



Sustainable Transport in the South East

the key to unlocking the benefits of new housing

Monday 18 December 2019

10:00-14:00, City Hall, London

NOTE OF EVENT

Event Chair **Gerard Whelan, Director of Corporate Finance, Government and Infrastructure at KMPG** opened by welcoming and thanked Unmesh Desai AM for hosting the event at City Hall. He stated that there had been a number of regional TKH events and this was the final event of the series, focussing on the South East. He said that we are all here because we care about the communities that we live in. He added that the link between transport and community is essential. Gerard said that these events were about identifying barriers between housing and transport and working to provide workable solutions.

Unmesh Desai AM welcomed guests to City Hall. He highlighted that most of his work is around policing but said that transport and housing are key issues for all Assembly Members. He has a role on the Budget and Performance Committee which plays a part in scrutinising Transport for London. He highlighted that one of the most pressing concerns in his area of London and across London in general is the demand for housing. However, he highlighted that it is essential that transport systems are in place to accommodate the growth in population. He cited Barking Riverside as an example of this and how the extension of the London Overground was essential to the Barking Riverside development in which 800 new homes are being built. He spoke of the importance of a good transport links in helping London to move eastwards and that there were 14 transport campaigns that he has been focusing on in his area alone. But he highlighted that there was more work to be done and indicated that he was slightly disappointed with the Mayor of London's transport plan in terms of river crossings. He noted that from Tower Bridge to Dartford, there are no river crossings. He stated that he would continue to campaign for a proper river crossing further East. He thanked Transport Knowledge Hub and KMPG for their report.

Chair Gerard Whelan thanked Unmesh and said that London was a place people look to for inspiration in transport planning. He then introduced **Claire Haigh, Executive Director of Transport Knowledge Hub**.

Claire Haigh welcomed guests to the South East event and outlined that Transport Knowledge Hub's mission was to encourage investments which seek inclusive and sustainable economic growth. She said that it was a forum for sharing good practice and discussing key issues. She argued that one of the biggest issues facing the UK today was housing, as the government has set itself an ambitious target to build 300,000 new homes every year in order to resolve this crisis. She stated that the research has shown that investment in infrastructure will be key to unlocking the benefits of new housing. However, she stressed that new housing needs to be supported by good public transport alongside. She added that it was essential that we ensure that these new homes are well serviced by



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transport, otherwise we risk roads being congested. She concluded by thanking guests for attending and said she was looking forward to the discussion.

Chair Gerard Whelan thanked Claire and said that he was proud that KMPG was supporting TKH's initiative. He then introduced **Sir Peter Hendy, Chair at Network Rail** to give the keynote address.

Sir Peter Hendy thanked Claire, TKH and KMPG for inviting him to speak and for organising events across the country. He highlighted that there was always a difficulty between what transport is and what transport does. He said that the transport sector, and in particular the railway, are sometimes introspective and find it hard to talk about themselves. However, he said that the point of transport and connectivity was to bring people together for work, education and leisure and that it was essential to connect the two. He said Londoners are fortunate because the Mayor has the primary responsibility for transport and that the Mayor's Transport Strategy set out his plans for connectivity. Whilst he said that there had been a lot of cynicism over the plans, from 2002 onwards, he noted that it was remarkable in that almost all of it was achieved. He said that the plan had been more successful than anything previously.

Sir Peter stipulated that London's businesses had been at the forefront of driving forward the campaign for a London Mayor and they wanted a Mayor to enhance the city's economy, for plans to have legal force, and to have the power to decide where housing was going to be built. He argued that the transport plan is the means by which that is facilitated.

He stated that as cities get bigger, journey times often get longer and a good transport strategy was critical to resolving this. He spoke about the importance of third-party contributions to transport because it demonstrates that somebody else wants the infrastructure apart from the Mayor and the public sector. He said Crossrail was funded by businesses because they stated that the city didn't work well enough and were threatening to move to other European cities if it was not resolved. He said that Crossrail will demonstrate the benefits of connectivity to economic growth and that the growth in wealth for the South East will continue to be visible. He gave the example of Slough as a good example of development. He said that Crossrail 2 would build housing far outside of London and that people would get the benefit of it without having to pay for it. However, he highlighted that people are sceptical about third party contributions, particularly in the North compared to central London.

