change” in terms of improving the built environment. I wonder whether you feel that the opportunity was therefore missed by the Government to include requirements in the NPPF to improve our built environment in favour of a more laissez-faire approach to good design.

Sir Terry Farrell: There are limits to what national Government can do. It is a broader culture. To legislate for health or food is difficult, for example. Health is so much to do with proactively avoiding illness; weight, fitness and healthy eating are all part of it, and you cannot legislate for these things. In the review, we approach it very holistically. We believe, to follow on from Kate’s comments, that it needs to be much broader. There needs to be much more design literacy, beginning with school children, going on to adult education and, indeed, to development control committees and those in the position of making decisions about what environments we have for the future. Reading of plans, understanding good practice and understanding what other people do in other countries should all be followed through. It is probably true that a lot of this improvement in, say, health and food has come about because of comparisons, of travelling and of seeing what you can get on holiday on the continent, for example. We need to raise that awareness as a national cultural policy in many different ways.

Q136 Chris Williamson: That is a medium-term to long-term proposition. We have a housing crisis now. Do you think there is a need to incorporate, perhaps, design reviews in the NPPF?

Sir Terry Farrell: I call them PLACE reviews, because it is bigger than just design.

Q137 Chris Williamson: Does your PLACE review include design?

Sir Terry Farrell: It includes design. We broadened it to include planners and landscapers as well as architecture, conservation, engineering and the economic factor. We would say that design in itself incorporates a broad range of things and a broad offer. Yes, it is difficult to start now because we are where we are, but we can start now with schools, with education, with councils and the decision-makers. We can start all these other things. The results will be medium term, but we need to start on all these things as soon as possible.

Q138 Chris Williamson: Hugh, what are your thoughts in relation to that longer term approach? Do you have any thoughts around something that could be done more swiftly to address the crisis that we are living through at the moment?

Dr Ellis: There are two very quick things. Firstly, the idea that development creates damage and harm is the big cultural issue we need to overcome. That is really important. We can now build places that enhance biodiversity and create great communities. At the heart of that, if we care to, that is easily done. It has been in the books of town planning, design and architecture for over 100 years, but we care not to build like that, and that creates all sorts of issues for us.

I agree entirely you need a culture change and I agree entirely that the international experience is there. A lot of communities just have not seen and need access to the possibilities of the great places that are built all over north-west Europe. When they have got access to that, you might see people's aspirations rise for what they are demanding out of the development process. But immediately, it is all to do with priorities. The point is: if there is not a fundamental division between delivering the amount of housing and the quality debate, why are we not prioritising the quality debate?

Q139 Heather Wheeler: Three quick questions from me, because time is marching on. Sir Terry, I am really interested that you were calling for newly elected councillors to receive mandatory training on design and place. How serious do you think the current skills gaps are for councillors?

Sir Terry Farrell: The general standard of trying to read and understand these things is relatively poor. On all committees that I present to, there are always some who do understand and read the plans, understand the models and understand issues of scale—that the building that may seem small on a model is big in reality and vice versa—but there are a large number of people on committees who, in my view, would benefit enormously from being able to read and understand plans, and understand terminologies. You get in local authorities a requirement for legal and accountancy understanding before you are on these committees, and there should be the same for planning—not on taste, not on what your judgment should be and not on the democratic side of it, but on how to read and understand plans and basic design literacy.

Q140 Heather Wheeler: That is really interesting. Dr Ellis, slightly differently, you have suggested that, as part of the ongoing role for councillors, they should “respect the democratic and participative objectives of the system”. Are you therefore saying that councillors ought to be free to go with and make populist decisions rather than technically grounded ones?

Dr Ellis: This is very difficult, because I am very frustrated by many decisions I encounter on the ground, but the point we are making in

the evidence is that planning is democratic. We cannot have any half-measures about that. Lord Nolan's point, which we quoted in our evidence, is very important: the core legislative system that Parliament has set down has given power to elected members. If the debate was happening sometimes at a higher level, that would be fantastic. There are barriers in language, for example, that exclude people from planning that can instantly be removed if we have more effective training.

The core point is this, though: I am very uncomfortable with people using the word "delay" when it is applied to the democratic process in planning, as if the democratic component in planning is somehow a bolt-on peripheral. Whether I like it or not as a professional planner, planning has to remain democratic. Councils plainly have to take decisions inside public-law principles, and we would like there to be a much higher debate about design and planning happening amongst councillors. I do not know what the alternative is to democratic decision-making, so we should embrace it and try to make it work rather than trying to marginalise it. The outcome of that is a number of measures about changes and losses of control over permitted development that we have seen over the last two or three years and that we are going to see much more of, by the look of it. That seems to me to be suggesting that the problem is local democracy. If you do not like local democracy, then you have to try to change the terms of the debate, but, short of abolishing it, I am not sure where that ends. Councillors are vital and they should remain so. Planners have to make a lot of ground here too. Councillors need training; planners need to understand that they are working with communities, not on their behalf somehow, and to try to lose some of the professional barriers that exist in terms of language.

Q141 Heather Wheeler: That is very interesting. Dame Kate, do you think that, with the NPPF, the role of councillors has changed? Has it changed for the better at all?

Dame Kate Barker: It probably did change—and we talked about it earlier—to the extent that they are now under more pressure to produce plans. In that sense, they are asked to play this leadership role that you want to see people play. I understand that people are also interested in getting re-elected and I can see the tension. Hugh has talked about it. I am with you on this; I do not want to move away from local democracy either, but what I want to see—and that is what, in a sense, came out as the presumption in favour of development and the stuff in the NPPF—is councillors in a position where they do take proper responsibility and do the kind of forward looking that you want, although maybe not all Terry's proactive planning. In the past, they

have not quite. I accept that they have been faced with a shifting background, but I have heard lots of councils say, “We cannot decide on this until we hear about this or until we hear about that”. In a way, that has not been good enough. What you want when you elect people is for them to look at the situation on your behalf and take decisions that will not suit everybody. They cannot suit everybody, but, fundamentally, if you are somebody who really wants to buy a house in an area and you cannot because it is so expensive, because nobody has had a local plan and lots of stuff, as it used to be, was regarded as premature, you would think that was not good enough and that people were serving some interests and not others. Councillors have to serve a wide range of interests. It is not easy; I recognise it is not easy.

Heather Wheeler: That is very interesting. Just as an advert for good design, 120 units in South Derbyshire won a design award and Nick Boles was very kind to come and open them.

Q142 Mark Pawsey: Can I just ask some questions about the provisions on the viability test within the National Planning Policy Framework? Perhaps I might start with Dame Kate. Your report asked local authorities to be more realistic in allocating sites for development. Do you think that the changes in the NPPF have been successful in terms of viability—in making sure the land coming forward for development is appropriate and gives a return to the developer or the landowner?

Dame Kate Barker: One of the huge difficulties here is that the NPPF has been introduced at a time of enormous economic change; the price of housing and the pressures on local-authority finance have made this even more of a dogfight than it was in the past. The basic point is that in the long run the price of houses is set by what people can afford, and then there is an argument about who gets the cake. The NPPF has forced people to be clearer about what is realistic. The discussion that has been taking place over the last week about brownfield sites is very illustrative of this. Many people would want brownfield sites to come forward, but if they are very expensive to bring forward at a time of fiscal restraint, it is unrealistic to expect all the building to happen on brownfield sites. Over time, I hope that more of them will be developed, but in the short run that might be something we cannot quite afford to do. We probably need to be honest about that.

