



Sustainable Transport in the North

the key to unlocking the benefits of new housing

Monday 26 November 2018

10.00-14.00, KMPG, 8 Princes Parade, Liverpool L3 1QH

NOTE OF EVENT

Event Chair **Gerard Whelan, Director of Corporate Finance, Government and Infrastructure at KMPG** opened by welcoming panellists and stating that KMPG were delighted to be hosting. Gerard said that guests attending the event were there because we all care about the communities that we live in, and we want those communities to thrive. He added that at times we do not always get the balance right between investment in housing and investment in transport, and the longer-term planning decisions are not always made in the right way. Gerard said that these events were about identifying barriers but most importantly working collaboratively to identify potential solutions. He then introduced **Claire Haigh, Executive Director of Transport Knowledge Hub**.

Claire opened by welcoming guests and thanked KMPG for hosting. She said that this was one of a series of TKH events looking at the role of sustainable transport in the planning and delivery of new housing. Claire said we are dealing with a multiplicity of issues, and it is vital that we make the right investments to deliver the right outcomes. Claire added that the hub is a forum for sharing ideas, discussing best practice and reflecting on major challenges facing the country, of which housing is constantly top of the list. Claire stated that the KMPG research has found that investment in sustainable transport will be key to the delivery of new housing and that it was absolutely crucial that these new homes are served by sustainable modes of transport. Claire said that sustainable transport is essential to unlocking growth, most notably investment in buses can bring about eight pounds worth of value in every one pound that is spent.

Chair **Gerard Whelan** then introduced **Chelsea Dosad, Associate Director in Deal Advisory, Government and Infrastructure at KMPG** who delivered a presentation on KMPG's emerging findings into sustainable transport and new housing. Speaking about the importance of the link between sustainable transport and new housing, Chelsea said that given the constrained fiscal environment that exists in the UK at the moment, there is a real need to maximise the economic returns of current funding, as well as identify new ways of increasing overall levels of investment. Chelsea said that the integration of housing and transport was so important because it increases affordability, enables greater density and more efficient planning, provides connected, inclusive and prosperous communities with increased economic activity, and reduces congestion on the road and car dependency. Chelsea said that there is evidence which has shown that the integration of transport and housing is not happening as much as it should do. Chelsea said that this was how KMPG's research came about: trying to identify the practical barriers that were preventing this integration and simultaneously putting forward solutions and then recommendations that the government can take forward. Chelsea said that KMPG had consulted with a variety of different stakeholders, including central and local government,



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transport operators, private developers, think-tanks and industry bodies and had identified the following barriers to the integration of housing and transport:

- Lack of committed, long term funding for local authorities discourages strategic infrastructure planning, which leads to short-termism. Chelsea said that the government's new city deal and devolution agenda was a step in the right direction in terms of delivering integrated transport and housing as it took a more holistic, longer-term approach to funding.
- Current developer contribution mechanisms are insufficient to fund sustainable transport.
- Local authority teams responsible for housing and transport often have been siloed in the decision-making processes, and having these teams separated means that there are often gaps in decision-making, as well as tensions between the planning and transport authority.
- Increasing pressures on local government resource funding results in limited capacity to plan strategically.
- Appraisers often do not have the strategic context to capture the holistic benefits of new housing together with sustainable transport.
- National Planning Policy Framework does not go far enough to promote effective planning for sustainable transport alongside new housing. As a result sustainable transport is often deprioritised in relation to other development mitigations due to the lack of definitive support that the NPPF provides to local planners. The Government's forthcoming National Planning Policy Guidance presents a real opportunity to clarify the importance of sustainable transport in the plan-making process.
- Sustainable transport is not typically prioritised in development plans that come forward from the private sector.
- The designs and patterns of new housing development lead to unviable sustainable transport services.

Chelsea went on to say that the next step for KMPG was to explore these barriers in more detail, develop potential solutions to these barriers and then identify the potential roles for local government, central government and industry to take them forward. Chelsea said that these were only emerging findings and that she was interested to know the audience's thoughts in case the research had missed anything important.

Chair **Gerard Whelan** then opened the floor to questions from the audience.

Mark Osborne, St Helens Council, stated that he was the director of a right to management company, and that something he had discovered working in transport planning was that in England there is a problem between leasehold and freehold which impacts on the viability of sustainable transport. He said that building 500 units freehold



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leads to spread out development and is easier to deliver, but leasehold is a lot more challenging. He said that he would like to see leasehold changed so that we can make developments stand up in a more sustainable way in density terms.

Chelsea Dosad said this is something that they had heard across the board and it was a “chicken and egg” situation.