Bodies like Transport for London have been replicated across the country, such as Transport for Greater Manchester and he highlighted that this was a good model to justify transport investment. However, he stipulated that there was difficulty in regional governments raising money but that the central government was being generous with combined authority mayors. He gave the West of England as an example, which he said would benefit from the additional funding for transport.



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He spoke about his work with LLDC and that the Olympic Park was the most extraordinary international example of transport led development which was opening up East London to new opportunities. Stratford is now the sixth busiest station in London and it is very well connected. He highlighted that transport connectivity had been crucial to the ambitions of the Olympic Park and that the Park would not have been as successful without them. He then opened the floor to questions.

Cllr Linda Haysey, Leader of East Herts Council said that the Council were pursuing a very aggressive growth strategy in the area and that they had tried to talk to Network Rail because they were an integrated stakeholder in the policy. However, she said that the Council had found Network Rail very difficult to engage with.

Sir Peter said that this was a very reasonable complaint and that the railway network was not always easy to deal with. However, he stated that they had become easier to engage with and that as a lot of railway land is being disposed of, they are quite anxious now to form alliances to develop land which is next to the railway line.

Cllr Roy Perry, SEEC Chairman, Hampshire County Council said that he recognised the interdependence between London and the South East. He highlighted that one of the concerns for his area was rail access to Heathrow and called for a direct rail link between the South East and Heathrow.

Sir Peter replied that railway planners are always trying to balance demand. He added that Crossrail 2 will create far more train capacity and train journeys and that rail access to Heathrow was currently being actively considered by the government. He said that the government would like access to Heathrow to be paid for by another body such as the airport and third parties. He noted that Network Rail were very engaged in this debate but that it was important to recognise that the government wants other parties to pay for it. Sir Peter said that the rail access ought to be paid for by the airport and civil aviation authority. However, he said that it was clear that better access to airports enhances economic growth.

Dr David Metz, Honorary Professor, Centre for Transport Studies at UCL mentioned investment appraisal which doesn't take into account housing benefit. He asked what could be done about it and stated that there was a need for a new approach.

Sir Peter said that wider economic appraisal was more difficult to do but that the Department for Transport was slowly coming to terms with it. He noted that it was a shame that Crossrail is delayed because no one doubts the economic impact of the scheme. He said that people were waiting for this railway and that homes around it had already been built. He said that he personally struggled with the appraisal system and that it should be concentrating on more jobs and more houses.

Chair Gerard Whelan thanked guests for their questions and comments and thanked Sir Peter Hendy for answering them. He then invited **Chelsea Dosad** and **Ed Thomas** from KMPG to talk about the challenges and barriers in integrating transport and housing.



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Ed Thomas, Head of Transport, KMPG outlined the background of the report and the work that KMPG had done to bring together investment in sustainable transport with new housing development. He stressed how pleased he was that KMPG was supporting the project. He said that it was clear that transport and housing were interconnected and that there were very few transport projects which don't have a housing element. He noted that the government was trying to invest to bring forward 300,000 new homes and that investment in transport is critical to draw out productivity benefits of new housing.

In writing the report, KMPG had a lot of stakeholder engagement with over 30 organisations and lots of input from the National Infrastructure Commission, Ministry of Housing, Communities and Local Government as well as the Department for Transport. He said that the research would help to solve some of the existing barriers and help bring together funding so that organisations can do more with their money. He then introduced **Chelsea Dosad, Associate Director of Deal Advisory, Government and Infrastructure at KMPG** to speak about the findings of the report.

Chelsea Dosad said that she had led on the report and a lot of the work had been undertaken regarding funding reforms and judging business cases for investment.