Yes, I do think that the NPPF has improved the debate about viability, but fundamentally the difficulty about viability—and I do not know a way out of this—is at the heart of the discussion on viability is this question about the land price. The land price is described as what happens between a willing buyer and a willing seller. That trips off the tongue readily, but what does it really mean when you get down to

saying, “Is that the right price for a piece of land?” I find that very difficult.

Q143 Mark Pawsey: I would like to ask each of you later about your views on the discussion last week about local development orders and brownfield land, but, Dr Ellis, should the value of land have anything to do with planning, in your view?

Dr Ellis: It is fundamental, certainly, to planning and certainly fundamental to building great places. The new towns were ultimately profitable because they could capture land values and use them to pay back prices. The history of using land value is very important. The issue of viability is not wrong—plainly, economic information is vital to planning; there should not be any question about that—but the way the viability test in the NPPF is drafted is resulting in some very perverse outcomes. Those outcomes essentially can be categorised as that development economics should work for communities. In some cases, that is simply not happening. The case that we cite—and to be really clear, we do not have more widespread evidence—is that even in areas in the north where land availability is reasonable, viability tests have been used to reduce space standards on housing to an extremely low level—one might even say an unliveable level. That is where you can see the viability test overplayed.

Why is viability a movable feast? It is not an economic law. Viability on each individual site will depend on what the public sector is willing to do and what the private sector is willing to risk. It changes month by month. It is a fluid concept. The way that the NPPF describes viability and the way that it is playing out is extremely troubling in some areas in terms of outcomes for people.

Q144 Mark Pawsey: You are critical of the application of the viability test, because you have argued that the reduction, for example, in affordability requirements for local authorities has coincided with developers increasing their profits, although Dame Kate has drawn our attention to the fact that the NPPF was introduced at a time of very low house building and more sites needed to get away. Developers only develop in order to make a profit. What is wrong with that?

Dr Ellis: There are two quick points there. One is that the development model in this country, as the Callcutt Review in 2007 pointed out, is unique. The current-trader model is completely dominant. That is not how development takes place across most of north-west Europe, where there is a lot more diversity. That is why we are so keen to push the idea of new towns and garden cities, because it is a different development model. In other words, in north-west

Europe, where the public sector plays a stronger role, development returns are not 20%-plus, and might be as low as 10% and below. That is very important, because the amount of money you are willing to take out for that does directly reflect on the ability of affordable homes to be built or other environmental benefits.

The point is this: if development economics cannot deliver the key things that we need as a society to build good development over the long term and we have lost a tremendous amount of affordable housing as an absolute loss to the system, does that not mean we should review very hard the way our development economics works?

Q145 Mark Pawsey: Does that mean that we should put a burden on the developer that simply means that the site would not get developed—i.e. it is not viable? Has it not been appropriate to relax the viability at a time of economic downturn?

Dr Ellis: There is always an argument about “let’s get stuff built”, but that gets back to whether it is quality. It is about the role of the public sector. Here is the economic paradox—and I genuinely cannot solve this paradox for the Committee. How is it that in every individual case house-builders will argue that local plan policy generally and site-specific requirements are unviable and yet over two years profits have doubled, broadly?

Q146 Mark Pawsey: Dame Kate, would you like to address that point for Dr Ellis?

Dame Kate Barker: I am not quite sure that people have said in all cases they are not viable; I think people would have said in some cases they were viable. It is true that developer profits have increased, but they have increased from levels that probably would not sustain those businesses over the long term. In the crisis, as you well know, many small developers have disappeared altogether—their businesses simply did not work—and many of the larger developers have survived by the skin of their teeth. There is a question about what you would expect.

Housing development in the UK is a cyclical business—it is a cyclical business in many places—and at some points in the cycle you will make more money than others, but you have to make enough money over the cycle to be able to cope with the risk. I do not immediately go from the fact that developer profits have doubled to say, “Actually, it was wrong to say two years ago some of the sites were unviable,” not least because two years ago it was quite hard to see what was going on. The sites have proved to be viable and the houses have been built.

Q147 Mark Pawsey: Many of the sites that are unviable are brownfield sites because there are costs of remediation that need to be incurred before development can take place, and therefore it is often more attractive for a developer to develop on greenfield sites, yet the NPPF does have a brownfield-first policy within it. Does the fact that the Chancellor announced last week that councils will be required to use local development orders mean that the brownfield-first policy has failed?

Sir Terry Farrell: Viability is a medium and long-term issue, not just an immediate issue. It may be seen by a planning authority that a greenfield site is coming forward and perhaps it should be considered, but the hidden costs of giving planning consent are a burden to the medium- and long-term society, because heat loss is greater outside of an urban area and transport and everything else has got to be built out to the homes that are in the farmers' fields and so on. The real costs of a brownfield site are not brought into the immediate equation enough.

Mark Pawsey: The real costs of a greenfield site?

Sir Terry Farrell: Of both.

Q148 Mark Pawsey: Have you got a view, then, Sir Terry, about how we effect more development on brownfield sites? We can all agree that it makes more sense to develop on previously developed land than to go on to agricultural land.

Sir Terry Farrell: By proactive planning, you start looking at where the densities should be and where the housing should be in the medium and long term, not only in the immediate term. That can be done by looking at the longevity, the cost in terms of energy and the cost in terms of transport. We need a positive policy, and I think it should be city-based, town-based and village-based.

Q149 Mark Pawsey: That is the policy. That is already the case, is it not?

Sir Terry Farrell: I do not disagree with a lot of what is in the policy, but it is all to be played for. We have to, at city and town level—

Q150 Mark Pawsey: When you say "played for", do you mean it is for developers to make the case for a relaxation of the viability rules?

Sir Terry Farrell: I do not think it is just developers that need to proactively plan. In our system at the moment, it is just the developers. The community should decide ahead of time what the plan should be in more definitive terms and not leave it to the developer to come forward with his suggestions, because all he can do then is say "yes" or "no".

Q151 Mark Pawsey: Dr Ellis, what do you think the Chancellor's statement says about the brownfield-first policy?

Dr Ellis: I am deeply puzzled by what he said. First of all, I cannot see that there is evidence that local authorities are in the way, through planning, of brownfield-site development. That is not my experience, particularly in the north of England. I am also deeply worried about how local development orders will work. We have just talked about quality and design and all the requirements that you need. If a local development order is going to be sufficiently detailed to understand requirements for affordable housing and all of the other requirements that Sir Terry has laid out, then it is effectively a planning application, so you have gained nothing. If they fulfil the Chancellor's wish to "remove all the obstacles" from the planning system, you are likely to get poorer quality development with very few standards and not much local control.

There is one very important issue here. Local authorities have lost control over large-scale extensions; they have lost control over offices to homes and to schools; they are about to lose control over warehousing to homes; and they are going to lose substantial control over brownfield-site development. There is a vital question: what is the weight and significance now of local planning in England? We do not have any other kind of planning, but there is a sense that it is being downgraded. It is to do with priority. It is just worth reflecting that there are lots of priorities in the NPPF, and the courts have recognised those, but some are given real political weight and testing through PINS and some are not. Brownfield has not been, along with renewable energy.

