



SELECT COMMITTEE ON REGENERATING SEASIDE TOWNS AND COMMUNITIES

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Ben Pledger, Anne Frost, Giles Smith and Beccy Eggleton – oral evidence (QQ 1-10)

Tuesday 3 July 2018

3.15 pm

Watch the meeting

Members present: Lord Bassam of Brighton (Chairman); Lord Knight of Weymouth; The Bishop of Lincoln; Lord McNally; Lord Mawson; Lord Pendry; Lord Shutt of Greetland; Baroness Valentine; Baroness Whitaker; Baroness Wylde.

Evidence Session No. 1

Heard in Public

Questions 1 - 10

Witnesses

[I](#): Mr Ben Pledger, Deputy Director in the Cities and Local Growth Unit at MHCLG; Ms Anne Frost, Deputy Director, Private Rented Sector, Ministry of Housing, Communities and Local Government; Mr Giles Smith, Deputy Director for Heritage, Tourism and Cultural Diplomacy, Department for Digital, Culture, Media and Sport; Ms Beccy Eggleton, Deputy Director, Foundations Team, Industrial Strategy, Department for Business, Energy and Industrial Strategy.



Examination of witnesses

Ben Pledger, Anne Frost, Giles Smith and Beccy Eggleton.

Q1 **The Chairman:** Welcome and good afternoon to everyone. This is the first public evidence session of the Select Committee on Regenerating Seaside Towns and Communities. You should have in front of you a list of the various interests which members of the committee have declared. This meeting is being broadcast live via the parliamentary website. A transcript of the meeting will be taken and published on the committee website, and as witnesses you will have the opportunity to make corrections to that transcript where necessary.

Because it is our first public evidence session, we all have to declare our interests orally and publicly so that they are on the record. I will declare mine first, and then I will start with Baroness Valentine, on my left, and go round, and then we will start the questioning process. I am Lord Bassam of Brighton and I am the chair of the committee. I am a member of the Brighton Royal Pavilion & Museums Foundation, a member and trustee of the People's History Museum in Manchester, and a co-opted board member of the Child Poverty Action Group. I also own a property for rent in Eastbourne.

Baroness Valentine: I am Jo Valentine. I am employed by Business in the Community part-time to help get business to help regenerate deprived towns. In that capacity I have met Ben Pledger, and I am aware that Anne Frost is talking to Blackpool Council.

Lord Mawson: I am Andrew Mawson. I am the chairman of Well North and the chairman of a new company we have created, called Well North Enterprises, which is a community interest company. I am also the founder and president of the Bromley by Bow Centre.

Lord Pendry: I am Tom Pendry. I see that I am down as president of Ramsgate Football Club, which is very important. I am also president of the Football Foundation. That is probably what I should say. There are a lot of things that perhaps I should not say, but that is probably what I should say for this Committee.

Lord McNally: I am Lord McNally. My full title is Lord McNally, of Blackpool, and I am a member of Business in the Community's Blackpool Pride of Place national advisory board.

Lord Shutt of Greetland: I am David Shutt, Lord Shutt of Greetland. I am a trustee of Cober Hill Charitable Trust, which owns, and I am a director of, Cober Hill Ltd. Cober Hill is a guesthouse and conference centre based five miles north of Scarborough, about a mile from the sea, and it is operated on a not-for-profit basis.

The Lord Bishop of Lincoln: I am Christopher Lowson, the Bishop of Lincoln. As such, I have responsibility for a series of parish churches and Church of England schools down the coast of Lincolnshire, from Grimsby in



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the north right down to Boston in the south.

Lord Knight of Weymouth: I am Jim Knight, Lord Knight of Weymouth, chief education and external officer at TES Global. Among my executive responsibilities is the TES Institute, which trains teachers in coastal towns, I am a director of Labour: Coast & Country and a trustee of the Jim Cronin Memorial Fund, which has a strong relationship with a tourist attraction in Dorset.

Baroness Whitaker: I am Janet Whitaker. My relevant interests are mainly in Newhaven. I chair the coastal communities team there, I am president of the historical society and patron of the community centre. I am also a past president of the South Downs Society and an honorary fellow of the RIBA.

Baroness Wyld: I am Laura Wyld and I have no relevant interest to declare.

Q2 **The Chairman:** Thank you very much. Let us make some progress. I will kick off with the first of our questions. You will have seen some of the contextual material. We are interested in looking at the challenges coastal communities face, their complexity and the way in which they cut across different departments and disciplines, and so on. How is coastal communities policy co-ordinated both within the Ministry of Housing, Communities and Local Government, and across relevant government departments? I would like to get a feel for whether the UK requires a specific strategy for coastal communities and whether it needs something discrete. If so, what should it look like and what would be the component parts of its development?

You will also be aware that the Social Market Foundation recently reported, suggesting that a key problem for coastal communities is that there is currently no official definition of what a coastal community looks like. That is not only a valid observation but one that should probably trouble us. We wonder very much what your reaction as officials might be to that observation. If we can define the concept better, maybe we will get a better handle on issues and problems that confront coastal communities and seaside resorts.

Ben Pledger: I am happy to take that, and I am sure that colleagues will chip in. First, on the responsibility for policy, I am from the Cities and Local Growth Unit, which is a joint directorate between MHCLG and BEIS, and we are responsible for coastal regeneration policy. That jointness is the first thing to mention; we report jointly to two departments, because we understand that part of our overall remit is to support places. There is something about belonging to MHCLG and understanding communities, but also about belonging to BEIS and understanding industries and sectors.

