

Intro

Thank you very much for that generous introduction and a very warm welcome to everybody here at this Reform Business Day. It's amazing to see so many hundreds of delegates, and this session I hope you will find particularly important and useful because many of you will be in various different ways in and around the real estate sector, the residential sector, and the built environment is absolutely vital. And we've been working on this planning teal paper actually for a number of months, and so we're going to sort of set out our thoughts, proposals. It's a consultation. This is the critical thing to say. It's not a definitive policy, because whilst we've been listening to people, actually, there's nothing better than seeing something in writing as a consultation.

Now, we're not quite in government yet, although given how much we're influencing government, sometimes it feels it, and so we've called it a planning teal paper opposed to a green paper, and we'll talk about this and take some questions for about 40 to 45 minutes, and then the second part of the hour and 20 of this overall session, I'm really talking about as a related but different issue, which is the the management of the local government pension schemes, which are big investors currently in real estate, primarily commercial, but also how we turn that into a British sovereign wealth fund that could be a significant funder of affordable social housing and the construction thereof. Now, those of us who've been in real estate for a long time-I mean, I remember back in the late 80s, the early 90s-and the constant theme amongst builders, amongst developers, oh, the planning department. I mean, they're under-resourced. There's not enough of them, and it takes too long. And this was literally almost 40 years ago.

I hear the same refrain from so many people here today. Part of these proposals is to address the crisis within planning departments, but also the crisis in planning overall. It has become far, far too complicated. Some of us are old enough to remember when you could stick a red line around a site, you'd have a couple of drawings, and you would go for a good old-fashioned outline planning consent. Do you remember those, Simon? And I remember in Burgess Hill we could get planning for an outline consent for 50 houses for about 10 grand, and at that point you've crystallised the value, and you haven't wasted half a million quid on all sorts of interesting, but at that stage unnecessary the provision of information, so planning it takes too long, it's too expensive, and the risk is too high too early in the process, and that's led to what we're seeing today, which is a collapse in the number of housing starts and housing completions.

'Planning Crisis'

It's manifesting itself all over the country, but in particular, it's worse probably in London. So we've got a planning crisis, but the other crisis we've got now a significant crisis is actually within our town centres,

the heart of our towns, our urban areas, and it really struck me during the May elections when the the state of our town centres and people coming up to me and saying, Richard, what's happened to my town centre? What's happened to it? And I see it manifest itself in my town of Boston, in Lincolnshire. It's literally been hollowed out. It's a shadow of its former self. The quantity of vacants, the quantity of vape shops and Turkish barbers and mini marts and amusement arcades, and that's not what really people want, and I'm thinking this is almost a national emergency status, and I think we've got to sort of we've got to be honest with ourselves, folks. In a way, we're all responsible for this for a variety of reasons. Planners were very generous in giving consents for what people wanted, which was big retail parks, out-of-town shopping centres with free parking, and greenfield consents for housing estates, and that's all great. But then, of course, what came along was the world of technology, online delivery. And things change very very rapidly, and I'm not sure that the planning strategy kept up with the pace of change.

And so, whilst planners were giving those consents, and the property industry was rightly responding to it, where was the strategic thinking about what's happening to our town centres, and I think no one's had the courage to grip it and say, "Hang on, folks, we've got a problem here, and we have to be honest, we do have a problem. And if we don't regenerate, rejuvenate, reinvigorate, and rebuild our town centres, they will go into a continuing spiral of decline, and that leads to antisocial behaviour and criminality and the like. So we have to change course. We have to be bold about this, and in a sense, we have to incentivise the property industry, builders, developers, contractors of all different sizes, to get stuck into urban areas, to town centres, to change course, and that's what these proposals are all about. And you'll like some of them, you won't like other parts of them. That's the nature of it, but one of the key things, and this paper on your chairs has been produced in conjunction with some serious experts, including probably one of the most preeminent planning cases in the country. I'll spare his blushes by not revealing his name, but you may sense some of it in what we're putting forward, but if you look at the whole issue initially of enabling brownfield development, actually we've got to have the courage to say, in most towns, with a few honourable exceptions, excluding London, excluding Birmingham, Leeds, Manchester, and Bristol. Actually, we need to remove any affordable housing requirement for residential schemes in brownfield areas in order to kickstart the viability on sites.