Q152 Mark Pawsey: You would not accept that some of those relaxations are really to ensure that the people of this country have got homes to live in.

Dr Ellis: The point about it is that that would only stand if there was real evidence that planning had been a problem for the delivery of homes on those sites. I do not see that evidence.

Dame Kate Barker: I want to say something about a remark Hugh made. It is very difficult to generalise about brownfield or greenfield sites. We all have a view that brownfield sites will be more expensive to develop and greenfield is cheaper, and often greenfields are much easier, in a sense, to build out. Everybody would recognise that. It can be more costly to remediate and then more costly to physically do the building. On the other hand, we need more housing. We have to work out on average what we can afford. Building on brownfield sites will tend to mean that the developer will not be able to contribute as

much in terms of affordable housing or infrastructure—they may need more infrastructure—and that may mean that the public sector does not get quite the money it wants for the schools and roads. If that is the case, we have to do some building on greenfield as well as some on brownfield. I do not think probably anybody would say everything has to be done on one or the other; areas have to decide.

In these times when public spending is tight, it is quite difficult to bring forward all the development on brownfield sites. Under the previous Government, there was more support, with some of the regeneration areas and development on brownfield sites, and we saw more of it. Today it is a bit more difficult to afford that. I hope within time we will go back to being able to do more development on greenfield sites, but you have to strike the balance with the financial situation you face.

Q153 John Stevenson: I just want to touch on the issues of land-banking and build-out rates. Dame Kate, you said about a decade ago that you had concerns about the slow build-out rate. Is that a concern that you still have?

Dame Kate Barker: You probably have the advantage, because you have probably looked at my review more recently than I have. I think I said that there could be an issue about build-out rates, and I asked at the time I did the review for there to be a more serious look at the whole question of land-banking and land-banking of permissioned land. Such a serious look was conducted by the Office of Fair Trading, who concluded that there was not an issue with the land-banking of permissioned land. My recollection is that I expressed a concern but I did not express a strong conclusion. I asked for some work to be done and it was, and it suggested that there was not land-banking.

Just to say a little bit about this, we have just been talking about viability. In a sense, we set up viability on the assumption of a certain level of pricing over a time period. If you find, as you start to build a site out, that the price level does not support it, you either have to build out rather more slowly because you cannot make money or you have to go back and re-negotiate. It would be really quite strange—you could end up with ghost towns—to ask people to build out at a rate if it was such that prices were falling because in that area there was only likely at any one point in time to be so much demand for that particular type of housing.

Q154 John Stevenson: But we seem to have a housing crisis. Therefore, you would think that they would be building out at a very fast rate because there is this demand.

Dame Kate Barker: You would, but there is not always the demand for a particular type of housing. One of the issues sometimes is that in one location there is only one site being built out and people do have a choice; they may not all want to live there so they will look for a second-hand house somewhere else. Personally, I think the focus on build-out rates is not really all that helpful. People vary their build-out rates in accordance with demand; when demand rises, people do build out a little bit faster, but they will not build out so fast that the prices fall away. That is not surprising.

Q155 John Stevenson: Dr Ellis, you have said that land-banking is one of the “current difficulties in housing delivery”. What evidence have you for that?

Dr Ellis: The written evidence that we gave tried to make this point, which is that if you have a highly speculative model of development, which, as I said, is unique to the UK, land-banking is an economically rational thing for the private sector to do because of the uncertainties that they would say were in the system. They also have an economically rational incentive not to flood the market with new housing, for example. It makes no sense for them as businesses to do that, for rational economic reasons.

Our point about that is that when the system was delivering the levels of house-building that the nation needs for social and economic reasons, it was delivering 300,000 or 350,000 homes a year in the 1950s and 1960s. Less than half of those were private sector; the rest were delivered through very strong planning. The most positive part of that was the new towns programme. This debate has got stuck in this country. If you want to get that kind of delivery, local municipalities, development corporations and government need to play a much stronger role in making that happen, because the private sector, left to its own devices, will adopt that rationality and cause us these perceived problems.

Q156 John Stevenson: Do you have any observations, Sir Terry?
Sir Terry Farrell: No, I do not on that.

Q157 Chair: First of all, I will address this question to Dr Ellis. The NPPF has a town-centre-first policy written into it, but the vast majority of retail development that has happened since the NPPF began has happened out of town and district centres. Is that because the planning system is failing or, as John Lewis have said in evidence to us, simply a matter of economic reality?

Dr Ellis: It is certainly the case that in the downturn local authorities found it much harder to uphold concentration on town-centre development, because, certainly in some communities, people were grateful for any kind of development. That is certainly an issue for many communities outside the South East. There is also a clear issue about priorities, a point I tried to make earlier. The NPPF does talk about a town-centre-first policy. We think it is a weaker test than existed before, but it is not one that is being very strongly enforced, for example, through the testing of plans. If you want to take that as a litmus test about what the focus is from Government, if you were to compare the focus on five-year land supply with the focus on town-centre-first, that is an extraordinary comparison. There is enormous focus—quite rightly—on the quantum of housing, but much less focus and political drive on town-centre-first.

The difficulty we have got about that is for the reasons Sir Terry has set out. We had this in the 1980s. This is what is so difficult. In the 1980s, there was quite a lot of deregulation and a tremendous amount of out-of-town development, which had a long-term social and economic impact on many communities. If we get that legacy again, it is not that town centres have failed but that we have made an active choice to help them fail by an un-co-ordinated approach to where retail development takes place. I am sure John Lewis—bless them—are very good, but you can only take on a big retailer if there is absolutely clear national policy that says, “Town centre first. Change your development model if you need to. Accommodate local needs, work with the local authority and attempt to deliver it first in those places.” That is how we would have got successful town centres going forward. Many of the problems about their decline are simply choices planning has made—in my view the wrong choices.

Q158 Chair: Sir Terry, I saw you nodding at that point. Perhaps you could comment as well.

Sir Terry Farrell: I am in agreement. We can look back at the planning decisions. It is quite a useful thing to do. I remember in my hometown of Newcastle, when they built the Metrocentre, it affected Grainger Town and Northumberland Street immediately. You cannot separate these decisions from each other and not see the connection. There has to be much more proactive planning. If you want to really help town centres, you have to think and set out how you are going to do it, rather than generally set out as a broad issue that it is a good thing. You have to go much further. My concern about the whole of the planning system and the NPPF is that none of it goes far enough—none of it goes positively proactively forward enough.

Q159 Chair: What would you like to see? What simple change would you like to see in it?

Sir Terry Farrell: It is a cultural change. I do not think there is one single individual thing. I would like to see environment, planning and design more integrated into school education at every level. I would like to see reviews applied—such as the PLACE review that we proposed—to the existing city, because very often a planning application is looked upon in its own terms as an isolated thing. You have to have a plan of a more comprehensive nature to sit it within, and there have to be more literate development committees to look at these things and understand them.

Q160 Chair: Dame Kate, you made a recommendation that the needs test that used to exist in looking at retail development be abolished, and the last Government implemented that. Do you think in hindsight that could have contributed to the decline in town centres? John Lewis again in evidence said if you were tougher on out-of-town development, it would not necessarily mean more development in town centres, but might it not mean that there was less wearing-down and less diminution of footfall in existing town centres and therefore less reduction in trade and effect on existing businesses?