On our coastal regeneration work, I guess our two overriding responsibilities are, first, working with these places, understanding them and helping them to meet the challenges they face, and secondly, helping them to navigate Whitehall. As I am sure we will come on to, the challenges



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facing different coastal towns are manifold. There are colleagues here who we liaise with as part of that. A practical example on the ground, for instance, is the work that Baroness Valentine has already mentioned—the housing work in Blackpool—and there is some of the work we do in Ramsgate around the port. So we try to co-ordinate conversations across Whitehall. Those are my remarks on how the department organises itself.

On the strategy, my experience from working with coastal and non-coastal places is that everywhere is different; therefore, you need to go and see those places, talk to the people and work with them to understand their challenges. In our experience, a national strategy for coastal areas is the accumulation of a series of local strategies, because every place is different. There are coastal towns with particular housing problems and ones which have lost key sectors, like the Navy and the fishing industry in Grimsby, so a one-size-fits-all national strategy would not necessarily work. Over the past few years, we have funded the coastal community teams that Baroness Whitaker mentioned, to develop local strategies so that for each of those areas we have a good grasp of the challenges they face and the opportunities they want to exploit.

There is a key moment right now for local industrial strategies to go much further on those and to understand in more depth the challenges those places face. It is a good opportunity to expand the area over which you think about the problem. If you think about the future success of Blackpool, for instance, it is not just about Blackpool being a success; it needs other key employment towns, such as Preston and Lancaster, to be a success too and for people to be able to reach those towns. We are taking that work forward with Beccy's team in the industrial strategy team in BEIS.

On the last point about a definition, travelling around the country you do see different places, some of which are estuarine. As part of our Coastal Communities Fund programme we have put a definition on what we consider a coastal town to be, which I am happy to read out here or just give it to.

Lord McNally: Read it out, if you would.

Ben Pledger: We define it as: "Any coastal settlement within a local authority area whose boundaries include UK foreshore, including local authorities whose boundaries only include estuarine foreshore. Coastal settlements include seaside towns, ports and other areas which have a clear connection to the coastal economy". That is what we issue to potential bidders so that they are clear about whether they are eligible.

Lord Shutt of Greetland: I have been thinking over the past few weeks about whether we should expand our thinking—probably not. One of the issues is that we should think about people going off to Costa del wherever, and not going to coastal towns. Do non-coastal resorts—I am thinking of places such as Malvern and Matlock; those sorts of places—have similar issues? Is it the issue of boarding houses without en suite facilities, or is it all about the sea and the seaside? Are there similarities there, or not?



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Ben Pledger: The way I phrase it is that to start with, a coastal town is a town. That is your first-order question. Our towns across the country all face different challenges. Some of them are similar to each other, while others are not. There are coastal towns that are mining towns and inland towns that are ex-mining towns as well. In the first instance it is a town. The fact that you are coastal suggests, from our evidence, that there are similar challenges quite a lot of the time. The one you mention is quite a big one, how as the amount of visits as gone down, the B&B stock has been turned into houses of multiple occupancy and used by the private rented sector. Anne might want to say something about that.

The Chairman: We have a question on that later.

Ben Pledger: There are other issues. We found that with transport there is the issue of connectivity. There is the nature of where these places are—I think it is called the end-of-the-line effect—which means that you are far away from anything. All the economic evidence shows that one key thing for the success of this country's economy is that people need to be able to reach a job, and there are issues around that. I could go on and on. Harwich has lost the Navy. The issues are very bespoke to each place but, where places share similar problems, we try to work across Whitehall to try to understand those and do something about it.

The Chairman: Connectivity seems terribly important to me. In that context, what work has been done with the Department for Transport to improve the connectivity of these end-of-the-line places, whether it is Harwich, Clacton, Swanage or wherever? It seems that rail links in particular are pretty critical, and some of the rail links to some of the coastal communities are pretty poor, particularly from major urban areas.

Ben Pledger: Yes. There are case studies of improvements that have been made through the DfT. There is now a direct service to Blackpool, for instance, and a direct service to Hull. We find on our travels things like the importance of understanding the role of local authorities and private operators. When I was in Jaywick there was a long conversation about the local bus service and the fact the last bus from Clacton came back at around 3 o'clock, so you could not realistically work in Clacton given that it is a three-mile walk. But helping those coastal community teams to be able to talk to those operators to have those discussions is important.

The Chairman: Right.

Lord Shutt of Greetland: I know what "direct" means, but it depends on where you are starting from.

Lord Knight of Weymouth: I want to paraphrase you; you said that in a sense you do not need a strategy. There is a Coastal Communities Fund, and we will talk more specifically about that in a minute. There is a Parliamentary Under-Secretary of State, Jake Berry, who has this in his line of responsibilities. In a strategy it could all be very local and bottom-up, but how does Jake add value if he does not have a plan?



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Ben Pledger: I would not say that there is no strategy. In terms of what has been done since 2010, we have set up 146 coastal community teams. We funded those to develop coastal plans, which were evidence-based documents that helped those places to understand the problems they wanted to address. That then allows us in Whitehall, where there are commonalities across departments, to convene people to have those conversations. There is the Coastal Communities Fund on top of that, as a bespoke funding package, and—I am sure we will come on to this—there are other funding streams that are bigger than the Coastal Communities Fund that help coastal towns. The local industrial strategy piece is the most important piece looking forward, because it will enable us in Whitehall and Ministers to understand where people need to intervene and where places are coming forward with the same issues. If there is a major internationally mobile investment opportunity, it should give us a greater understanding of where that might best be placed, for example.