Carl Peers, SYSTRA asked what role does KPMG envision demand responsive public transport will have in supporting new housing.

Chelsea Dosad said that during the consultation which KPMG had undertaken, the consensus was that encouraging different patterns of development spatially can help to sustain bus networks which would lead to a shift. She added that you would still need a critical mass of development to make bus operations sustainable, but that there was a role for demand responsive transport.

Alistair Hands, Commercial Director at Arriva agreed that demand responsive transport was not a silver bullet, but it does have a role to play. He said that demand responsive transport is a means to achieve other policy objectives such as better air quality and reduced congestion and that it was important to be able to balance the year one risk with the outcomes that need to be achieved.

Dr Conor Walsh, City and Borough of Leeds, said we often talk a lot about door-to-door mobility, but there is a role for corner-to-corner mobility. He asked whether there are any incentives in place to support and encourage this kind of sustainable transport.

Responding, **Chelsea Dosad** said that pricing instruments such as parking charges which would reduce car dependency are only viable if you can offer a good public transport alternative.

Chair **Gerard Whelan** said it would be good to hear some perspectives regarding market led incentives.

Cllr Stan Hill, Halton Borough Council asked whether KPMG had examined the Runcorn bus way that was built several years ago.

Chelsea Dosad replied stating that they had not examined that particular project but have explored designated bus lanes.

Ian Palmer, Head of Modelling and Analysis, Transport for Greater Manchester, said that in terms of achieving more integration, one of the barriers is that Homes England are concerned with maximising dwellings, and DfT are more concerned with the importance of improving journey times. He added that it is therefore difficult to get a project through with all the different agencies involved that will want to achieve different things.

Picking up on this point, Chair **Gerard Whelan** agreed that a siloed planning system and fragmentation between departments makes it more difficult to achieve integrated approaches to housing and transport.



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Moving the discussion on, **Matthew Moll, TAS Partnership**, stated that one developer had told him that the biggest incentive for them is to have evidence that residential schemes with a bus service are more valued than a development without. He asked whether KPMG had done any research in to this.

Chelsea Dosad confirmed that this had been mentioned during the research. She said that there were wider benefits for sustainable transport but that not all of those benefits will be reflected by the price of land and that it would be a challenge to demonstrate that this is the case.

Chelsea said that it came back to the issue of perception, and the answer was to identify how practitioners can work with developers regarding reducing car dependency on residential developments. She qualified this by stating that there will be reasons why you will not get a higher priced house with sustainable transport in comparison to a house with a garage and a driveway.

Continuing on this point, Chair **Gerard Whelan** said that it was important to put people at the heart of these sort of questions. He added that at the Midlands event, Midland Heart told the audience about some research they had undertaken which demonstrated that their customers view good transport connectivity as a high priority when looking for a new home.

Gerard then thanked Chelsea for her presentation and invited the next panel to speak.

Alistair Hands, Commercial Director at Arriva opened by stating that there is an opportunity to support housing with sustainable transport. He said he had three key observations he wanted to speak about. The first was that new technological trends within transport will have a crucial role to play in this space. He said that KPMG had picked up on this in their initial findings, speaking about the importance of automation, electrification and digitisation. Alistair said that he felt the order of these needed to be reversed, as digitisation is happening at this current time and should be first on the agenda.

He said we needed to explore how we can incentivise the market to act differently, so it encourages collaboration. Moving on, Alistair said that funding streams would be essential in this space. Alistair spoke about Arriva Click, explaining that it was an on demand bus service which was founded in 2014 with six vehicles in Kent and has rapidly expanded to the point where they now have 12,000 people who have tried the service. He added that they had carried out a survey of 100,000 trips which found that 80 per cent of users have switched from private cars to bus use, and that Arriva as an estimate has replaced 48,000 car journeys.

Alistair said that Arriva Click is continuing to expand and will shortly launch in Liverpool. Given this growth, Alistair said that Arriva have the ability to deliver wider social benefits, including the reduction of congestion and increase accessibility.



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Alistair then spoke about how they can achieve these wider social benefits. He said that it required a blend of funding streams and a need to balance risks. He said that these were complicated areas and that Arriva had spoken to a number of operators and local authorities about how this can be achieved.

The next panellist to speak was **Cllr Liam Robinson, Transport Portfolio Holder, Liverpool City Region**. He opened by stating that it was important to remember that transport was a means to an end and acted as an enabler. He said the fundamental point is that people want the most affordable and practical solutions to get them from point to point.

He said that it was important that transport events like this recognise that the UK have a housing crisis which is a genuine issue for all groups in society. He added by stating that transport has an important role to play in helping to solve the housing crisis, stating that if we are going to get a good housing mix then transport is key to achieving this.