Dame Kate Barker: I have to say I have not spent so long thinking about town centres in a retail sense since I did the review as I have thinking about housing, so I am not sure I have anything particularly useful to say, but it is apparent, I would have thought, to all of us that the way in which people use town centres and the frequency of going to town centres as opposed to internet shopping is changing very considerably. That is a big challenge for town centres. It must be a lively question as to what the future of town centres is going to look like and why we want to visit them.

I am not sure that the needs test has a great deal to do with that. My problem with the needs test at the time—and the problems that some of the retailers had with its abolition suggested to me that this was correct—was I thought it was fundamentally anti-competitive. It was about people saying, “We are here and we do not want somebody to come along and compete with us.” It is perfectly possible to run a position where you do not have a needs test alongside a proposition where you are still pretty strong about town centres. I do not see the two as being conflicting.

Q161 Chair: This is my final question to all of you. If we are in a situation where people’s shopping habits are changing and that is a fundamental challenge for town centres, where we want proactive planning in town centres to really get this sense of place, could that not

better be done if there was certainty in that we were not going to have, except in very exceptional cases, any more out-of-centre development on the retail front?

Sir Terry Farrell: That is just one element. I was involved with the GLA looking at high streets. There are over 600 high streets in outer London, which is an extraordinary amount, and they carry on an enormous amount of business other than just retail. They perform all kinds of other things. There are small businesses—hairdressers, accountants' offices, lawyers and so on—above the shops. Town centres and high streets perform a huge number of other functions. We need to understand these better and think in the round. I do not think the retail element and banning out-of-town—although I have some sympathy for it—is enough on its own. We have to proactively go out and find what makes a high street and what is the future of the high street in the digital age. There is an extraordinary range of other offers that a high street can make to a community.

Dame Kate Barker: I rather agree with that. A focus on retail is not always helpful.

Dr Ellis: I would say that there are fundamental changes to shopping in a digital age—there is an increase in internet shopping—but if those figures from the Association of Convenience Stores are right and 70% or so of retail space has been approved out of town, that is an opportunity for existing town centres to have had that business. That is real investment the private sector wanted to make. Ultimately, sustainable locations have to be focussed on existing town centres. Yes, it is complicated, but when planning policy is at its most effective, it is simple, clear and in the long term. We need a very clear steer from Government to say, "The focus now for a sustainable future for our communities has to be about sustaining town centres. We will not countenance any major urban area failing to the degree, as we get in Detroit in the US, that we begin to walk away from it." If that is the policy for England—as a fairly small island, it almost certainly has to be—then a much stronger policy on out-of-town would send the right kind of signal. No, it would not do the whole job, but it would certainly contribute to it.

Chair: Thank you all very much for coming to give evidence to us this afternoon.

Panel 2 Questions [162-195]

Witnesses: **Dame Helen Ghosh DCB**, Director-General, National Trust, **Liz Peace CBE**, Chief Executive, British Property Federation, and

Andrew Whitaker, Planning Director, Home Builders Federation, gave evidence.

Q162 Chair: Good afternoon, and thank you all for coming to give evidence to us this afternoon, in our inquiry into the operation of the National Planning Policy Framework. Just to start off with, could you just indicate who you are and the organisation you represent? Just go down the line.

Andrew Whitaker: I am Andrew Whitaker. I am the Planning Director at the Home Builders Federation.

Dame Helen Ghosh: I am Helen Ghosh. I am the Director-General of the National Trust.

Liz Peace: I am Liz Peace. I am Chief Executive of the British Property Federation.

Q163 Chair: Thank you very much for coming. Could I just begin with the issue of local plans? Dame Helen, I think you have talked about councils being “hustled” into producing local plans. I suppose “hustling” has a connotation of speed and rapidity about it. Actually, local plans go back to the 2004 Planning Act, so 10 years does not seem an incredibly short period of time to get local plans in place.

Dame Helen Ghosh: Chairman, the reason I was talking about local plans was that we think they are absolutely at the heart of what sustainable development really means. I suspect I might become a bit of a cracked record in this evidence and keep saying it all comes back to properly developed, properly consulted upon and well-thought-out local planning.

You are absolutely right that local plans have a long history but, when it comes to local plans that will have power and force post-NPPF, as you and Committee members know, old plans do not have that same power and force. We were very concerned when we got the LGiU to do a study last autumn to discover—and I think the figure has only crept up a little—that only 55% of local planning authorities had plans in place and, indeed, only 13% of local planning authorities had plans that post-dated NPPF. That is a concern to us, because it has led to, in our view, inappropriate appeals being given permission because the local authority did not have a plan in place. Plans for us are at the heart of successful implementation of NPPF.

Liz Peace: I would absolutely agree with that. This is one area where we and the National Trust are in complete agreement. Our concern, however, was how you actually push a local authority that has not done its plan into doing its plan. The whole presumption in favour of

sustainable development within the NPPF was meant to be that incentive to actually make local authorities that had not done it actually get on with it, because of course they would quickly realise that, if they had not got the plan in place, the presumption would come into force and effectively they might see development that they may not have planned for. This was all part of the way of getting them to face up to the responsibility of a plan.

From that perspective, while I accept that maybe some development would have been promoted that would not otherwise have got through, how else can you make these local authorities face up to the responsibility of a plan? I can think of a few other ways, but none of those were politically acceptable, so this seemed to me to be a good way of cracking the whip and getting the plans in place. Frankly, from my perspective and my members' perspective, we had very little sympathy with local authorities that had had since 2004 to get a good plan in place and, by 2013, still had not done so, which seemed to me a monumental dereliction of duty.

Chair: Presumably you agree with that.

Andrew Whitaker: I think it is very important not to see local plans as a task-and-finish effort. It is no good just producing a plan, albeit it is a long-term vision for the next 15 years, but then not ensuring that it is delivering what you set out to deliver. That it is why it is a very important part of the NPPF that talks about keeping plans up to date and talks about ensuring that it is delivering what you said you were going to deliver, which in my case is about delivering housing, which I am sure is the focus of your inquiry.

Q164 Chair: Is there not a fundamental contradiction inherent in the whole local plan process, though? They are supposed to be the vehicle to enable development to take place, but they are also a vehicle for reflecting local views and concerns, which might be that people do not want development in their area.

Dame Helen Ghosh: Surely the purpose of a local authority and local democracy is precisely to balance the interests of local communities and the wider community, and fundamentally that is what the planning system is doing. It is balancing the interests of, as it were, the nation as a community with the interests of individuals. Although it is tough for local planning authorities and tough sometimes for communities, that is what the system is supposed to do.

Liz Peace: The examination-in-public process is meant to ensure that the plan is actually meeting the identified needs of a local community, be they either for housing or indeed for commercial employment land.

It is hugely important that you have that robust examination-in-public process and that is able to send the plan back if it is not actually meeting the needs of the constituency.

Andrew Whitaker: One of the reasons for the last iteration of the local plan and indeed that which is in current legislation is that it is a local development framework—a framework against which you can make decisions. Very similarly, I hear a lot of people still talking about development control and the development control system, and yet all of the guidance and the policy have been about development management, managing development and facilitating development. The NPPF is all about trying to change that culture into ensuring that local authorities plan positively, do manage development positively and do deliver what they set out to deliver.