The Chairman: You said that 146 teams have been set up. Do the local councils know that those teams exist, and do they manage to work with them effectively?

Ben Pledger: That is a good question. I would not necessarily claim to know about all 146. There is a mixed picture. I have visited Lincoln and the Thanet coast, where that relationship and knowledge was good, but I would not claim to speak for all 146. My team tries to make sure that the relationship with local authorities and local enterprise partnerships is as strong as possible.

Baroness Valentine: I want to carry on with that theme. As I know from Blackpool, it is too small to have an impact. You were commenting about different types of seaside towns and non-seaside towns. Some of them in smaller places work better because they are fit for purpose. So the question of whether those coastal teams work goes back to your one-size-fits-all point. I have the next question, but before I ask it, implicit in these questions is whether just picking at the problem in any of these difficult places will ever solve the big-picture problem. Are you confident that the industrial strategy will get us to a place where we are actually making a strategic intervention as opposed to little bits of help, which may be counterproductive?

Ben Pledger: Ministers have said that they want local industrial strategies to be evidence-based, locally owned, bottom-up documents, so that should give us—across England in the first instance, because this is a devolved issue—the clearest picture that we have had across all our economies of the challenges that they face. I totally accept your point about scale. I have been to the Broadstairs coastal community team, whose number one priority was trying to organise a summer concert and improve the signage, and for that area that is perfectly acceptable. As part of my work I have been to Preston to talk to the LEP about one of its four strategic priorities, Blackpool, which clearly needs to be tackled at a greater geographical scale.



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Lord Pendra: Without naming the 146, what is their geographical spread?

Ben Pledger: I am happy to share the map with the Committee afterwards.

The Chairman: That would be helpful.

Ben Pledger: It is England-wide. It is only England but there is an even spread throughout the country.

Lord Mawson: Given that a lot of these issues are long-term and take time, I am interested to know really how connected you are with the communities that we are talking about, in a micro-granular sense. Secondly, how connected are you with your other departments? My experience of joined-up thinking and joined-up action in these areas is just as it says in one of the reports.

Thirdly, this stuff passes over different Governments. My experience of CLG over the years is that every time a new Government come in, you have to talk to them again. There is no memory in the system, so a whole new thing starts again. I remember a chap from Sheffield telling me they had been there for 25 years, and the next conversation that he had following a new Government was as if they had arrived the previous week. You keep going round in circles, and there is not the detail and long-term joined-up thinking that is necessary to have a real impact. While we have all the structures and the processes, I suppose my overall question is: how much knowledge do we really have about what is going on here?

Ben Pledger: Beccy will come to the industrial strategy in particular. The Prime Minister has said that one of the tests of whether the strategy is successful will be if it is longer-lasting. In our jobs we travel all the time to see places. One thing that struck me in the last year when we went to MediaCity in Salford was that they said they had bought the land on the ship canal 30 years before and it had taken them 30 years to get this far. They said that the project was only half done and would be finished only when they were no longer on this earth. Those are the timeframes over which this type of stuff is done.

Lord Mawson: My question is: what memory was there in the department about that 30-year journey?

Ben Pledger: That is a very good question. Just to explain, half the staff of our unit are based outside London in eight regional offices, and each LEP area in England is allocated what we call an area lead who works with the LEP and local authorities to understand the place better. Your question about micro-knowledge is a very interesting one that we could probably debate all day because it gets to the heart of community engagement and the extent to which people feel they are influencing the decisions that affect them.

Lord McNally: Following on from Lord Mawson's question, is there any attempt to collate what works? Admittedly, there are around 140 places



and they are all very different, but there are common factors and there may be common initiatives that could work for one or more of these. Again it is the question of where you collect and use the evidence that is out there. Is there a single department that looks at this from a position of, "This is where the money is going and it is delivering results"?

Ben Pledger: As a joint unit, we are responsible for that. The difficulty and complexity of this work means that it is never about one issue, so even though we mainly lead on economic development, for instance, some of the challenges facing these places are very social, so it is a very difficult thing to know in granular detail. I should say that I am also the deputy director for leading the UK Prosperity Fund development, which is the post-EU replacement for EU structural funds. As part of that, we are definitely embedding into that work a real lessons-learned about what has worked and what has not, both domestically and internationally.

Lord McNally: What prompts my question is that we had a networking session during which the question of coastal defences popped up. You will know that the work on the coastal defences on the Fylde coast has also brought with it enormous benefits in terms of making the seaside offer much better. How much co-ordination is there to see that money that is going to coastal defences, with just a little tweaking, can also be something that could add to the tourist offer and general appearance of the community?

Ben Pledger: My team tries to influence other departments, and hopefully we will come on to our relationship with DCMS on some of its tourism policy and with the DWP on some of its policy towards older people. We know that one of the big problems facing coastal towns in particular is an outflux of younger people and an ever-ageing population, much more so than at the rate that the overall population is ageing. As part of our cross-departmental work, we try to reach out and influence the decisions of other departments when we know that they affect coastal towns.

The Chairman: That might be a useful point to move on to our next area.