Cllr Robinson then went on to talk about the planning system, arguing that if we are going to be looking at more dense developments then we need to think about how these sites are developed. He asked the audience why garages are still built as part of residential developments as nobody uses them anymore. He stated that there was lots of new housing developments taking place, but that some of these developments do not even have pavements to the nearest services – arguing that if developments are put forward like this then communities will continue to be car dependent as a result.

Cllr Robinson expanded on this point, explaining that there was a number of new developments that were being built without any bus routes serving them. He said this demonstrated that it was vital that bus routes are incorporated into developments from the outset.

Continuing on the theme of the planning system, Cllr Robinson said that we needed to be more imaginative about how we can pool developer contributions through S106. He said it was important that sustainable transport was factored in from the outset of any development, arguing it was important to contribute to transport as early as possible in the process.

In terms of rail issues, Cllr Robinson said that rail would not be a silver bullet for every new housing development, but that it was important that we thought about the cost of rail to developments. He said that the average station cost £30 million to develop, and that we should be asking developers to start investing in developments on a large scale.

The next panellist to speak was **Peter Molyneux, Major Roads Director, Transport for the North**. Peter opened by giving some background on Transport for the North, and how they were the first subnational transport body in the UK. He said that the organisation speak for the whole of the north with one voice, and that they have drafted a thirty year transport investment plan.



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Giving more detail on the draft transport plan, Peter said that it would explain all aspects of transport plans for the north over a 30-year investment period, allowing the north to address transport issues in an integrated manner. He added that the plan would be evidenced based and fiscally viable in order to ensure government support.

Peter added that whilst developing the evidence base, they had spoken with colleagues across the north in order to understand which areas new homes are expected to be brought forward. He stated that this allowed them to identify interventions so that new housing is supported by sustainable transport.

Talking about the importance of new technology, Peter said that contactless travel solutions would be vital. He added that Transport for the North were also keen to examine user behaviour and make better use of mobile phone data in order to predict changes within transport.

Moving on the discussion, Peter stated that having a 30-year plan was allowing for a more strategic approach to infrastructure and new homes. He concluded by saying that this joined up approach was allowing them to include agencies from both private sector and government and it is making the north a stronger place for people to stay and do business.

Ian Palmer, Head of Modelling and Analysis, Transport for Greater Manchester, was the next panellist to speak. He said that integrated transport planning and land use was important, and that hopefully we are moving in the right direction.

Ian said he agreed with Cllr Robinson that transport is a means to an end, but that it is a long process to make it viable. He gave the example of the Manchester bus way which he said was doing well, but added that it could have been implemented more quickly and in a more affordable manner.

Ian then spoke about the Greater Manchester Spatial Framework which was bringing together transport planners and land use planners, and that they were making progress but would require funding which was one of the key barriers that Chelsea had alluded to earlier, as it will require separate conversations with departments such as MHCLG and DfT and the Treasury. He qualified this by saying that collaboration is improving but that the process was too slow.

He concluded by stating that Transport for Greater Manchester are exploring ways in which they can be more creative in integrating transport strategies to support new homes, including ways in which they may be able to use funding to support this.

Next we heard from a Yorkshire perspective as **Stephen Edwards, Executive Director, South Yorkshire PTE** explained the work that South Yorkshire PT are doing as part of the Sheffield City Region Combined Authority. He said that the current stated ambition is to deliver 7000 to 10,000 new homes, adding that transport will be vital in helping to link these new homes together. Stephen said that it was also important to think in terms of



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the 70,000 new jobs that these new homes would bring, making transport even more important.

He explained that South Yorkshire does not have a single city centre, which makes it more of a challenge when it comes to transport planning. Moving on to talk about specific barriers, Stephen said that geography was a significant challenge, and that existing developments and brownfield sites are not always the best in terms of transport connectivity.

Stephen added that often design of developments are focused on car use meaning that sustainable transport is often an afterthought.

Moving on to discuss different modes of transport, Stephen explained that Yorkshire was a polycentric region and that people are trying to get to different places, so it was vital to think about the different types of transport, not just focusing on one area.

Stephen then alluded to the different types of development, arguing that we would benefit from more mixed land use developments, as purely residential developments often discourages more active forms of travel.

In terms of funding, Stephen argued that revenue funding is important, and that a lack of certainty around funding usually means that sustainable transport in off peak hours is not commercially viable.

Stephen said that transport planning should be at the very heart of developments from the very beginning of the process. He added that higher density developments would make sustainable transport more commercially viable, as well as other important services.

Stephen concluded by stating that in order to achieve a more integrated approach to transport and housing we would need strong public sector engagement in the development process.