Chair: We have had quite a lot of evidence from concerned communities. I think David is going to explore that. Sorry, did you want to pick up on that point?

Q165 John Stevenson: Dame Helen, you are very strong on local councils having a plan. Where councils do have local plans, do you think the NPPF therefore has succeeded and is a success?

Dame Helen Ghosh: One of the interesting statistics—and I do not know if this figure is the same percentage figure as the 55% that have got a plan—is that when we did the same LGiU survey, 60% of the local authorities that replied said that they did not feel that the NPPF had supported good democratic planning. Those are not quite the right words, but they did not feel that it had been a process that had led to a new democratic planning process. That is their opinion.

Q166 John Stevenson: What is your opinion then? Do you think it has?

Dame Helen Ghosh: Where the process has gone on satisfactorily—Liz was talking about the examination in public—local authorities will have come forward with a plan, even though it may not have been popular with everybody. It is not for me to judge in each individual case.

Q167 Mark Pawsey: Would it be helpful if the production of a local plan was a statutory obligation on the local authority?

Dame Helen Ghosh: It is way beyond the National Trust's locus to comment on that.

Liz Peace: Local authorities have to produce a plan. How you ensure that they do is something for those who are experts in the machinery of

government, but it seems a pretty crucial thing to me, which is why I think you need some means of, as I said earlier, cracking the whip and making sure it is actually done, be that through the presumption in favour of sustainable development or perhaps even some more draconian measures. As I said, ministers never warm to that.

Andrew Whitaker: I am actually a chartered town planner and, therefore, am a practitioner. I would support the statutory requirement for a local plan, but I cannot see how you are going to deliver that through the planning system, because I do not know what the sanction would be on a local authority that does not produce a plan, even if it was a statutory requirement. I think the NPPF is quite successful in very clearly stating how decisions will be made if you do not bring forward a plan and on what basis those decisions will be made. They will be made in accordance with the policies of the NPPF, which in turn deliver sustainable development.

Q168 David Heyes: We have received large amounts of evidence from communities that are concerned about the impact of development on their area. They say things like it is “open season” and they are talking of feeling “under siege”. I guess what they have in mind, Andrew Whitaker, is that it is some of your members they are besieged by. Do you have any sympathy for them?

Andrew Whitaker: I do not have any sympathy for them in using that kind of language. I do have sympathy for them inasmuch as planning and the local planning system are supposed to guide development. If they, as a local community or a local authority, have failed to do their task—which is to produce a clear plan, keep it up to date and deliver a five-year supply of housing in order to ensure that we do something about this housing crisis—then the NPPF is very clear that decisions will be taken for them and that the policies of the NPPF to deliver sustainable development will be applied. I do not think you could have made it very much clearer in the NPPF that that was the case, and a lot of people much earlier on should have read the draft of the NPPF, seen the way the wind was blowing and pulled their fingers out to produce a local plan.

Liz Peace: I totally agree with that. Part of the problem is that, for reasons that no doubt we are going to get on to later, development is fundamentally unpopular. Once people have moved into an area, they tend not to want anybody to move in behind them, and like to pull up the drawbridge. That is just a fact of life. Unfortunately, a local authority has got to try to get beyond that and above that, because the local authority has a duty to its members—its constituents, the people who live in the area—and to the people who aspire to live in the area.

I am afraid I would also be deeply sceptical about the people who use the sort of language you describe, because I am afraid they are those who just tend to say, "No, we don't want anything anywhere," as indeed anybody in my little town where I live tends to say. "No, I don't want any more development," even though we actually need more development for young people.

Q169 David Heyes: I take on board your point about emotive language, but these are the words that many people have used. These are grassroots people representing a feeling in their communities.

Dame Helen Ghosh: We have all made various points in our written responses on the lack of really good data in some of these areas, but the statistics that we have support that sense of being under siege, which I think is CPRE's term. There are a higher number of appeals being supported and the kinds of things we have seen in AONBs in terms of the number of appeals being upheld.

I am not sure where to introduce this theme, but one of the things that seems to me to be a dog that has not barked in the night, and which may genuinely be of concern to communities, is that the NPPF, particularly thanks to the work that my predecessor did, actually has a very good statement about sustainable development and what it should look like. Paragraph 7 is terrific. I read it and I thought, "I could really agree with this."

What has completely disappeared from the debate, and perhaps the Committee is picking this up with other witnesses, is whether any of these proposed developments that are getting through the net—which are being given permission—in any way equate with the principles of sustainable development. I kind of suspect, since we do not hear much about it, that perhaps they do not. This was about a presumption in favour of sustainable development. Are we actually seeing in these presumptive cases sustainable development according to the pretty good statement in here? I do not know is the answer.

Andrew Whitaker: I can provide an answer to that and that is yes, because the alternative decision-making mechanism is a Section 78 appeal to the Planning Inspectorate, ultimately an agent of the Secretary of State himself—and of course some appeals are determined by him—and the policies of the NPPF are applied when making that decision, because we do not have a local plan to go by or the authority is slipping up in delivering its five-year land supply.

Therefore, the delivery of the policies of the NPPF is sustainable development and, if you read any appeal decision, you will see the case argued very clearly: "I am determining this appeal in accordance with

the sustainable development principles of the NPPF. Do the benefits outweigh the harm? You do not have a five-year land supply," or "you do not have a local plan. Those are disbenefits to this but this development is sustainable development." I have seen lots of appeal decisions that have been dismissed and permission not granted on the basis of "I appreciate you do not have a local plan. I appreciate you do not have a five-year housing land supply, but this development is not to be considered sustainable development." There are many cases of that.

Q170 David Heyes: That is usually a theme: the same people who are saying to us they feel under siege will often refer to infrastructure problems—that the development is going to put unnecessary stress on inadequate infrastructure across the board. That has very often been said to us.

Liz Peace: I certainly do not demur from the need to establish proper infrastructure. It is back to what Andrew said and, indeed, Helen. The description of sustainable development is development that actually works, that does not ruin people's lives, and that puts in the appropriate infrastructure. One would very much hope, and Andrew said he has plenty of evidence of it, that the Planning Inspectorate understands what that means when they look at an appeal.

Q171 John Pugh: We had an earlier discussion about the retail and town-centre-first policy, and what we found there, very often, is that retailers come along and say, "I would love to develop in the town centre, but you have not got anything quite suitable." They do what is most profitable, which is to build an out-of-town centre and so on. Equally, parallel to the housing industry, a similar sort of debate can take place, whereby the developer says, "I would love to develop brownfield. We all think brownfield is better than open farmland, but it is not viable and fails on the viability test," or whatever. Are the viability provisions in the NPPF being used as an excuse for not developing brownfield land?

Liz Peace: You have to accept that developing brownfield land is generally more expensive, because there would be a decontamination, a clearance and all the sorts of things that you do not get when you are developing greenfield.

Q172 John Pugh: Is that generically the case for all brownfield sites or is brownfield too broad a category?

Liz Peace: I could not say one way or the other. It all depends. I disposed of a site in my days in the Ministry of Defence that required somewhere in the order of £23 million worth of decontamination before

it was in a fit state to be used for housing. As it happened, the state paid for that.