Removing Barriers

We need to remove the need for CIL. We need to remove the need for other Section 106 payments in order to ensure that we get some viability, and it's not just the big sites that some of you may have looked at; it's the small individual sites that have also become completely and utterly unviable, and we need to remove the need for people to say, "Well, you know, is there a compelling case for this in this location? Likewise, we all want to be sustainable and to look after the environment. But do you really need to do BNG, biodiversity, net gain issues, nutrient neutrality in town centre sites. Do you really need to do bat surveys in town centre sites? I'm going to have the courage to say no. All of this costs time, it takes time, and of course it consumes money, and that reduces the viability of schemes, so we

have to have the courage to say that we need to remove a whole load of these impediments to town centre and brownfield development, and we need to make permitted development much more permissive in these these brownfield areas.

So, for example, the change of use of buildings to residential was one of the best things, actually, that the Conservative Party did back in I think it was 2012. Nick Bowles, I think, was responsible, allowing the change of use from offices to residential with PD rights. Then that's been sort of peeling back. Unfortunately, we actually need more of that, not less of that. We have to have the courage to say that we've got to incentivise activity in our brownfield areas and remove the barriers. And then, likewise, in order to get more brownfield supply, and the mix at the moment is about 50-50 between brownfield and greenfield. We've got to make it easier, and we also think that we need to remove nationally imposed targets for land supply. We've just got to incentivise as much development in Brownfield areas as possible. Local planning authorities - they've got to get in with this programme, and we should be saying to them, because many of them actually don't like these nationally imposed targets, and we didn't used to have those targets 20 years ago, so maybe they can identify what is their real need in their area, but properly assessed. Okay, how can we identify our urban areas? And therefore, we do actually need to require greenfield sites, greenfield schemes to demonstrate that there is insufficient brownfield urban sites in that locality in order to justify greenfield development. Now, of course, there will always be need for that, but let's have a bit more creative thinking.

Regional/Local Planning

I look at Boston, and there are sites there when people say there's no brownfield sites available in my area. I'm sorry, I just don't agree. In Boston, for example, every street, almost there's a vacant site, vacant buildings that have been vacant and empty for at least a decade, sometimes two decades. You know, we had a four-acre site close to the heart of Boston, been vacant for literally 12, 15 years. Finally, something's happening on it. So we need to create the right incentives and make it easier in order to do that. And before I come on to some specific financial incentives, I just want to also talk about local plans because they've become a whole industry in themselves, and the current system we've got to develop and publish these local plans, and they seem to take forever, and they go on forever, and they get challenged, and it's a whole sort of legal industry. And it seems to me that we need to be brave enough to do things slightly differently. Why do we need these plans that stretch up to 20 or 30 years? Do we really need spatial, strategic, regional, spatial development strategies. Do we really need a London plan? Question mark.

Arguably, what's the point of it if it doesn't fundamentally deliver lots of London homes? When you hear that in one quarter this year, I think they had less than 2,000 starts in London. You know something has gone badly wrong. So maybe we should have cheaper, faster, shorter local plans without the overarching spatial development strategies. Maybe we should have a local plan where you cap the time

frame at just five years, and you cap the time frame to produce a local plan at one year, and you've got to get this done. And in a sense, this is what planning departments need to focus on, and that's part of the democratic process. And for communities that engage in local plans, too often it takes so long you lose the will to live. But if people know in a local community that it's a five-year plan, it's going to take a year to produce, then I think hopefully you get more proper democratic community engagement in the process, and they should be simpler, simpler for people to understand more map-based, why do you need to repeat all the national policies and then revise it to create local policies as well? Maybe we could actually just take the national policies as read. Maybe on national planning frameworks, it seems to have got longer and longer.