First, she outlined that it was clear that sustainable transport integrated with housing strategy was critical to the government's goal of delivering housing and boosting productivity. Yet she noted that the majority of new housing developments are car dependent which is slowing down growth. This provided the basis for the research question: why do transport and housing operate in silos? The study sought to identify barriers to integrated development, identify possible solutions to overcome them and develop practical proposals for government and industry to help achieve better integration. The approach to the study was to conduct a thorough literature review to identify reoccurring themes that may explain a lack of integration such as funding, finance and governance which then led to an in-depth consultation with experts and conducting interviews and then identifying case studies which demonstrate successful integration at a local level. She noted that there had been really positive engagement across the sector and 38 stakeholders had inputted into the work. The series of regional events at the end of last year had allowed debate to happen around the barriers to integration and engaged with local areas to find out what has worked on the ground in combining the two policy areas.

She said that the report found six common barriers to housing and transport integration and they had turned these into eight proposals of how to tackle the issues. The first three of which relate to funding and incentives. The first is the need for longer term and more devolved funding to unlock housing. Currently, local areas have a maximum of three-year funding certainty for transport and infrastructure. The fragmented funding landscape creates a burden on local areas and results in reactive and short-term investment. She stated that if local areas were given funding certainty, they would be able to work with the private sector to tailor solutions that work for their local areas. Having that longer-term



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certainty to use in conversation with private sector contributors would be a leverage in funding.

Secondly, she highlighted that local areas should be able to capture a greater share of land value capture. She said that if we believe that investing in sustainable transport has a role in driving productivity, it should be mirrored in increases in land values as productivity benefits. There is a need for a new approach but this doesn't mean that land value capture is not a silver bullet. Furthermore, she outlined that what works in London and the South East won't necessarily work in the North. She said that solutions need to be developed and designed bottom up to capture value at the local level.

Thirdly, Chelsea stressed that local areas need sufficient resources to fund the capacity and capability that are necessary to plan strategically. Increasing constraints on local authority revenue budgets has eroded the ability of local authorities to pursue plan making activity that will lead to integration. She said that a report from the National Audit Office shows that local government funding has reduced by 49% and another recent NAO report showed that planning department budgets have reduced by 38%. She noted that this had a huge effect on the ground for both transport and plan making proposals and that it raised the question of whether local authorities need greater powers to raise their own revenue and to re-examine revenue funding from government.

She stated that the subsequent five proposals relate to policy and plan-making. She said the first is that whilst stakeholders generally welcomed the revised NPPF, the forthcoming National Planning Policy Guidance should clarify expectations to allow local areas to put into practice and avoid sustainable transport being deprioritised versus other development mitigations. As there is overriding pressure on local authorities to meet housing demand, clarifying the guidance would provide extra teeth for local authorities.

Secondly, she argued that local areas should develop spatial plans that integrate transport, housing and employment land, and where appropriate over a single economic geography. She said at the moment, local plans and local transport plans are often developed by different authorities or they are developed by different teams within a local authority. She stressed that this leads to different standards of scrutiny and different policy imperatives and overall, the plans are not tied together by a single policy of growth. However, she noted that the establishment of mayoral authorities has been very positive and gave the example of joint spatial plans in Greater Manchester and Liverpool City Region. The report suggests that as much as possible, local plans should be an integrated activity and planned more around existing transport authorities. She also advocated for corridor-based development which plugs new transport into existing infrastructure.

Chelsea noted that siloed public funding results in siloed economic appraisal approaches and decisions over value for money. However, she added that quantifying and valuing the wider benefits of integrated investment proposals is inherently difficult. She stated there needs to be more sharing of good practice among places and across the sectors to establish what good looks like.



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Moving on to the next proposal, Chelsea said that it was vital that sustainable transport provision is designed-in and from the outset in order to support the introduction of public transport services. Chelsea said that this was particularly important for buses as they are the main option for transport for most of the country. She stipulated that greater awareness of simple design principles for new housing would support a layout and pattern of new development that is more likely to encourage demand for bus services. Furthermore, she said that incorporating these design principles don't need to be costly if they are designed-in from the outset.