Q3 **Baroness Valentine:** My question is about housing, specifically about B&Bs that turn into HMOs. We know this is a common problem in seaside towns and indeed beyond. I think, but I am not sure that I am correct, that Blackpool has the worst concentration of this. In Blackpool I see landlords making quite a good return based on housing benefit payments; I think it is 80% people with multiple deprivation living in the central area, yet the quality of the stock is slum standard. I assume this question is mainly your area, Anne. Could you comment on the general points but also specifically on whether housing benefit is functional? It seems to be driving lots of people into poor-quality accommodation, and in doing so giving the landlords high returns. Could you also talk about whether the licensing regime is strong enough to allow that level of quality to be acceptable? Could you respond in the light of how we eventually sort the problem out, as opposed to picking out a few houses and solving the problem there? How do you solve the sink estate and HMO problem around the country?



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Anne Frost: Let me try to go through all the issues that you mention. I suddenly realised that I should have been writing them down. I completely recognise the problem. You will know that I have been to Blackpool; we have visited some of those places and they are awful. It is clearly, as elsewhere, still a minority of landlords but they are a significant minority, and the standards are really poor. You mentioned that the problem is not just in seaside towns, and this goes back to the conversation that we were having elsewhere about the same issues coming up in different places: from my perspective, there are the same issues with HMOs in the centre of London as there are in seaside areas. The causes are different but the issues are the same, and we recognise that we need to do something about them.

For me, the issue is that none of the properties that you talk about meets the legal minimum standards. Those standards are clear and it is important that we do what we can to raise them. I know that local authorities sometimes struggle to find out where those properties are, which is why we do not know whether they are worse in Blackpool than elsewhere. Individual local authorities do not have the data that tells them how many of those poor-quality properties they have. I am not sure if we are going to cover some of your questions separately but, if I may, there are powers allowing local authorities to respond to those issues. The challenge is in how to enforce those when you have an awful lot of those properties, as Blackpool does. We would argue that licensing is definitely part of that story. There are different types of licensing. You will know that many seaside areas have selective licensing, so there are areas that they can really focus in on. For houses in multiple occupation, other types of licensing can be imposed. We have just extended HMO licensing so it will apply to more HMOs.

Baroness Valentine: Can I just check? Are you saying that, were they to satisfy that licensing, in your view the quality would be good enough?

Anne Frost: I am saying that if they satisfy minimum standards. For me, licensing is a way of targeting properties, then there is the case for enforcing on the back of that licensing. I fear that I have not explained it very well by the look on your face.

Baroness Valentine: I am just not clear whether you are saying that licensing is of sufficiently good quality. If they satisfy the licence, is their quality good enough?

Anne Frost: Licensing should be about enabling you to enforce minimum legal standards, because you know where properties are and can work that through.

The Chairman: But is it driving standards up, which I think lies behind the question?



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Anne Frost: In itself, it will not drive standards up. Licensing is a way of targeting those properties, but enforcement needs to come afterwards, which is a legal enforcement process.

Lord Knight of Weymouth: Are local authorities sufficiently resourced and enthusiastic about using their enforcement?

Anne Frost: Across the country some are very good at this and some are not, and one of our challenges is to work out why some are able to do this when others cannot. We are just about to meet up with every local authority in the country, over two weeks, to start asking some of those questions. Some are very enthusiastic and drive this through, while others struggle.

Lord Knight of Weymouth: Is there any pattern to that in terms of the size of the authority and therefore how much risk it can take financially around that, or whether they have a legal department—all those sorts of things?

Anne Frost: It varies so far, and we do not know everything yet, which is why we are trying to meet all the local authorities to learn that. A lot is to do with the priority that this is given within the local authority, politically and through the officials there. That seems to be one way to do it. One of the questions was about good practice; in other places you can have an individual who is driving this forward and making a difference.

Lord Mawson: This is about innovation, really, because these problems are sometimes ripe with the possibility of innovation. We had similar issues in Poplar 20-odd years ago. We decided not to create a housing association, because we were worried that it would turn too easily into a local-authority model and dumb down, so we created a housing company with residents which began to join the dots between housing, health, education and enterprise, which today has 9,000 properties and a £2 billion regeneration programme. What innovation are you seeing, because, if I am honest, in doing that it was massively difficult to make the structures of government and the DCLG, at the time, dance to a joined-up tune? Are you seeing examples of innovation in these areas, and if so—often it does come down to individuals and leaders who drive things forward with residents—what are you doing to support and grow them?

Anne Frost: We see some innovation in some places, and I come back to the point that we need to speak to everybody to find out exactly what is happening on the ground. Some are using the new powers such as civil penalties to recruit additional people, and other places such as Blackpool have housing companies that are buying up properties, doing them up and then renting them on the private sector market as different types of accommodation. In some places, such as Northampton, as I said, there are individuals who are really targeting bad landlords by working with the police—because these are criminals—and are working very closely with them to make sure that they do not operate in this way.



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Lord Pendra: What is your view of the recent recommendation that tenants should have a secure, three-year tenancy?

Anne Frost: We are asking that question and have just launched a consultation, so we need to understand what other people think about that. You will see that we are keen to ask that question, but we want to hear from tenants, landlords and others about what they think about that.

Lord Pendra: How long will that take?

Anne Frost: It will take a couple of months. I should know the date of that off the top of my head but I am afraid I do not. We just launched it yesterday.

