

## Shaping growth across the South East

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Speaking notes 21 November 2014: **CHECK AGAINST DELIVERY**



Good morning.

I'm pleased to see you all here today to discuss the important challenge of shaping real growth for the future.

The South East has the UK's largest regional population with 8.8 million people. London has 8.5 million and East of England another 6 million. That's 23.3 million and rising. By 2024 we expect a 10% increase to 25.6 million.

This growing population makes it clear we need more housing. So the question is not whether we need new housing but how together we can deliver what people need.

Many residents accept we need to build more homes, so long as they are in someone else's backyard! Housing is often unpopular because it's presented as a standalone issue. Yes, housing is important but people need more than a roof. They also need jobs, transport, schools, hospitals, broadband, power and water supplies, as well as some green space around them. They need viable communities, not just identikit boxes.

But let's be honest -- if it was simple, there would be no need for today's conference. So let's look at how housing fits into the bigger picture.

**Jobs and the economy:** In 10 years the South East contributed £80 billion profit to the Treasury. That's £80 billion more in taxes than we received in public spending, providing money for the Government to invest UK-wide. In the same period London contributed £74 billion.

This means development in the South East must be about more than supporting London's growth. We have a strong, growing economy in the South East. In my own area – Surrey – our GVA grew by a massive 8% in 2012. China's GVA grew by 7%.

The strength of our economy means people are commuting **from** London to work here, so the South East needs both housing and commercial development. If we turn the South

East into nothing but a dormitory for London we risk damaging the financial returns from the South East's thriving economy. UK PLC can't afford that risk.

Also, as South East council leaders we find residents are far more likely to support jobs-led housing growth because they can see direct economic benefits for themselves and the community.

And we must remember that not everyone in the South East is wealthy. We have 484,000 children and older people in income deprivation. We need more investment in affordable housing to offer a decent lifestyle to the lower paid people that we need to keep the economy going, whether they are care workers, caterers or refuse collectors.

**What about infrastructure?** This is all the things that people need when they move into a new home, including transport links, schools, hospitals, GPs, broadband, power and water.

If these aren't in place we create problems for residents and businesses by adding to congestion, classroom overcrowding, healthcare waiting lists, poor broadband connectivity and the demand on utilities.

Local politicians recognise these problems and want to address them. But we need central government to cut the Puppeteer strings and give us the funding and powers to deliver what we know local people need. There's two ways to do this.

1. Invest a fair proportion of public money in strategic South East infrastructure to support our growth potential and deliver high returns to the Treasury. Think back to the South East's £80 billion profit. With the right investment we will continue to deliver those high returns, without it we will lose ground to overseas competitors and UK PLC will be the loser. We don't want to stop public investment in lower-return regeneration projects – that is clearly needed – but we **do** want government to strike a better balance between high and low returns.
2. Give councils greater control & responsibility over their own finances and then hold us to account. Councils have direct control over a tiny proportion of our income so our hands are tied on many things we want to deliver. Allowing councils to set and keep business rates and greater council tax freedoms would give us more to invest in supporting growth.

Infrastructure investment must keep pace with South East growth. London has almost double the capital spending power of the South East despite similar pressures. That's not the right way to nurture your greatest economic asset and meet people's needs.

**Developers** also have a role. They need to actually build homes when they have planning permission, rather than holding on to land or delaying completion hoping that prices will rise.

They also need to start building communities not just rows of boxes. Designing communities takes more thought and imagination. Other countries, such as Denmark are leading the way on this.

Jan Gehl is an award-winning town planner and architect from Denmark who champions communities. He makes sure new housing mixes up different sized homes so young and old people live side by side. And everyone has access to walk, cycle or use public transport to reach the places they go to every day, such as work, schools, shops, parks, leisure and health facilities.

I believe we could learn a lot from that approach to make sure we address all people's needs not just their need for shelter.

**The planning system and green space:** The planning system often gets a bad press for holding back development. Much of that criticism is unfair but changes could help councils deliver more.

For example the Lyons Review, supports several changes that SEEC has also called for – such as “use it, lose it or pay for it” powers to encourage developers to build; streamlining compulsory purchase to unlock stalled sites; and improving construction skills. But some of his other proposals could weaken local democratic leadership by strengthening the wrong people's hands and giving Ministers powers to intervene.

Lyons calls for a cabinet minister for housing but I believe we need an infrastructure minister instead – something I've called for over the past few months. New homes are important but they must be part of a package that will make our economy, communities and transport links viable for the future.

Here in the South East, we have a good track record of housing delivery, even while working through changes following abolition of regional planning. In the last three years

the South East built 61,200 new homes - the most in England. In the same period London built 56,500.

We also have some excellent examples of locally-driven joint working. In my own area, Surrey, we are building our 20 year future strategic vision of economic and housing needs, backed by infrastructure requirements needed to deliver that growth.

Neighbourhood planning is also an important tool in getting local community buy-in to growth. I've already mentioned the importance of jobs-led housing growth to local residents. The other big challenge is green belt.

In the South East many councils are already having to make tough decisions about whether to release green belt for housing. Neighbourhood planning can help involve people in their community's future – for example thinking whether some development in green belt can make villages and small towns more viable.

I support locally-led changes when extra homes mean there are enough pupils to prevent closure of local schools or enough customers to support local shops.

Development in green belt should not be ruled out completely but it must be done with great sensitivity. Our green space is the reason many people want to live in the South East, so we must not waste it carelessly. Council decisions on releasing green belt for housing must be considered in conjunction with local community needs.

London has plenty of brownfield land that rightly should be the first place to look for new housing development. But they should not rule out development of green belt entirely if they want to deliver their aim of meeting all London's housing needs within the capital to 2036.

**And finally:** Everyone here today needs to work together to tackle these challenges and shape growth that will work for our people and our economy. But let's stop building identikit boxes and start building real communities. I look forward to hearing how you can help those who need housing, so they can become part of their communities.