Finally, she said that local areas and transport providers need to work collaboratively to deliver innovative and cost-effective sustainable transport solutions for new housing. This was essential, she said, to ensuring solutions are responsive to changes in technology, demographic and shifts in social preferences. She added that if there was more devolved decision-making and longer-term budgets, local areas would be able to pursue innovation and foster collaboration.

Chelsea then welcomed questions, observations and comments on the report's findings.

Robin Brownsell, CEO of BeemCar Ltd stated that he was slightly dismayed that future mobility was only mentioned at the end of the report, given that Transport Minister, Jesse Norman had recently launched the future of mobility paper. He said that future mobility is at the core of the debate around sustainable transport.

Chelsea replied that the debate was ultimately around door-to-door connectivity and whatever the solution, it was clear that there was a desire for viable and alternative solutions to the private car. She said that future mobility had been a guiding principle in the report but it was not something that had been looked at in detail.

Nick Woolfenden, Head of Innovation and Partnerships at South East England Councils asked about land value uplift capture which he said was of huge interest to a range of people. He agreed that there was no silver bullet but asked if Chelsea had any recommendation on how to persuade the government that it is more than Section 106.

Chelsea replied that there was a need to convince the government of change and that in a fiscally constrained environment, it is essential that potential for land value capture is explored and used in those conversations. She made the point that in order to raise any form of local contributions, there needs to be mechanisms in place. With regards to the types of mechanisms, she said that this was something KMPG had done a lot of work in and that there had been a detailed study published by TfL which KMPG had made a significant contribution to. She said that growth strategies needed to capitalise on growth around stations and that land value capture is often only talked about with new developments. However, she said that the benefits of investing in transport is widespread affecting businesses and residents. She stated the need for mechanisms that tap into existing businesses, residents and landowners and said that when looking at the potential uplift, there was significant benefit in involving landowners.



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Lynda Addison, Chair of the Transport Planning Society asked how KMPG were going to ensure that the recommendations put forward in the report actually come into practice. She added that over the last couple of years, there had been a lot of good ideas but that they had been difficult to implement. She stated that it was crucial that government picked up on the suggestions in order to make progress.

Chelsea said that there were common and reoccurring issues that needed to be addressed and that this was part of the value in working with the Transport Knowledge Hub as it provides a platform to bring these issues to the forefront. She said that the upcoming spending review was an opportunity for all policy makers to influence the agenda.

Gerard thanked Chelsea for her presentation. He stated that far reaching reforms are needed and this can be achieved through persistent pressure from like-minded individuals to ensure that change does happen. Gerard then introduced the panellists who would be discussing the question *“how important is transport and wider connectivity in helping to address the housing crisis.”*

PANEL DISCUSSION

Opening the panel discussion, **Martin Dean, Managing Director of Bus Developments at Go-Ahead** said that there was still a lack of understanding amongst leaders of what is required to overcome reoccurring issues. He stated this is why Transport Knowledge Hub is important, to help increase awareness. He talked about the value of bus capital investment as well as the importance of property being close to bus networks. Whilst there is knowledge of how important rail is in unlocking development growth, he said that there is still work to be done in increasing awareness of the contributions that buses can make.

Following this, **Hilary Chipping, Chief Executive at South East Midlands LEP** said that economic growth is an essential element of housing growth and transport connectivity. She said that she had three points to make. Firstly, whilst there had been lots of reports stating the need for greater collaboration, she asked how the sector can put this into practice. She said that it was beneficial for everyone if we could make this work. From a developer’s point of view, she said it was extremely beneficial to integrate sustainable transport in the early planning stages as well as walking and cycling infrastructure. Secondly, there is a need for longer term commitment as the planning system often leaves out sustainable transport. She reiterated previous concerns about the appraisal system and said that there was clearly still an issue around it. Thirdly, she stressed that when people are moving into a new housing development, that is the best time to tell them about the public transport opportunities around them.