Liz Hunter, Interim Director of Policy and Strategy, West Yorkshire Combined Authority was the next panellist to speak. She opened by explaining that she worked closely with the economic policy team which has been helpful in allowing for more joined up thinking between housing and transport challenges.

Liz said that the West Yorkshire Combined authority want to build 30,000 houses per year, and that it was imperative to see the transport challenge as part of the wider housing challenge. She explained that they had a number of challenges including the affordability of the housing stock as well as build out rates needing to be faster. However, Liz said that they had a clear vision about building inclusive neighbourhoods and encouraging connectivity.

Liz mentioned a number of initiatives that the West Yorkshire Combined Authority are already carrying out in this space. The first of these was trying to understand the pipeline of houses that are going to come forward. Liz explained that they had geographically mapped these developments out in order to be able to plan for the different layers that



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will be needed to achieve sustainable developments. Liz then talked about funding, saying that they were in receipt of growth deal money, as well specific housing funding pots. She added that they have a specific pot of funding for the a new rail station in Leeds which would be crucial in unlocking the benefits of new housing.

Other initiatives that Liz spoke of included the West Yorkshire Combined Authority's work with the University of Leeds on a land value capture model which would hopefully allow them to invest more efficiently in transport.

Liz moved on to talk about the importance of a joined-up approach between local and national government, and cited examples of how the West Yorkshire Combined Authority were putting this in to practice. She gave the example of the collaborative working between the combined authority and the Northern Powerhouse in Bradford to help support housing developments through rail services.

Liz summed up by touching on the importance of local connectivity. Given the number of growth corridors in the pipeline, Liz stressed the importance of bringing together housing, skills and jobs in an integrated fashion and to ensure that we have sustainable transport to support them.

The next panellist, **Joey Talbot, Researcher, Transport for New Homes** was able to give more of a housing perspective to the discussions. Joey explained the research that Transport for New Homes had undertaken, stating that they had visited new housing developments around England.

He explained that the research demonstrated that several new developments are forcing people in to car dependency. He said that this would lead to a number of negative consequences, including on health, social isolation, air pollution as well as more land being taken up by car parking.

Joey said that the research found it was not just the developments themselves that were having a negative impact, but also the destinations in which they are being brought forward. He explained in some cases it was impossible to travel to the town centre without a car, adding that most of the sites that they examined were not supported by good infrastructure and had low quality connection to local neighbourhoods.

Moving on, Joey said that a number of the developments had missed out on the opportunities that public transport could bring, explaining that very few new stations were being built to service these new homes. He added that this was due to the fact that many of these locations had not been designed with public transport in mind.

Joey explained that those new developments that were mixed land use were really making a positive difference. He explained that the research found that where there were homes in the same place as jobs and local services, it enabled sustainable transport to be more viable.



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Joey moved on to talk about other aspects of the research including the comparison to the Netherlands where sustainable transport was at the centre of housing developments.

Joey concluded by alluding to some of the barriers preventing a more joint up approach between housing and transport. He said that the planning system was concerned with the number of new homes and did not put enough focus on geography, whilst housing strategies were putting pressure on councils to build a certain number of new homes on sites that were not viable to sustainable transport.

John Walker, Director of Strategy and Planning, Gentoo Group was the next panellist to speak from a housing perspective. He opened by explaining that Gentoo were based in Sunderland and owned and managed around 29,000 homes across the North East and that they build around 325 new homes a year. He added that Gentoo were part of a larger consortium of housing associations called Homes for the North which have a pipeline of c.6,000 homes.

John said that the question raised earlier in the session regarding leasehold and freehold was interesting, adding that for large leasehold schemes to be built rapidly, it requires a lot of cash and has risks attached.

John then talked about the Washington new town development in the North East, which had at its heart a retail hub which was sufficiently supported by roads and bus infrastructure. He added that these sort of developments can be achieved if housing, spatial and transport strategy are more integrated. He said it was encouraging that this kind of thinking was being reintroduced.

John moved on to talk about the graduate brain drain from the north of England to the south, arguing that this trend is slowly reversing due to the lack of affordability in London and other places. He moved on to talk about the issue of the Objectively Assessed Housing (OAH) need not correctly identifying the number of homes needed in a given area. He explained that a piece of research that Gentoo had undertaken with Lichfields' showed that 500,000 new homes were needed over the next plan period, which he said was a significant uplift than the number suggested in the OAH.

John then moved on to talk about how we can integrate future housing need with transport and economic strategies. He said that Gentoo had carried out a piece of research with Transport for the North which looked at this issue. He said the research found that there is a disparate picture across the north and significant fragmentation which makes it difficult for strategic planning.

