

SEEC Expert Panel: Housing & Infrastructure Delivery in the South East: One year on from the Housing White Paper

1 February 2018, Broadway House, Westminster.

Event write-up

This expert panel workshop was organised by SEEC to enable members to debate some of the opportunities and challenges for South East local authorities in supporting delivery of the housing and the infrastructure needed in their areas.

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Opening remarks – morning Chair Cllr Nicolas Heslop, SEEC Chairman

Welcoming the panel of public and private sector experts, SEEC Chairman Cllr Nicolas Heslop said that housing and supporting infrastructure are vital to underpin sustainable, successful South East communities and economies. He [highlighted](#) 5 key issues to consider how partners could work together to address:

- How extra council powers could help tackle unimplemented planning permissions
- Ways to meet the growing infrastructure funding gap in the South East – estimated at £15.4bn by 2030
- Help for councils to build more homes themselves

- Concerns about Government's new housing need calculations
- The need for clarity on the National Planning Policy Framework (NPPF) review.

Expert session 1: The developer's perspective on housing delivery – Tony Pidgley CBE, Chairman, Berkeley Group

Tony Pidgley [set out](#) his views on the importance of place-making and developing sustainable communities, and challenges to delivery:

- He emphasised the importance of timely infrastructure investment to unlock development of homes in the South East, and supported SEEC and councils' work to make the case for this to Government
- He acknowledged stretched local authority budgets make resourcing council planning departments adequately to deal with s106 planning agreements/conditions a challenge
- He said construction sector skills are a major challenge and his workforce had fallen from 14,000 to 12,000 since the EU Referendum – when he actually needs 16,000 workers. Berkeley is currently investing heavily in apprenticeships
- Berkeley is developing a factory in Ebbsfleet to build prefabricated modular units that Mr Pidgley hopes will revolutionise the industry and speed up delivery times
- He believes a Green Belt review is required and if the land doesn't add anything to the community it should be made available for housing – and the community should benefit from the uplift in land value from granting permission.

Answering member questions, Mr Pidgley highlighted:

- The importance of ensuring an appropriate mix of types and size of homes suitable to the location and need
- The need for a new approach to be able to capture more of the planning gain/land value uplift from granting permission to fund supporting infrastructure, e.g. developers' contributions should be proportional to house prices/ land price
- Concerns about land traders/speculators pushing up land values, but without an incentive to deliver homes – Government guidance is needed on this.

Mr Pidgley also extended an invitation to SEEC members to contact him directly if they want to discuss the Berkeley Group's role in development in their areas.

Expert session 2: The drive to deliver more homes

The role of Homes England – Sir Edward Lister, Chairman, Homes England

Sir Edward set out an overview of the new organisation's strategy and priorities. He said that the Chancellor intended Homes England (HE) to become its delivery partner – intervening much more directly in the market than its predecessor (the HCA) to help achieve Government's intended step-change to see 300,000 new homes delivered each year nationally:

- HE works in four key areas: land; finance; expertise and delivery. It has become much more commercially-focused – recruiting industry expertise into all departments
- Profits can now be retained by HE to be used as revolving funds to support future projects
- HE will focus on high demand areas and in the short term the approach is to identify investments that can be made into schemes to make them viable
- In the longer term, HE is looking at larger scale infrastructure investments to make sites workable
- HE will also look to use its powers of compulsory purchase. He also emphasised that whilst wanting to work in partnership with councils, as a last resort HE has powers to take over a council's planning function in exceptional circumstances of underperformance.

HE priorities include:

- Increasing delivery of social affordable housing, in line with Local Plan requirements
- Supporting modern construction methods, such as off-site construction

- Build to rent (not dependent on market absorption rates)
- Investing in a variety of schemes including Joint Ventures, partnerships etc
- Purchasing land for development where appropriate, but being careful to not be in competition with housebuilders or local authorities.

Links between housing and infrastructure – Phil Graham, Chief Executive of the National Infrastructure Commission (NIC)

Phil Graham opened by saying that infrastructure to support and enable housing development is a key driver for the NIC's work. It is listed as one of 7 priorities in the National Infrastructure Assessment consultation document. He explained that NIC's recent Oxford/Cambridge study looked at how infrastructure could support a growing economy and found that a key challenge for the area was delivering housing to support business needs.

Mr Graham said that lessons learned from the Oxford/Cambridge study could also be applied to other major South East infrastructure investment proposals, such as those in [SEEC's Missing links report](#). He emphasised the importance of making the case for infrastructure schemes by focussing on how transport investment can deliver other benefits – including housing delivery. It is important to remind DfT that not everyone will travel end to end along a new corridor but will use sections of it to travel between new housing and employment sites and that will be the source of economic benefits. He also said local authorities need to demonstrate to Government how they can work together across boundaries to ensure that those benefits are delivered. Better cross-departmental working in Government would also be important.