'Simplification' of planning

When the Conservatives redid it back in the 2010 to 12, I think it was, they reduced it to 50 to 60 pages. Maybe it's about quality, not quantity. And that process of having a fixed time frame to do local plans, I think, is important, and then you've got that one-year period, and then it lasts five years, and in the fifth year, that's the one year to start the next period. It's all about simplification. It's all about simplifying. For example, we have these strategic environmental assessments. It's got so complicated, so long, so costly. This stuff ends up sitting on the shelf or sitting in someone's digital library, and it never ends up being read. And whether it's small sites in town centres or on of the other end of the scale, spending a billion pounds on getting consent for a river crossing, and the JCB digger that you see back there hasn't even got to site, and we spent a billion quid. It's literally insane, and we also have the courage to say judicial reviews. Yes, there may be a place for them, but not. Rolling on forever and ever, where people have go after go after go, we have to curtail that on local plans as the same we have to curtail it on local planning decisions.

Incentivising Development

Now we've got to incentivise development on a general basis, and that means reducing the cost of building. I think the HBF estimate that in the last few years, the cost of building an average home has increased by about 40,000 pounds by additional regulations, additional specifications alone.

You know, heat pumps-they might suit some homes for some people in some areas, but if that costs 15 to 20 grand, and a good old-fashioned boiler costs three grand, that's literally the difference between viability on a new home in Skegness. I've got a site of 450 units; it's barely viable. At least it was given consent under a development consent order, which is a pretty rare thing. So maybe we should adopt what is used elsewhere. Why should a councillor or a planning officer determine what size of flats, what number of different types of flats-one bed, two beds, or three beds, flats, or homes that a developer puts on a site. Surely, actually, the developer, the house builder, is much more aware of what the

market demands, what the market wants. Let them decide. Let them make the decision. They'll sometimes get it right. Sometimes they'll get it wrong.

In countries like Sweden, the planning process is about the physical look and size and scale of the building. What a developer chooses to put in it is up to the developer. Of course, it's got to meet the important safety standards. That goes without saying. But on the basis that every cubic centimetre, every cubic metre matters. There's no one better to decide that than the developers, than the designers, the architects, and the engineers. I would argue that officers are not so well placed. So I think we need to be more trusting of the industry to get that right, and you can have the appropriate noise standards and barriers between apartments and things. But again, residential parking on sites, for example, we've become so restrictive. Schemes with no parking at all. Well, that might work in certain high-rise schemes in the centre of certain cities, but in most areas, actually, it's not what the customer wants. So why do we make it so difficult for people? Let the market decide.

And if the developer wants to provide an extra car space per home, and that consumes a bit more land, that's for the developer to decide, not for a planning officer or minister of housing who thinks they know better, despite the fact they've never built a house in their life. Frankly, so I think we've got to have the courage to change that. Now, democratic oversight is a vital part, of course, of this process, but why do planning departments have to be responsible to approve all of the detailed consent issues, all the detailed conditions once the original consent has been given? Maybe planning departments should focus on that democratic process to get an outline consent, focusing on the size, the scale of the building, the look of it, the volume of it, but then actually all of the detailed conditions. Why can't that be outsourced to trusted planning condition partners from some of the big practices, whether it be engineering practices, architectural practices, or some of the chartered surveyors, who can actually possibly act for both sides on an appropriate basis to say yes, that's the requirement, that's the condition.

Does the detailed conditions satisfy? That way, the developer knows they're going to agree a fee, they're going to pay it, and that that private planning partner will go through those detailed conditions on a rapid time frame and get it done, so that too much of this stuff doesn't get delayed. I come back to the very earliest thing I said, planning departments are clogged up by too much work, too little resources, and of course, I'll be slightly cheeky here. When you get really great planning officers, those in the industry nick them. So I think we've got to be honest about this and make some decisive change. The way this is done, if we do that, then I think we can have a faster, more efficient, better value process.

Judicial Reviews

And I then come back to this point about judicial reviews. I'm sorry, but it's completely absurd. Where you now end up with situations where you've got senior law firms in London on a sort of no win, no fee basis, going around a few residents in a small town and saying you can have a judicial review on a planning consent granted for a greenhouse. Honestly, we're better than that. We should be bigger than that. We should be more ambitious than that. And I think we have to say it's gone way, way too far. We need to tighten the period of judicial reviews. We need to tighten the ability for people to appeal them. And frankly, once you've had a go, you can't keep coming back for another go. It's just not fair.