John Pugh: There will be a difference.

Liz Peace: Yes, of course. Generally, and Andrew will say what his members find, my members would find that brownfield would either be more expensive to develop or it would not be in the right place. The other problem is if you have plenty of brownfield and it is not in a place where there is likely to be demand for the buildings you are going to put on it, then there is not a great deal of point in developing it. You need to have a supply of brownfield land in the right place.

Chair: I have to suspend this sitting now for 10 minutes.

Sitting suspended for a Division in the House.

On resuming—

Q173 John Pugh: Building on your answer, Liz, you were saying, I think I am right in saying, that a brownfield site could be not very viable, not simply because it was full of old munitions or stuff like that but it might be in the wrong place and unattractive to the builder to develop. It is looking as though viability could be a very user-friendly criterion to use here and advantages the building industry rather more than most.

Liz Peace: A developer, one of my members, who are primarily looking at commercial or large mixed-use schemes, has to draw up a scheme of viability. If they want to develop somewhere, they will try to get the criteria so they can get it through their investment committee, so they can actually do it. If there are costs involved and they cannot make it stack up, then they will not do it.

Q174 John Pugh: In that context, a greenfield site next to an existing luxury development is a lot more viable than a brownfield site in an old factory where the houses built are to be of low value and so on.

Liz Peace: Yes, absolutely.

Q175 John Pugh: Given that natural driver to move in that direction, would a national brownfield target be useful?

Liz Peace: No, I think what would be much more useful would be some sort of national brownfield remediation fund. This is a financial issue primarily and this is about finding the resources with which to remediate brownfield land or bring it up to the state in which it can be used, assuming it meets the criteria I outlined earlier of actually being

in a place you want to develop and susceptible to the sort of development that a developer can make work.

Q176 John Pugh: Why should you have a national housing target, because you do not know where the houses are going to be built or whether the development sites are all suitable, but not a national brownfield target?

Liz Peace: I do not quite see how you could. The numbers for a housing target would relate to the number of people requiring houses.

John Pugh: Irrespective of sites, the availability of land does come into it at some point.

Liz Peace: Yes, but then you have to look at how you allocate the target. The Government has a target for the number of homes that we actually need. It is clearly not going to build them all in a place where people actually do not want to live. They have to find some means, and that is through the local authorities and the local plan. I do not quite see how you would have a target for brownfield land—what, “X% of your development must be on brownfield land”? We have tried that in the past and it did not always work, because you fall foul of what I said earlier, which is that there is a limit to developing on brownfield land if it is not where your potential customers or occupiers are.

Q177 John Stevenson: Andrew, in your evidence you said that land banking is a “myth”. Others have a view to the contrary. How would you support your argument that it is a myth?

Andrew Whitaker: We gave you a copy of our publication *Permissions to Land*, which went through the data that the LGA used to throw the claim that we are land banking, and it analysed that data and came to the conclusion that all of the land that they identify was merely work in progress. I think that, if we are to meet the housing crisis—and we need to build 200,000 to 250,000 homes a year—quite clearly we need to identify land for a million to 1.2 million dwellings. To criticise the industry for land banking when it has only 350,000 plots to develop is incorrect. We would expect to see the figure much higher than that, particularly where local authorities are actually including land that does not have planning permission in their five-year housing land supply. We would actually say, “We want all of your sites to have a viable planning permission,” because of the rate at which they are built out.

The LGA claims that it takes at least a year to build out a site. We do not dispute that; we accept that there is a lead-in time to building out sites, but we also put forward that there is a build-out rate per site and, therefore, if you want to increase house building, you cannot just

pretend that the industry will double its output on the site that you have already allocated. You actually need more sites to come forward through the planning system, because it is a fundamental issue of the market that the market delivers on a site at a rate. Now that rate changes depending on the economic climate but, historically, it has always hovered around one unit per week per outlet, so that is 50 a year. At the moment, we are a lot lower than that and it dropped to about half—about 25 per outlet per year. We are now back up at about 30 and we are increasing that because of the other measures that the Government has put in that allow greater access to mortgages.

We certainly have got the evidence, which we have given to you, that the industry does not land bank. We believe that local authorities should do more to produce robust trajectories that say where they believe the housing is going to come from to meet their five-year land supply, and they need to work positively with the development industry to make sure that that housing land supply is delivered, not wash their hands of it and say, "It is nothing to do with us."

Q178 John Stevenson: Andrew has touched upon another point, which is build-out rates. There have been suggestions in the past that the build-out rate can be slow. Is there anything that can be done to speed that up?

Liz Peace: My members will not necessarily be building the traditional semi-detached or detached houses on greenfield land; they will be tending on the whole to do large mixed-use development. From their perspective, the build-out rate or the construction rate for a development that they are planning will depend on take-up. If they think they cannot let something, they are not going to start it. If they think they are not going to be able to sell the houses, they simply will not start them straight away. The minute they do think they can sell them at a price that gives them an adequate return on their land and their investment, they will get on with it. I do not believe there is anybody in my membership who sits on land unless there is absolutely no possibility of making a viable development out of it.

Dame Helen Ghosh: This links with the theme that Mr Pugh was raising on brownfield, does it not? We do not, incidentally, support a target for brownfield development, mainly because we believe this should all be plan-led and it is very much for local democracy. We are concerned, and I will not go into the technicalities of land banking and not land banking, that there are 380,000 units out there not implemented.

It is possible for people, for the reasons Liz describes, to set aside a brownfield site with planning permission and go for something that is

easier to develop over here, which is a greenfield site. Brownfield is first for us; we like very much the positive things said in NPPF and the guidance. Although we are slightly puzzled, as I think colleagues are, by what exactly the Chancellor's announcement at the Mansion House meant, in terms of support, new money and old money, his heart is in the right place on brownfield, I think.

Q179 Chair: Just to follow up this issue that you have mentioned, I asked before about the conflict within the local planning system of development and community wishes. One of the issues around my own authority in Sheffield and a number of other authorities is that they have got the local plan in terms of five-year housing supply; they did a lot of consultation with their communities. Trade-offs were made; in the end, decisions were made. It has had to be redone, because the developers are saying, "Those brownfield sites you have in that five-year supply are not viable in the current climate." They probably would be viable in two or three years' time, but they are not now, technically, at this point. "Go back and redo your local plan."

Two years of further consultation—people are outraged about this because they are saying, "They are going to build on that greenfield site now," just because the developer, at this point in time, will not build on the brownfield site. In the end, it will completely overtake the wishes of the local community. You do not have a local planning-led system; you have a developer-led system by the back door. Is that a fair comment?

Andrew Whitaker: No, I do not think that is a fair comment, Chairman. What you have is an active planning process, and that is why I made my comment right at the beginning of this evidence that the local plan is not a do-and-forget document. It is an active management of development. If you are correct that, in two years' time, those brownfield sites will become viable, then someone will go and develop them but, at the moment, you have a housing need in your constituency and we need to meet that housing need in your constituency. It is up to the local authorities to have a local plan that is flexible enough to cope with the ups and downs of the market, in terms of viability.