He set out 4 key lessons from the Oxford/Cambridge study:

- The need for better co-ordination between infrastructure owners and operators, local authorities and developers in terms of thinking about how infrastructure sits within local and wider plans for housing delivery and commercial development
- The importance of densification for development and looking at how you can make the most of transport hubs and the new connectivity provided by a transport scheme
- Strategic spatial co-ordination – how stakeholder local authorities can work together on a shared vision of what the infrastructure could support
- The importance of improving the market responsiveness of infrastructure providers through regulatory frameworks and financial incentives so that utilities do not become a bottleneck.

Mr Graham also updated members on NIC's forthcoming work:

- NIC will be looking at proposals to provide greater funding pipeline certainty for transport, catalytic funding opportunities (for example, through Homes England), and more freedoms to deliver at the local level (for example, removing CIL pooling restrictions, strategic infrastructure tariffs)
- The National Infrastructure Assessment consultation has now closed ([SEEC's response is available here](#)). An extensive programme of engagement with stakeholders is currently underway and a final document is due to be published in the summer of 2018.

Progressing 'Right Homes in the Right Places' – Simon Gallagher, Director of Planning, MHCLG

Simon Gallagher outlined the three aspects to the way Ministers are aiming to help improve housing delivery and achieve their target of 300,000 new homes a year – planning reform, an activist role for Homes England and ensuring infrastructure is in place. He said the challenge is to have these three things all working together.

The department is progressing the White Paper's planning reforms through forthcoming changes to the NPPF. Key issues are:

- Getting the standard assessment of housing need right
- Getting the proposed delivery test right
- Reducing the 'gaming' around 5 year land supply

- Tackling problems around viability
- How to encourage and resource more cross-authority planning
- How to encourage 'densification' around transport hubs.

A revised NPPF is expected before Easter 2018 for consultation and Government wants to see it in place by the summer. Mr Gallagher said an important test will be whether it is working in the South East – given housing pressures here – and he encouraged SEEC members to engage with the consultation.

In addition to the NPPF, he highlighted four issues for local authorities:

- The need to have an up to date plan in place to protect against speculative development and to underpin Homes England/infrastructure investment bids and support
- CIL and S106 are not working effectively. Government has made some proposals but wants a much more detailed conversation with local authorities about what will work. A key outcome should be that developers will understand what contributions are expected and can build viability costings into the price they pay for land
- Sir Oliver Letwin's review into unused planning permissions is intended to give a clear evidence base on what is actually happening on the ground. Simon is the lead officer, and South East councils are invited to provide him with evidence
- South East councils are encouraged to respond to the draft London Plan and ensure the South East's needs are reflected.

Expert Panel Q&A Session with Sir Edward Lister, Phil Graham and Simon Gallagher

Issues raised by members in discussion with the panel included:

- SEEC is leading South East councils' engagement with the Mayor of London on the London Plan, and will be submitting a response reflecting member views and recent discussions at the Wider South East Summit
- Developers are paying too much for land which impacts on viability. There needs to be much greater clarity on what the expectation for developers' contributions will be
- Rapid development often leads to poor quality housing and social problems follow. Homes England is building up its design capability so that developments become more about 'place'. The NPPF will look at how best to plan for the range of community needs. Local authorities have planning control so there is also a responsibility on them to ensure development is acceptable
- The Government's proposed housing need methodology has produced some unexpected results in the South East, as outlined earlier. Simon explained the new methodology would be the starting point for local discussions on need, and not necessarily be the final targets for Local Plans
- Prior approval (such as converting offices into homes) has been a major problem for communities as there is no requirement for developers' contributions towards infrastructure. It should be ended so that planning authorities can secure funding for infrastructure and ensure standards.

Expert Session 3: Responding to Grenfell and councils' role in building regulations & safety – Mark Norris, Principal Policy Adviser, LGA

Mark Norris explained that the LGA's two key objectives in the wake of Grenfell have been to ensure building safety & help local authorities with potentially unsafe buildings; and to represent local government in national policy and media dialogue. He outlined progress to date:

- Initial work focussed on identifying other social housing buildings that used the same aluminium composite material (ACM) cladding as Grenfell. 45 Tower blocks owned by 15 local authorities (predominantly in London) were identified, with a further 115 owned by Housing Associations
- Work by local authorities to identify tower blocks in private ownership with ACM cladding is ongoing – MHCLG estimates the number to be around 4,000 to 4,500
- LGA Officials and Lord Porter have highlighted to MHCLG a number of concerns including the amount of time it was taking to identify the buildings, the resources that would be needed by local authorities to identify them and funding required for this. They also asked for clarity on any powers

for councils to force landlords to take action once the buildings were identified. Discussions on these issues are still ongoing. To help ensure safety for the future, the LGA has been pressing Government for a definitive list of products that are safe to use as cladding

- Government has commissioned review of building and fire safety regulations by Dame Judith Hackett. Her interim conclusion is that the current regulatory system is not fit for purpose and final report is due before Easter.