Next, **Naomi Green, Head of Technical Programmes at England’s Economic Heartland** stated the importance of creating places that people want to live and highlighted the differences in people’s transport needs. She said it was important to build transport solutions from the beginning. She added that transport systems need to be flexible to challenges and opportunities of technology.



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Rupert Clubb, Director of Communities, Economy and Transport ESCC, Chief Officer Transport for the South East stated that the discussion was not just about transport, but also environmental and social infrastructure such as health, education and leisure. The risk with the planning process, he said, was that you could end up with incoherent development which leads to unhappy communities as schools and health care systems are under pressure and meaning that the transport system doesn't feel fit for purpose. He highlighted that changes in demographic such as an ageing population, less young people going into car ownership and the ban of new diesel and petrol vehicles by 2040 were also essential elements to integrate into transport planning.

Tom Copley AM, Deputy Chair of Housing Committee, GLA said that from a London-centric point of view, the Mayor of London had set enormous housing targets of 66,000 homes a year. He highlighted that the bulk of the increase is centred in outer London where transport is less accessible. He spoke of the transformative effect of transport, in particular the tram link to Croydon and stated the importance of continuing to invest in public transport. He noted the importance of Crossrail 2 in unlocking 200,000 new homes along its route and that it was vital that the project went ahead. He also stated that land value capture doesn't work in other parts of the country and that he advocated for a land value tax, which he admitted was an ambitious proposal. However, he said that we wouldn't be able to meet the challenge of funding transport projects locally unless we can raise money from land value.

Finally, **Benjamin Clayton, Head of Strategy and Performance, Homes England** said that he supported everything that had been said on the panel so far and welcomed the publication of the report. He said that there was a need to become better at pointing to existing wins and used the Jubilee line extension as an example. He said that it had been transformative for East London. He argued that when making the argument for greater transport investment, there was a need to point to the clear wins. In terms of Homes England's role, he said that its mission was to fix the broken housing market but could not do this alone and needed to work with combined authorities, developers and transport providers. He said that once Brexit is resolved, there will be a shift towards housing and transport, irrespective of party or Prime Minister and people needed to be ready to engage with this shift.

Gerald thanked the panellists and opened up the floor to questions.

Tim Bellenger from London TravelWatch asked what could be done to support people on low incomes and ensure that these people can easily access the jobs that they need.

Tom Copley said that the answer was to build more affordable housing and that this is what the Mayor is doing. However, he acknowledged that it was not enough and said that an extra £2.7 billion in funding is needed to achieve the housing targets set out in the London Plan. He welcomed the fact that the government had abandoned the council borrowing cap as councils now found it much easier to access funding. However, he said



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that there was a need to reform CPO law to allow local authorities to purchase land more cheaply.

Rupert Clubb added that employment space for people needs to go hand in hand with development. He also stated the need to think about planning far more widely and not just as residential units.

Claire Walters from Bus Users UK said that whilst there had been a lot of good ideas discussed, she was concerned that a lot of the solutions revolved around urban and suburban areas but that public transport was in the most trouble in rural and seaside areas. She added that a lot of the options discussed today don't suit rural and seaside areas as there are no major employers and she said there was a need to consider those areas.

Naomi Green said that this was where innovation needs to come in and that there was a need to work with bus operators to look at new solutions which will be enabled by technology.

Martin Dean, Managing Director of Bus Development, Go-ahead said that there would always be a need for subsidies even with new technology. He said that new technology could provide solutions to transport issues in rural areas, subsidies were essential because this technology is expensive. Therefore, the only way to properly resolve transport issues in such areas is if local authorities are willing to provide subsidies.

James Harris, Policy and Networks Manager at the Royal Town Planning Institute raised the issue of air pollution. He stressed that recent studies had shown that transport has become the biggest contributor to greenhouse gas emissions in the UK. He argued that such data made the case for greater investment in sustainable transport and asked whether environmental impacts were helping to make this case or whether the priorities were still centred more traditionally around congestion.