He concluded by saying that from the Gentoo Groups point of view, their biggest schemes are around 500 homes and that they have planning obligations to support bus routes and roads, but that it was more difficult for smaller developers to do much outside of their planning obligations.

Chair Gerard Whelan then opened up the floor to questions.



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Jordan Sargant, Transport Focus, was the first to ask a question and wanted to focus on the perception of bus use. He said that Transport Focus had noticed a decline in bus users satisfaction in regards to journey times. He asked how improving bus services for existing customers will support new housing coming forward?

Alistair Hands responded by stating that the bus issue can be solved by better planning. **Ian Palmer** added the perception of bus use is partly a branding issue. He added that it is about how we can convince people that the bus is a viable and attractive alternative mode of transport.

Peter Molyneux said that on demand ticketing services are a helpful way of convincing people to use bus services.

Ben Haddock, Arup asked the panellists how we can encourage housing developers to create places that are not linked to cars, and how we can invest more efficiently in sustainable transport.

Responding, **Peter Molyneux** said that trust funds used to develop garden cities were quite effective in terms of efficient spending.

John Walker added that there is money in housing but that a disproportionate amount of it goes to the land owner which then inflates the rest of the market, so it is a question of how we can get a fairer settlement on land value capture.

Ian Oliver, Highways England stated that this had been a very good discussion, and that it was good to hear about the inter-modality of transport. He said that there was large number of short journeys on the strategic road network, and it would be fantastic if there was an alternative. He asked how we can move away from the car and make inter-modality a reality.

Liz Hunter responded by saying that Ian was right to identify that the car still has a role to play in people's lives and that the car must be seen as part of the answer. She added that the challenge was integrating the car with other modes of transport.

Stephen Edwards added that the promotion of alternatives are important and making this information clearly available.

Chelsea Dosad said it was very good to hear ideas from panellists about how they can address some of the barriers identified in the KPMG report. She asked a question regarding year one risk, and whether Cllr Robinson could explain a little bit more.

Chelsea's second question was on planning policy regimes, and whether panellists thought we needed to be tougher in the planning proxy.

Responding, **Cllr Robinson** said we needed a joint venture type approach, particularly on longer term projects. He added it required more creative thinking.



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In relation to the planning proxy, Cllr Robinson said that we needed to be more imaginative in encouraging behavioural change. He stated that a car scrappage scheme where a bike was given in exchange could be a good idea.

Responding to question regarding year one risk, **Alistair Hands** said it is important to join together streams of demands and examine services across the spectrum.

Chelsea Dosad asked panellists whether there was something in the planning system that could be changed to support a more integrated approach.

Peter Molyneux replied and said that Transport for the North's 30 year transport plan will be informed by where the government tell them the pipeline of housing is due to come forward.

Stephen Edwards said it was a bit of a chicken and egg problem, arguing that if you do not have viable transport alternatives in place it will have an impact on the people living in urban cities.

Joey Talbot stated that it was absolutely vital that there was more joined up thinking regarding transport and wider infrastructure and services.

Chair **Gerard Whelan** then asked whether Network Rail had an opinion on these issues.

Andrew Spiers, Lead Programme Development Manager, Network Rail said that they are currently working on the development of Crewe and putting together a masterplan for the area in relation to the arrival of HS2. He added that it is really about the benefits that we can derive from this masterplan, but that there was a number of different stakeholder which made it difficult to bring them together. Andrew said that it was important that all organisations across national and local government work together in one joined up decision making process.

In relation to the geography of developments, Andrew said that Network Rail had recently built a new station in Rochester which was 600 metres further along than the former station. He said that in so doing, they were able to support the new housing that is taking place in that area. He concluded that transport is an enabler of future developments.

Chair **Gerard Whelan** asked whether the fragmentation of the planning process was inevitable or were there ways to better coordinate.

Responding, **John Walker** said that Lord Heseltine has recently talked about a development corporation model as a way of bringing some of these issues together, adding it may give you agreement, haste and certainty.

Ian Palmer said that it was fundamentally about creating collaborative models at different levels and across a variety of stakeholders.

Chelsea added that masterplans were seen as very useful by developers.



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Chair **Gerard Whelan** then brought the discussion to a close. He summed up the discussion by saying that a number of themes came out of today's event, which included

- funding streams
- coordination and fragmentation of the planning process
- do people have the right incentives to create joint ventures
- communication and public policy regarding widening the discussion on how to get this right

Gerard added that it was important that these debates are had. He then thanked Claire and the Transport Knowledge Hub, panellists and guests.

END OF NOTE