Liz Peace: Indeed, the corollary of that, again picking up on what Helen said about the Chancellor's comments at his Mansion House dinner, is that if the site is not viable, then there are other ways of perhaps making it viable, in terms of some sort of national fund for regeneration of brownfield land, remediation, tax relief or something that actually encourages the more difficult sites to be developed.

Q180 Chair: Andrew Whitaker, you have talked about local authorities speeding up their processes and getting more land allocated. Do you think they might be more encouraged to do that if you speeded up your build-out rates on sites as well?

Andrew Whitaker: As I suggested to you and our evidence shows, it is all about the number of outlets that a local authority brings forward. The evidence to date suggests that we are still in a culture whereby a lot of local authorities seek to minimise the number of sites that they bring forward through the plan process in order to try to reduce the outrage or the problems that they have in actually allocating sites. They still seek to minimise that.

Q181 Chair: Might there be suspicion that, if they suddenly give permission for a lot more sites, you get fewer houses built on all of them, because the builders will only build so many in the end?

Andrew Whitaker: No, that is not true. What happens is that, as I said in my evidence, developers build at a market rate on every site. That is because of choice in the market. The fact is that not everyone, I am terribly sorry to tell you, wants to live in north Sheffield or in the middle of Sheffield. People want to live all around Sheffield and, therefore, it is the choice of sites that means that the industry will deliver more houses collectively, rather than merely releasing one site and saying, "Well, I wish you could build them at twice the rate." That is not how the market delivers.

Q182 Mark Pawsey: I would like to ask some questions about the perceived threat to the green belt. There are some people, and some of them have given evidence, who believe that it is open season now on the green belt and the protections that previously existed are no longer there. We have one green-belt campaign stating that "no councils in southern England are seriously preserving any piece of green-belt land." Are those who are encouraging such views scaremongering, Dame Helen?

Dame Helen Ghosh: We were very encouraged both by the tone of the NPPF and by the reinforcement given in the guidance that development on the green belt would be most unlikely to outweigh the benefit of having a green belt. So far, CLG and Planning Inspectorate decisions have been in favour of the green belt. On the other hand, we have more than 50% of the green belt authorities saying that they are pretty certain to have to assign land in the green belt if they are going to meet their five-year target on housing.

Q183 Mark Pawsey: How much green belt land has been built on in the last eight years?

Dame Helen Ghosh: You are absolutely right these are people talking about plans, rather than actuality, which actually brings us back to a theme for the whole of this hearing, I guess. Of course what we are talking about a lot of the time are threats and plans. What we need to see is the actuality. We need data; we need better monitoring and so on. We are not saying, in fact, that at the moment the green belt is being torn up. We think it is very important in terms of maintaining the viability of the communities within the green belt, stopping the sprawl and maintaining the beauty, in particular, of the undesignated countryside. Remember most countryside has no designation and most local people love their green belts, so it is one of those issues where this Committee and organisations like ours need to watch what happens.

Q184 Mark Pawsey: Dame Helen, you said that people love their green belt. Do you not accept that people often confuse the terms “greenfield” and “green belt”. An enormous amount of green belt is not attractive green fields. It is land that is in between communities that is there as a buffer. Very often, a bit of the green belt could be sensibly sacrificed in one part for the introduction of another part coming in, in order to allow development to take place.

Dame Helen Ghosh: It is possible, on a small scale, that that is true. I live in Oxford, which is one of these green belt authorities with an enormous housing demand. It might be possible if what you were talking about was a field here and a field there. If you were talking about fundamentally that very precious sense of green countryside that people can access easily from the city centre, that would be a very serious change. Small adjustments made as a part of the local plan are okay. Most communities would be very concerned about big incursions into the green belt.

Q185 Mark Pawsey: To the developers, does the change in the perceived threat to the green belt cause your members problems in getting development under way?

Liz Peace: My members would actually like to see a more serious and sensible examination of whether we have got the right green belt and whether, in fact, we could not sensibly use some of it for meeting some of this housing need. I stress we would like to see this seriously and sensibly looked at, without the sort of hysteria that comments about developing on the green belt seem to provoke. We do have a crisis in this country of providing enough homes in the right place, and to some extent the green belt has forced us into providing homes at a much greater distance from where people want to work, for example. Then you have the problems of traffic congestion, sustainability or

non-sustainability through additional travel. We would like to see a serious examination of the possibilities of being more flexible about using the green belt, but not all of it. There are obviously some areas of green belt that absolutely must be preserved at all costs, but we need to be a little more sensible and a little more mature about how we tackle the green belt.

Q186 John Pugh: The National Trust, in their evidence, says that only 23% of local plans since the adoption of the NPPF had housing figures lower than the old Regional Strategy figures. Mr Whitaker, you have drawn the distinction between having plans and delivering. Clearly a number of things have gone on: we have had a new planning framework; we have also had a degree of economic recovery. We are getting over-exercised about what the plans do and how the plans affect the picture, but, all things being equal, what difference has the NPPF actually had?

Andrew Whitaker: I think it has had a massive impact.

John Pugh: Upon supply?

Andrew Whitaker: Absolutely. We have started to see that impact come through both the local plans process and through the development management process, in terms of making decisions on individual planning applications. One of our fears is that you will recommend some far-reaching changes to the NPPF when, in fact, what we actually all want to see is long-term stability, because those changes have started to take effect. People have started to make very difficult decisions in some cases to review their green belt boundaries to allocate sites that meet objective assessments of housing needs. If we were to turn around and say, "Don't worry; we didn't really mean that," they would feel let down, because they saw that the NPPF was here to stay, they saw that it was very clear policy and they have allocated sites. The house building industry needs allocated sites to bring forward land for development.

Q187 John Pugh: What is incentivising builders, if not the prospect of economic recovery, a more buoyant economy and more around money around with the NPPF?

Andrew Whitaker: It is very difficult to say that the last two years of recovery have been solely down to the NPPF. I would not like to put myself on record as saying that. Obviously there have been a lot of other things going on, particularly in the house building market. What I am saying is that, if planning was a problem, and we suggested that planning was a problem mostly because people did not produce local plans, the big positive benefit of the policy in the NPPF is it is very clear

to everybody what you need to do in the planning system to address the housing crisis. That is why we would not want to see tinkering with the NPPF over the next short-term period.

Liz Peace: The only thing I would add to that, and it is not really in the context specifically of housing supply, is to echo what Andrew said. Please do not recommend major tinkering to the NPPF.

John Pugh: Major tinkering?

Liz Peace: Sorry, please do not recommend any tinkering to the NPPF. What the industry wants above all else is a period of settling down and stability, and getting used to just how the NPPF is now panning out in practice. During that period, the collection of data about how it is actually working would be extremely useful, because an awful lot of the comment that has been made is based on hearsay or individual cases—people writing to their MPs maybe because they have a particular grievance—rather than a wholesale collection of good-quality data.

Dame Helen Ghosh: We would certainly back what both Liz and Andrew said about needing more data, so that it is not an anecdotal debate. Again, this is not changing the NPPF; it is guidance to the Inspectorate and so on. We do hear of good examples of a bit of flexibility by the planning inspectors, in terms of exactly what you mean by five years' supply and so on, and we would like to see greater flexibility there.