Key issues local authorities should be aware of include:

- The focus thus far has been on ACM cladding, but other materials may also be found to be unsafe, for example, high pressure laminate
- 'Safe' cladding materials may be rendered unsafe if installed incorrectly
- Remediation costs may be passed on by building owners to leaseholders, which could be unaffordable for some and make them homeless – putting further pressure on councils' housing lists
- Demands on councils' building control and fire safety departments will increase.

Concerns raised by members during Q&A with Mark Norris included:

- Building regulations can be implemented by developers without reference to the local authority
- Many of the unsafe buildings have been signed off by private contractors, as part of national deregulation agenda
- The issue is not just the type of cladding but also the insulation it is paired with.

Expert Session 4: Housing White Paper one year on: What more needs to be done? – Lord Porter, Chairman, LGA

Lord Porter shared his thoughts on emerging policies and actions one year on from the Housing White Paper, including:

- Enforced sales of councils' high value housing assets should be used to fund new council housing – not go to Housing Associations, who he believes have a poor record of building new homes
- 165 councils now have a housing company. He advised councils to use structures that would enable them to retain ownership and control of stock. He also encouraged more partnership working between tiers on their housing ambitions
- The problem in housing is not planning – greater numbers of permissions are granted every year. The problem is they are not being built
- Modern construction methods will have to increase building rates by 80,000 a year to close the housing gap. The private sector can't achieve this on its own – Government should give greater support to councils building homes themselves as part of the solution too
- The £1bn increase in HRA headroom is not enough to help solve the housing crisis. Councils need more funding freedom to play their part in delivering housing
- The 20% increase in planning fees is welcome but it still leaves local authorities well short of full cost recovery.

Concerns raised during Q&A with Lord Porter included:

- The South East needs central Government to invest in infrastructure to unlock housing potential, as well as greater financial freedoms for councils, as its potential and success is being hampered by underinvestment
- The role and operation of developer contributions, for example CIL, need to be reviewed to ensure they contribute effectively to the infrastructure needs of the South East
- CIL should be focused on funding local infrastructure, but larger scale/cross-boundary strategic infrastructure should be funded nationally through taxation
- Capacity and skills are a key issue in the housebuilding industry and Government needs to improve targeting, with help from councils, and increase funding to tackle the problem in the South East.

Case Studies – Delivering housing and infrastructure

Affordable homes to rent & buy via council housing companies/delivery vehicles – Cllr John Ennis, Lead councillor for Housing at Reading BC

Cllr Ennis [explained](#) how Reading BC is tackling the challenge of increasing housing supply to make homes affordable to the young professionals and families the town needs. He set out a number of approaches the council had taken including:

- Setting up a housing company, which buys properties to let at sub-market rates
- Using a combination of Right to Buy receipts, HRA borrowing and S106 to fund the building of new council housing
- Using modular construction techniques to build low-cost housing for the homeless
- The introduction of a rent guarantee scheme for landlords who let at sub-market rates.

Note: SEEC has recently helped member councils set up a South East Housing Company & Delivery Vehicles Network, to share information and good practice. For more information please contact info@secouncils.gov.uk.

Matching infrastructure to housing growth – Cllr Colin Kemp, Surrey CC Cabinet Member for Highways, and Kevin Lloyd, Surrey CC Head of Economic Growth

Cllr Kemp and Kevin Lloyd [described](#) how the Surrey Infrastructure Study provides a clear cost evidence base to improve forward planning and making the case for investment across the county:

- The document was produced by Surrey Future, a collaboration between the county and its districts
- It details what is needed at both the local and county-wide level, if all planned housing and employment developments are to be delivered
- The December 2017 update shows a total infrastructure requirement of £5.5bn by 2031, of which £2.5bn is currently unfunded
- Tackling this gap will require partnership working between the county, districts, Government and other partners. The Study provides a basis on which this can be progressed.

Closing remarks – afternoon Chair Cllr Roy Perry, SEEC Deputy Chairman

Closing the workshop, SEEC Deputy Chairman Cllr Roy Perry:

- Emphasised the importance of all tiers of councils working together to deliver the homes and infrastructure that residents need
- Transport investment is important but is not the only issue. There is a pressing need for all types of infrastructure and the Government should weigh the relatively modest investment needed against the large amounts that South East GVA contributes to the national economy
- He also said that SEEC would work with member councils to engage with the Letwin Review.