Lord Knight of Weymouth: When I represented a constituency down in Weymouth with a large pocket of HMOs, which were, not untypically, around the station, a combination of bad landlords and anti-social behaviour from certain tenants became a nightmare for some of those people who were trying to carry on living in the way they always had—those houses had always been used for bed and breakfasts. How does that link with using licensing for enforcement and how it relates to anti-social behaviour and the policing of those streets and communities?

Anne Frost: You will know that selective licensing was an issue set up, and one of the issues was about anti-social behaviour. There was the assumption that the link between anti-social behaviour and poor landlords was absolutely key, and that tends to hold true. Again, it enables targeting, but it also means that if they do not have a licence, they cannot operate in that area, and the withdrawal of that licence is part of the response to those issues. Obviously we can go beyond that now, and outside selected licensing areas it is possible for bad landlords to be banned completely, which is another tool in the box that can be used to respond to it.

Lord Knight of Weymouth: What happens to the tenants who are displaced?

Anne Frost: It depends on whether they have to leave the property. It could well be that they do not. Part of the challenge when you are doing enforcement is that initially you want the landlord to improve the property up to a basic standard—that is the ultimate aim in all this. It is possible for the local authority to take over the running of the property in particular circumstances.

The Chairman: That is rare, though.

Anne Frost: It is rare, but it can be done, and in other circumstances the property will be sold on. So different things can happen as a result—

Lord Knight of Weymouth: But that does not quite answer my question. Say you have a bunch of tenants; dealing and other activity is going on throughout the night, and it is very difficult for everyone else living around these properties. We might be able to persuade the local authority to use



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enforcement powers against the landlord, and those tenants might then be evicted. Do we have enough places for those problematic individuals and enough support within our communities to deal with them?

Anne Frost: Obviously the local authority has a responsibility with respect to making anybody homeless, so it will be aware of the issues around that. There might be issues with how legal or illegal the behaviour of the tenants was. But the local authority will know that those tenants are there, and they have a duty to prevent homelessness.

Baroness Valentine: The transience point is very complicated. If they are coming from Glasgow and causing trouble, can you send them back? But that was not the point. I just wanted to ask you a point on numbers and the cost-benefit ratios in a number of areas. To take transport, you would never put a railway into any of these places because of the cost benefit. On the housing point, you mentioned buying houses and doing them up. As I understand it, if you take that inner area in Blackpool, the cost of buying up the house, because the housing benefits are paid at such a level, is about 30% higher than you would naturally pay to buy a house, do it up and let it again. Those numbers do not seem to work. I imagine that that is a general problem. I think Roger De Haan was commenting on it last week, saying that he had had to subsidise to the tune of £45 million and write off capital because the numbers did not work on the ex-B&Bs which are now HMOs. What is the proposal for dealing with that funding gap?

Anne Frost: I have heard about that issue in Blackpool. I have not come across it elsewhere, but I am still relatively new, so it is part of a broader picture. For me, that is not a funding gap that you want to meet; it is about starting with the quality of those properties and insisting that they are of the legal minimum standard. If you are renting a property that is not at the legal minimum standard and are getting housing benefit that suggests that it is, clearly that is a poor business model. The way of breaking that business model feels like the important input into that. The way you change that is quite complex. You will know that Blackpool has been thinking about this for quite some time, as have other places. One thing I am keen to do is understand how that market works and what would happen if you shifted various things in that market to try to change it.

Lord Mawson: I spend a lot of my time working with these difficult individuals and I find that they are not necessarily difficult; they just have complicated lives with things going on. Yes, there are some individuals and families that you need to get tough with, and I get that, but they are a smaller number. To do that, you have to get into this joined-up stuff about treating people in the round. I am returning to the question about how often you are meeting the DWP, the Department of Health, BEIS, the DfE and so on. How often are those joined-up conversations going on to get to the innovative possibilities of those problems?

Anne Frost: The key one in my world—Ben will talk more about this—is working with the DWP; Baroness Valentine talked about the link with housing benefit and support for people on benefits. The answer is very,



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very regularly. With the DWP we talk three or four times a week at the moment, and that feels like an important starting point. These are wicked problems to sort out at the national level so there is a way to go, but we have lots of conversations.

Lord Mawson: Does that joined-up conversation lead to practical behaviours in particular seaside towns where you encourage innovation, or is it just talking about the problem?

Anne Frost: As I said, a starting point is our visit to Blackpool. We are going to Jaywick on the 23rd, and the DWP will be there with us. The first stage is to understand the problems. You have an entire committee looking at these complexities; we need to work through and understand those complexities too and work through what we can do about them. If your challenge is whether the responses would be different on the ground in different places, I suspect they would be.

Q4 **Baroness Whitaker:** We know that seaside towns underperform on a number of fronts—pay, unemployment, educational attainment, investment in infrastructure and transport. I would like to drill down a bit more into the evidence. What do you think is preventing them from coming back up again, and what recent attempts have the Government made to quantify and evaluate their social and economic problems? What do you gather to show what works? What interventions have had the best long-term impact? In that connection, I would particularly like your views on how to enable a good place, one where people want to invest, where there is a higher footfall among consumers, where there are residents with high aspirations and where you enable civic energy and confidence—all the things that make a place regenerate itself. We are after the evidence of problems, of what works and how you enable a good place. That probably covers everybody's interests.

Ben Pledger: A lot of coastal towns are in transition and in many cases are still moving from an old economy to a new one. We all know that the tourism industry has declined across England.

Baroness Whitaker: Are you talking about transition away from tourism?