Do you know the people who suffer the most? It's youngsters. It's young people trying to get on the housing ladder. So many of us were lucky enough to get on the housing ladder in our early 20s. Fat chance someone's got of that now. They might still be living with parents until their early 30s. We have to understand what's gone wrong here. We have to have the courage to say that certain things, like the ECHR, like the Human Rights Act, well intentioned, but have been used and abused by clever lawyers to the detriment of progress, and in particular to the detriment of providing affordable housing in areas that needs it, and we have to have the courage to say, of course, you know we love our listed buildings, but actually they do need using. What's the point of having a huge Grade II listed building near my constituency that sat there for 20 years, great brownfield site. It could accommodate hundreds and hundreds of apartments, but because of the restrictions, it's too difficult. It continues to sit there. It's frankly just negligent of us as a society to allow that continue.

Sometimes we should be able to say for grade two, normal grade two buildings. Actually, we need to make it much easier for that to be given consent to be able to make it more usable for modern type of use, and of course, without creating the most damaging harm. I just think we've got that balance completely wrong. And again, you go back to the list of building officers and planning departments. They get consumed by that stuff. I just think we've got to be more ambitious about it. I touched earlier on development consent orders, actioning. We should be able to, as part of a local plan process, if you've got a big scheme, whether it be brownfield or greenfield, if you've got a development consent order, A) we should have more of them, but B) it shouldn't be then so difficult that you keep having having to go back again and again on all the detail.

Tax Incentives

I'm maybe to touch on tax incentives because we can reduce the costs of some of the CIL and the Section 106, but some of you will say it still doesn't work, Richard. It's still not viable. We've got to be bolder and braver to ensure that we actually get sites, small sites in particular, to be viable in Brownfield areas. So what about saying, well, for a decade, on the basis that the government's got no money to give by way of subsidies or grants. But what it can do, and it's a sort of variant of what you see in some states in the U.S. we could give a tax incentive once you've built something. So what about if you said for any brownfield new home, there's no stamp duty for a decade? What about if we said on a new

brownfield home there's no capital gain tax for a decade, whether it be held personally or in some corporate entity? What about if we said for a decade on a new brownfield home there's no tax on any rental income generated?

I think that's why this is a consultation because people might come to me and say, "Richard, yes, but not quite. That's fine. That's what I want to hear. I think that sort of thing could stimulate lots of SME house builders, contractors, builder developers to say, "Yeah, on that small site over there, I can now make this work. I may not make a vast capital gain on the original construction, but then I've got no tax on any rental income. I've got no tax on any gain that I might get from years three to 10, for example. So I'm going to take a view. I'm going to actually go for it. And the multiplier effect on GDP, on jobs, on the supply chain, on materials during that process.

Stimulating further developments

If we could stimulate additional 10, 20, 30,000 homes on brownfield sites in places like Boston, Skegness, Tamworth, Dudley, all of these great towns up and down the country, and many, many more besides. Then I think we can start to change the narrative. And yes, that may well be mean. That builders, developers, house builders say, because I've got such a great architect, we've designed a really smart, smaller one-bed studio, one bed flat, similar to the brilliance that you see in some of the student schemes built up and down the country. Fantastic! Let's have more of it. If that means people can get on the ladder for a more affordable price in their local area, frankly, I say bring it on all day, every day, and that's what this is about.

And it's also about having the courage to say, well, yeah, if we were in government and we introduced this, yeah, I accept there's some risk involved. The biggest risk in life, as you well know, folks, is not taking one. You don't get profitable. You don't make money by staying at home in the bedroom, actually you've got to get out and take some risk. And I think in making planning policy, we've got to take a bit of risk. I think risk is a good thing, sensibly calculated, but then you have a sunset clause at the end of a four-year period of a parliamentary term, where actually the Secretary of State at the time goes back to Parliament and says, "Right, this is how it's working out, folks, and we've got this right, this right, this right. We recommend we tweak this and this. I think if we do that, we've got much more chance of generating a lot more development and shift the needle, shift the dial not only towards more brownfield development, but also more affordable development, and I think that you'll get that and reinvigorate that, particularly in town centres.