The thought I would come back to, triggered by Mr Pugh's question, and I know you have explored this at previous hearings, is this one about the duty to co-operate. How in the end, when we have all these local plans, will this add up to the right hill of beans? If I think of my own local authority, Oxford and Oxfordshire, in the old world it was a plan where you could design your development outside the very tightly constrained city to the market towns where development took place. Now they are really struggling in terms of getting a pan-Oxfordshire approach, because of the individual demands being made on, for example, Cherwell LPA and individual LPAs. We need some greater sense of what the whole picture looks like built into how we operate the framework.

Q188 John Pugh: Changing that would not be tinkering.

Dame Helen Ghosh: I do not think that is tinkering with the policies set out. I think it is something to do with policy issues around localism and so on.

Liz Peace: It is more to do with actually clarifying the policy that is already there and perhaps has been interpreted in many different ways

or not at all, in some places. We have no problem with that. I would not consider that tinkering. We are quite happy with that.

Q189 Chris Williamson: What impact do you think the NPPF has had on the delivery of affordable housing?

Liz Peace: For the moment, I am going to defer that to Andrew, because my members have not done a huge amount of straightforward housing development. Do you want to have a go at it first and I will come in afterwards?

Andrew Whitaker: It has drawn attention to viability as a key issue in making both local planning policy and local decisions on planning applications, when you determine them, in terms of the effect of affordable housing cross-subsidy on the delivery of housing overall. I think that, because viability is a key part of the NPPF, it has focussed people's minds on the amount of dependence that we now have as a country on cross-subsidy of affordable housing and how expensive it is to cross-subsidise affordable housing.

Q190 Chris Williamson: Has the EU definition of affordability not made that a bit easier? Some have described it as worthy of George Orwell's Ministry of Truth.

Andrew Whitaker: I think we are now living in a world where affordable housing can be addressed through many different types of tenure. It is not the polarisation of social rented versus full-market home ownership. We have a lot of shared equity products. We have a lot of people who are in what we call the intermediate sector and, therefore, the flexibility of the definition in the NPPF is a positive thing rather than a negative thing, because it means that you can get more bang for your buck. It is easier to provide more shared equity than a small amount of social rented, which requires a lot of cross-subsidy. It is up to the local authority to decide what it wants. Does it want a little social rent or more shared equity? That depends on the profile of the housing needs that they have in their areas. The NPPF is very clear that you have to address that.

Q191 Chris Williamson: If it is easier then, why is it that the affordable housing requirements in Section 106 agreements have seen a dramatic reduction as a result of the renegotiations that have gone on? Is it the fact that builders' profits are being put ahead of the country's desperate need for genuinely affordable housing for the population?

Andrew Whitaker: If you asked any of our members whether their profits were put ahead of that, they would definitely tell you no.

Chris Williamson: As Mandy Rice-Davies would say, "They would say that, wouldn't they?"

Andrew Whitaker: I have no problem in sitting here before you saying that the private sector house builders are there to make a profit. Actually building houses is probably a side effect of that. We do not provide social housing; we provide cross-subsidy for social housing and we actually build it for you, as a country, as well, so I think you should be thanking the house builders for providing the affordable housing that we do, rather than giving us a hard time about making profit, which we also do.

Q192 Chris Williamson: I am not giving you a hard time about making profit, but the facts show, do they not, that as a result of renegotiations of the affordable housing requirement in Section 106, there has been a dramatic reduction in affordable housing across the country? I am posing the question: are profits for builders being put ahead of the requirement for more affordable homes for people? We need affordable homes, I would have thought you would agree, to ensure we have balanced communities.

Andrew Whitaker: I think that what local authorities are doing is, quite pragmatically, looking at the bigger picture and saying, "Do we need to deliver homes?" They have answered that as "yes". "Who is going to provide those homes for us?" and they have answered that as "It will be the private sector house builder." Then they go to the NPPF and they say, "What constitutes a willing land owner and a willing developer to provide that development that I desperately need?" The developer says, "In order to be a willing developer, I need this level of profit," and the landowner says, "In order to be a willing land owner, I require this level of land value." The local authority says, "Can you not make it a bit cheaper than that." I paraphrase. They then come to a negotiated deal.

In a falling housing market, which we have had—things are changing now—open book viability assessment shows that developers are not making excessive profits. It depends what you mean by excessive, but the local authority has to come to a deal with the developer, otherwise the developer is not a willing developer and they get no development. If you are dependent on cross-subsidy, then getting something is better than getting nothing.

Q193 Chris Williamson: I do not think I used the term "excessive profits". I just simply posed the question: were builders' profits being put ahead of the desperate need for affordable housing? Could I conclude then with this question? There has been an investigation by the Bureau

of Investigative Journalism last September that found that, across 77 planning authorities, a third of the previously agreed affordable housing numbers had been removed. Is it a failing therefore of the NPPF, which is actually making that housing crisis worse, the perception or image, or what do you put that down to? Is it a failing of the NPPF? Where is that failing or is it a failing that there has been this reduction?

Andrew Whitaker: If there is a failing, then it is one of the economy and the reliance on cross-subsidy from the private sector and the uplift in land value, which then was not there because we had a falling market. People had got planning consents with a high level of cross-subsidy for affordable housing that they then could no longer afford, either in terms of the returns that they, as a house building company, required in order to meet their shareholder obligations or to make the land value return to the landowner to ensure that they were a willing landowner. Therefore, something has to give.

You cannot renegotiate the entire Section 106 package, because the whole rules behind Section 106, which I believe have been stretched somewhat, are that you are supposed to mitigate the impact of your development through Section 106 contributions. That is for the infrastructure directly required because of your development, so that should be non-negotiable. Therefore, the only thing that is negotiable is the element of cross-subsidy for affordable housing that you are giving and that is a viability assessment. If there has been a failing, it is because we are over-reliant on the planning system capturing land value to provide the affordable housing that this country needs.

Liz Peace: To put that in the context of the larger mixed-use developers, yes, of course it comes down to the viability point, but there are a number of other demands made upon a developer that is doing something that is going to have a sizeable impact on the environment. There are roads to be built; there are new water supplies, new schools and new everything else. If you look at the impact of the Community Infrastructure Levy and the contribution that would need to be made to infrastructure, that also has to be set against the contribution to affordable housing. At some point, a developer will say, "You want me to contribute to public space. You want me to contribute to infrastructure. You want me to help build a new school or hospital, and you want me to subsidise affordable housing. I can do some of all of that; I cannot do all of all of that."

Q194 Chris Williamson: To paraphrase finally—although the last comment was a final one from me—just picking up on that, is what you are saying then that, if we are going to have affordable housing, we need a greater public subsidy? The taxpayer needs to pay for it.

Liz Peace: There needs to be more public subsidy than there is currently available to build truly affordable housing.

Chris Williamson: Would you agree with that?

Andrew Whitaker: The evidence shows that we need that, yes.

Q195 Chair: Just before I bring this to a conclusion, Ms Peace, you have come again this afternoon. You have been a witness to this Committee on many occasions in the past and we have always been delighted to see you, and thank you very much for the contributions you have made. I hear that in the autumn you announced you will be stepping down as Chief Executive of the British Property Federation. I thought I would put on record my personal thanks to you, but also the thanks of the Committee, and wish you all the best for your retirement as well.

Liz Peace: Thank you very much indeed. That is very kind.

Chair: We bring to an end the public proceedings today.