Ben Pledger: Not necessarily, but to a new mix of activities that would almost always include tourism; I think Blackpool is still the most visited place in England. It is not about moving away to something completely different, but different towns in England are reinventing themselves. It is not quite clear to me whether that transition from an old model to a new one is fully complete yet, and that is probably holding those places back.

The Chairman: Sorry, are you saying that many of these potentially good places just do not realise that they have to be in a state of transition and change, or are they stuck and we cannot shift them?

Ben Pledger: I would not say that they are stuck. As part of answering the last part of the question, I will come on to some of the things that the Government are trying to do across all places, coastal and non-coastal; as



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we have talked about in the committee, there are issues that are common to both. I would not say that they are stuck but I am not sure that their transition is fully complete. Stats have been published—I think the ONS did a study—showing that coastal towns underperform against a variety of metrics compared with non-coastal towns. That is just a fact. I will come on to what we are doing about it. On the question of what has worked, there are probably various answers. The nature of our work as a unit is that we talk to places all the time, and understanding from them what has worked and what has not is a key opportunity. It is quite difficult to evaluate this stuff because if you just evaluate it programme by programme it will not necessarily give you a thorough evaluation of how that all comes together.

Baroness Whitaker: You do not see common factors?

Ben Pledger: It might not give you an evaluation of whether it all comes together effectively. So an individual programme might work but it might not interact well with other programmes. One thing that we are trying to do as part of the work to replace EU structural funds is to bring more of that funding together into one place. You will probably be aware that structural funds come in different funds such as the EU Regional Development Fund, the European Social Fund, the European Agricultural Fund—

Baroness Whitaker: You have a big job to do there, because there are thousands of little pockets at the moment.

Ben Pledger: Yes, and each of those funds then has its own rules, pillars and processes, so we are looking at how to bring all that together. When you look at places where they have done it well, you will see that they have managed to pull all those different funding streams together. I will use Birmingham as an example, even though it is non-coastal, as an area whose city centre is an enterprise zone, which has allowed it to borrow against future business rates and to fund some activity. If you have been there recently, you will have seen that the middle of it is quite different from how it was. There is a great deal of funding. European funding is going in, and there are several different schemes that they are managing to bring together in order to set out a long-term vision for the future. As part of the EU funds work, we are looking at how we could try to pull all that stuff together.

Baroness Whitaker: Do you see a relationship with the neighbourhood plan, the local plan and the district plan in all this, or is this yet another strand?

Ben Pledger: Definitely. Two of your original questions were what we could do about it and what makes a good place. The work that we do as a unit is structured around three or four priorities. One is that we believe in the importance of strong institutions, so backing the mayors, and reforming the local enterprise partnerships, as Ministers are doing the moment. That probably brings us back to the discussion about local



capacity, which again could last a long time because there is an issue about community engagement and how people feel their voices are heard. The coastal community team model has been an interesting model. I would be interested in views on whether it feels like that on the front line, but it is very community-based, very local. The nature of LEPs, of course, is that they are functional economic areas that have populations of millions, while the coastal community team work has taken that conversation down to a much lower level.

The second thing that we work on is the importance of good locally owned strategies. To date, strategic economic plans have been the basis for LEPs to prioritise funding decisions. As we have discussed, Ministers have provided local industrial strategies setting out the nature of places, their opportunities and strengths and the challenges that they face. The third area that we work on is the importance of funding for places. In the nature of some of the things that we have talked about, the private sector would not necessarily naturally invest in a local transport decision, so there are investment decisions that need to be made by public bodies. Fourthly, there is the importance of doing things at a bigger spatial level, such as the northern powerhouse and Midlands Energy. For instance, on decisions around trade and targeting inward investment, you would not necessarily want 38 places competing with each other or having a conversation with the Mayor of Beijing; you would probably want that done at a greater spatial level. We as a unit see that as a way to begin to build good places. There is an interesting debate about how you involve the community voice in that.

Baroness Whitaker: I have two quick supplementary questions, if I may. What is the heritage role in all this, and do the LEPs get together and share good practice? Is there a structure in which they can do that? Those are two slightly different questions.

Ben Pledger: There is a body called the LEP Network, which is a government-funded body. Each LEP contributes to its funding as well, and it is the umbrella body for LEPs and brings them together regularly. As a unit we do things which bring them all together. For instance, there is the northern powerhouse 11 group, which brings the 11 northern LEPs together to talk about issues that are best discussed at that special level.

The Chairman: We will come to heritage a little later on.

Lord Knight of Weymouth: That all sounds great, but it was very economics-focused and it was about LEPs and local economic strategies, and so on. Is there not a people aspect to this that needs investment, particularly in mindset? How will we get the people who live in these places to want to start their own businesses and to have a sense of the possible and of hope? That is about more than just a different built environment and a bit of better transport and infrastructure.

Ben Pledger: We talked at the beginning about how the department is structured, and I spoke about the benefits of belonging to both



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departments. That is one example, where there is the communities directorate within the department. We also work very closely with the civil society team in DCMS, which is absolutely right. The Conservative manifesto on future funding arrangements talked about reducing inequalities, and I totally agree that they come in economic and social forms. Does that answer the question?

Lord Knight of Weymouth: I suppose I was hoping that you might talk a bit more about investing in people through education, the arts, sport—some of the things that Roger De Haan, who we talked to last week, has invested quite a lot of money in, for example in Folkestone.