Hilary Chipping said that air quality issues are much more prevalent in urban areas and there was a need for integrating sustainable transport into larger housing developments. She said that air quality has increasingly come up the political agenda.

Tom Copley touched on the congestion charge that will be introduced in central London from April. He said that it was a bold policy but that it would have an enormous impact on London's air quality by 2025. He said that air quality had become a great concern to people, particularly with children and has risen up the political agenda. He stated that he was pleased that Mayor was taking action on it.

Catherine Folca, Transport Focus said that the organisation had conducted research into non-rail use and found that perceptions around cost and convenience of other forms of transport could easily be changed. She gave the example of coach travel to and from Heathrow and said that due to trust and habit, people tended not to travel by coach. However, when people tried it, they actually found it easier than envisaged. She also said



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that when using apps to plan a route, coach travel wasn't an option. She highlighted that broadly speaking, bus passengers in England, Wales and Scotland were happy with the bus system that they use and that in fact, there was a higher satisfaction with these services than with rail. She said that some of the challenges of diverting people away from car reliance could be addressed by raising awareness of different forms of transport.

Rupert Clubb said that he had been struck by the transport emission statistics and that the issue was not just for leaders to consider, but that we all had a role to play. He stated the need to lobby for changes in the planning system as well as make personal choices to walk and cycle.

Martin Dean said that one of the advantages of buses was how flexible and adaptable they were. When movement patterns change, buses can adapt to this in a way that railways can't. He highlighted that buses shouldn't be forgotten about as they can help us to achieve successful integration of transport and housing.

Ian Oliver, Communications Business Partner at Highways England said that whilst Highways England was not traditionally associated with housing, since 2015, they have unlocked 38,000 new homes in areas adjacent to road networks and that they saw housing as an integral part of their operation.

Lynda Addison, Chair of the Transport Planning Society raised the issue of health and the importance of active travel to relieve the burden on the health system.

Tom Copley said that the Mayor of London was encouraging people to integrate 20 minutes of active travel in their commute and that this was a positive development to help keep people active and healthy as well as relieve some of the pressures on the health system.

Hilary Chipping said that housing developments must incorporate new cycling and walking routes in order to help keep people healthy. She said that this was an area that needed to be focussed on as there were huge health benefits to be achieved through active travel planning.

Naomi Green stated that the cycle route on the Oxford to Cambridge expressway had exceeded expectations. She stated the need for active travel to be integrated into strategic road networks and that it needed to be done early on in the process.

Phil Southall from the Oxford Bus Company said that with new housing developments, there had been an assumption that people wanted easy access to rail stations and that bus routes had been planned around this. However, they had found that people were satisfied with bus services and preferred to take the bus to their destinations. He said that it was important bus operators' voices were heard in this debate about transport and housing planning as well as the need for strategic conversations.

Chair Gerard Whelan concluded the panel by asking the panellists what one change they thought was essential to achieve the balance between transport and housing.



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Benjamin Clayton said there was a need for greater collaboration and working together to create places that are not rurally disconnected.

Tom Copley stressed the importance of land value capture as it could deliver not only a big amount of investment but also incentivise local authorities to build more houses.

Rupert Clubb stressed the need to take into account social and economic aspects in the planning process.

Naomi Green said there was a need to navigate the landscape of stakeholders.

Hilary Chipping said what was needed was a broader spatial strategy for planning and greater certainty over future funding streams.

Martin Dean spoke of the importance of increased journey time reliability for buses as it would make it easier to sell bus services to developers if journey times were accurate.

Chair Gerald Whelan thanked the panellists for their contributions. He said that there were two key things that he had taken away from the day's discussion. The first was the social benefits that would arise from better integration and the second was the need for coordination between funding and planning to deliver what we want to achieve. He thanked participants for their questions and attendance and brought the event to a close.

END OF NOTE