Business Rates

Which brings me on to the the issue of business rates, which is something which lots of politicians and people are talking about, but actually, at some point, and in fairness, Andy Burnham has touched on this in his first few weeks, that it's too challenging for small businesses to set up in a particularly town centre locations, particularly around retail, hospitality, and leisure, and I think we've got to be brave enough to significantly lift the threshold, the starting threshold for business rates in town centres for retail and hospitality and leisure. Currently, just over 12,000 pounds. You get a bit of relief up to 15. What about if that was raised to 40, 50,60, 70,000 pounds by way of an increase before anybody pays any rates for retail, hospitality, and leisure in town centre areas? That's what I want a discussion and a debate and a consultation on. I'm not setting a number. I'm wanting to get feedback.

You then say, okay, so there's a cost for that. Yes, but the reality is, 25 years ago, online retailing was less than 3% of all retail now, it's about 25 percent plus or minus. It's completely and utterly transformational in the whole space. So maybe we've got to say, well, if you want to encourage people to shop in town centres, then there is actually a there's an extra cost to buying online. Yes, it's very convenient. Chap rocks up and delivers your goods, your new pair of jeans or whatever, or your kebab to your home in short order. But there is actually an infrastructure cost to that, and I don't think that's properly priced in. So, what I want to hear about is what if you're going to rebalance that and give an incentive to people to go into the town centre to shop, give a rates incentive for people to to set up new premises, new ideas, new independent units in town centres. An online delivery tax is where we may need to go on this, and we we need to have a proper grown-up debate about is that the right solution, and if so, what's the number? Is it 1% Is it 2% Is it inflationary, or actually, maybe it's égalité because people in the town centre could bring their price.

Those are the sort of issues that we need to look at, and and related to that is of course the issue around well, the great Amazons and and other the online big tech firms, logistics, those who used to be in the town centre have now gone round the back of the town to a warehouse. Well, I can make a pretty strong argument that that's worked out very well for the for the online logistics businesses, but worked less well for the traditional retailers, the traditional town centres, who paid a terrible price. And so maybe there needs to be a rebalancing. Maybe that actually rents on logistics warehouses, big warehouses. We all know what those are, and actually, strong argument to say that they've had a great deal on rates.

Regen of Town Centres

So maybe again, that's a balancing that we need to look at, so that we can try and create a a fairer, more level playing field to encourage the the rebirth, the regeneration, the rebuilding of our town centres. It truly made me weak during these May elections when so many people came up and said, "What the hell's happened in this town centre? How have we ended up in this state? So this is a-it's a really important, it's a vital discussion, and people have a variety of views.

You'll think some of what I've said is right, but you'll look at the vested interest and say, "Well, that doesn't suit me on that. But I think we've got to be a bit bigger and a bit broader about this, and say it's not working out in our town centres, in our urban areas, and it's not just northern towns, it's not just Midland towns; it's all over the country. But there are some shining examples of where actually somehow the market has worked itself out, and I'll give a couple of examples of where a high street has re-emerged itself, reborn itself. Deal High Street, terrible trouble 20 years ago, full of independents. Now, Union Street in Ryder on the Isle of Wight, full of small independents. Barely a vacant shop. Barely a national retailer. There, these are the opportunities. These are where I think we go.

Conclusion

So, in conclusion, folks, before I invite some questions. What I would say is that planning is in crisis. Our town centres are in crisis. We've got to have the courage to relook at it and think boldly about reforming the way we do planning, reforming the way we do tax incentives to encourage residential development in our urban areas and reforming the way we do rates. So that is my conclusion, Simon. I know people are hopefully there's some questions before we move on to the second part of my speech, and we'll go over that just before I conclude. As part of what I said a couple of weeks ago, affordable council and social housing. Far too little has been built. As part of this, we have plans. We've announced plans to build an extra 50,000 social homes every single year. And part of the next session, I'll say partly how we can fund that, including bringing back a proper, attractive right to buy scheme. Simon. do you want to lead a Q and A session? We'll do that for 10 minutes, and then we'll move on to the second session. Perhaps you could join me in thanking Richard for that. So, ladies and gentlemen, huge amount of information here.