Ben Pledger: It was on the list of questions, so apologies if we are supposed to come on to this. On whether there should be specific policies for coastal towns, we definitely see that policies have a coastal angle that sometimes means that they need to be applied differently. One example, which relates to the list just mentioned, is DfE's opportunity areas. There are 12, of which four are coastal, so working with that department would be an example, and some of the work that Giles leads on is another good example, so there is the tourism, heritage and cultural offer. In answer to Baroness Whitaker's question about making places a great place to live, that heritage, culture and recreation offer is important.

Baroness Wyld: I was going to ask Lord Knight's question, pretty much. It is a generation issue, is it not, around what the next generation will do in those towns, so how much do you think about schools and about people beyond the usual tourists or at the other end of their lives? My second point is: do you do any cross-governmental work on how you will attract people in the first or second part of their career to go and work in those towns, taking advantage of all the changes in technology? There is the idea that in theory we ought to be able to go and set up a business anywhere; we do not need to sit in SW1 or elsewhere. Surely that should be key to the Government's policy of a nation that works for everyone.

Ben Pledger: As I said earlier, the statistics show that an issue that coastal towns face more than non-coastal towns is the outflux of young people. Part of that is about access to employment and well-paid jobs, and we have talked about some of the connectivity issues that can sometimes make these places feel a bit stranded. Good work is going on, for instance in Cornwall, where the University of Exeter has opened up a campus in Falmouth, and it has already been shown that the retention of graduates there has shot up. Quite a lot of analysis has shown that one of the issues—again, this is not particularly coastal towns—is that problems are exacerbated by the number of people that leave to go to the cities, because employment opportunities are more readily available there, and that is quite stark.

The Lord Bishop of Lincoln: In my part of England, people often say that everything is viewed from a metropolitan mindset or lens. I am interested in your comments today, which are really helpful and interesting. But most of your examples were drawn from the northern powerhouse or the big



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cities and did not specifically address coastal towns. Do you think the Government are seeing this largely through the lens of big industrial areas and only thinking secondarily about what happens in small, insignificant coastal towns on the edge?

Ben Pledger: I think the evidence shows that for an economy to succeed its cities need to succeed. There has always been a debate about whether it is London and everywhere else, London instead of everywhere else, or everywhere else instead of London. The evidence shows that this country—

The Lord Bishop of Lincoln: I am trying not to be binary about this. I think I am hearing a passion for big cities but not so much for coastal communities.

Ben Pledger: As I have explained, we do a lot of work with the Coastal Communities Fund; there are almost 300 projects now across the whole of the UK. I have visited the Lincolnshire coast—

The Chairman: We are going to come to that shortly, so hold back on that one.

Lord McNally: Just on the point about the big cities, I attended conferences in the 1980s about what we were going to do about our northern cities that were dying. We have been quite successful in doing that, and there are lessons to be learned from the regeneration of Manchester, Liverpool, Leeds, and so on. One of them is that they learned the lesson the hard way that if you decant all your problems into one area, they become much more difficult to solve. There were local authorities that used to send all their problem families to one estate, and everybody knew what that estate was and nobody cared about it. In a way, the seaside towns have become the decant areas for social problems. The travel is almost two-way: the young and ambitious leave, and you have these concentrations. Is there not a case for recognising that by drafting in more resources and expertise to deal with that problem of the concentration of socially dysfunctional families? Unless you do that, that is what the press will report, not your regeneration ideas.

Ben Pledger: My personal experience is that the housing issue is a large part of that problem, which is what makes it very specific to coastal towns because of the ex-B&Bs. Unfortunately Anne has gone and so cannot correct me if I am wrong, but because of the way housing benefit translates across to the amounts which private landlords are allowed to charge as rent, evidence shows that a larger proportion of people on housing benefit is in coastal towns than in non-coastal towns. We have discussed some of the issues that come with that. So my answer is partly that if we can crack some of the work that Baroness Valentine is trying out on housing in coastal towns, that could begin to address that issue.

The Chairman: David, do you want to move on your question about funding?



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Q5 Lord Shutt of Greetland: Yes. I am coming to money. In our homework before we started this inquiry, we read the 2007 report that the House of Commons Committee produced, nearly 11 years ago. The interesting thing about that was that the report did not say there should be a separate funding stream for coastal towns but within a year the Government did something about funding and every year since, it seems to me, serious sums of money have gone into coastal communities. Is there any evidence of value for money for all that? Is there any academic research on it? Have people looked at this? To what extent is it fit for purpose? Are the people in coastal communities saying, "The Government have come up with this idea but it is not right for us. Unfortunately we can't get this for what we really want to do"? Is there any feeling about whether it is fit for purpose? Are the resources flexible enough? Has this money made a quantum shift in what is going on in these places? We have seen things happening from 2008 and every year since. Are these resources thought of as going forward and in a sort of base budget of the various departments that come up with these things? Can we see this going forward for several years? We have heard of the Coastal Communities Fund and the Coastal Revival Fund. Are there any other policy approaches that we ought to know about that are distinct for coastal communities?

Ben Pledger: It is worth saying that our department's coastal programmes are dwarfed by the amount of funding that coastal areas are investing through other funds. For instance, there is the £9 billion growth deal programme across the whole of England. LEPs are investing a substantial amount; for example, Blackpool is investing £53 million to extend the tram system into Blackpool North station so you can get off the train and carry on your journey without having to walk across the town. There are several enterprise zone sites; I think there are 16 coastal enterprises out of the 48. So places are investing large sums of money beyond the Coastal Communities Fund. It is important to note the source of the fund, which is the revenue from the Crown Estate that is generated around the British coastline. Given that it is a resource that is raised around the coastline, Ministers were keen that some of it should be invested around the coastline. There are examples of projects throughout coastal towns throughout the UK through the CCF that have begun to have an effect in terms of job creation. We are not at the stage of evaluating that programme as it is still quite early on. We have discussed some of the timescales on this type of work, which can take decades to prove any impact. However, we are definitely looking at evaluation models as we try to bring back the European funding and try to create a new funding model for the future. I am not sure if I picked up everything from your question.

Lord Shutt of Greetland: Do you think that the Crown Estate's money will keep going?

Ben Pledger: I am not from the Treasury, but I am sure if I were I would have a piece of paper that said, "That is a spending review decision".

Lord Shutt of Greetland: That may be.



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The Chairman: I have one quick question. Does the Coastal Communities Fund allocate capital resources? It has struck me over the years that a lot of seaside towns have infrastructure that deteriorates pretty rapidly because of their location, and it seems that local authority sometimes do not have the means to raise large sums of capital, particularly in smaller coastal communities.

Ben Pledger: We are told by stakeholders that one of the things they like about the Coastal Communities Fund is that it is a mix of capital and revenue, whereas the growth deal programme in England has been a capital fund. I know that is the opposite point that you are making but we have had feedback that that can be restrictive. In terms of Lord Knight's comments about some of the interventions, revenue funding is very important.

Baroness Whitaker: Could you give us a couple of examples of job creation that the Coastal Communities Fund has been responsible for? Do you get bids from local areas? Do you monitor them? How do you judge that they are actually going to work? What sort of thing has an impact?

Ben Pledger: I have a list here, some of which I have seen personally. I have been to Gibraltar Point at Skegness, where we funded the rebuild of the visitor centre that was destroyed by the flooding a few years ago. That has created direct employment but also employment in bringing visitor numbers back up, and we have seen first hand some of the way that our funding was spent. In Blackpool we are paying for the renovation of the Winter Gardens complex, which is aiming to become a world-class conference centre. That is a good example of a place trying to rebrand itself. Fifty years ago it was an entertainment venue housing some of our great comedians, but it is now increasingly looking for world-class exhibition facilities, which in turn will bring direct employment for the people living there as well as employment in that it brings more people to the town to spend money.

Lord McNally: I do not want us to lose sight of what is in our brief. I declare that I used to advise the Crown Estate so I know its constitutional position. By accident of history, it gets substantial funds from the shore. We all know that the Queen owns everything off the shoreline. That is an accident of history, and how it uses its money can be influenced by discussions with government. I would like to see a paper on the Crown Estate's revenues from the shoreline and to see whether some of those moneys could not be used for the regeneration of coastal towns.

Lord Shutt of Greetland: What I think you have missed is the feedback from people about whether the funds are being spent in the way that they would have liked them to be spent. Are there a lot of pent-up people saying, "I wish the projects that I am concerned about, in the towns that I am concerned about, had received resources"? You must have some feedback from all this.



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Ben Pledger: First, the Coastal Communities Funded is competitive. In a competition you will always have winners and losers, and that creates the first tier of interest. Over the past eight years competition has been deployed by the Government to try to drive up quality, so on the CCF we are currently assessing the fifth round of projects and no doubt that will include people who bid last time and were not successful.

The Chairman: That does not cut to the point about evaluating the impact of the money that has been invested so far; that is the process of getting bids in place.

Ben Pledger: We are looking at evaluation options at the moment. It is something that I cannot say too much on.

The Chairman: So there is no evaluation process.

Ben Pledger: There are established ways of evaluating. There is a decision that needs to be made over whether you do or not.

The Chairman: So there is not currently a value-for-money evaluation scheme in place?

Ben Pledger: There has not been, on the Coastal Communities Fund.

Lord Pendra: On a general point, what is your relationship with the tourist boards and departments within seaside towns? My experience over the years is that it has been very patchy. Some of them are relegated by the council to be lower in the pecking order than they should be. Do you have any views on whether those are functioning well? I keep hearing about Blackpool to the left and right of me, but it is not the only seaside resort. Generally speaking, is there a good relationship between you and the tourism departments in local seaside towns?

Ben Pledger: That question is probably more for Giles.

The Chairman: Let us come on to that, because Jim and Laura have questions that are pretty relevant. I suggest that we take those two questions together.

Q6 **Lord Knight of Weymouth:** My question explores what is being done to support tourism and promote the visitor economy in seaside towns. I am pleased to see *Tourism Action Plan—One Year On* and the £40 million Discover England Fund. I am interested in how many of the 20 projects are in seaside towns and whether that gives us an indication of the commitment. I am interested in whether the 6,000 training or apprenticeship places that the CCF is going to deliver are ongoing and what we are doing in skills in terms of tourism. Lastly, I was really pleased to note the uptick in British seaside towns as an export, and I am interested in what niches within that offer are exporting well. In general terms for the domestic audience, what is performing well and what is on the decline within the seaside town tourism offer?



Q7 **Baroness Wylde:** I have a general question and a specific question. Do you think we have overstated the value of tourism in the modern day? Do you think there are some places that should just forget about tourism and look at different models? I also have a specific question on the Heritage Lottery Fund; I should declare that over a decade ago I was an adviser to it, although my memory is very hazy on it. We have seen a lot of evidence on the funding that the HLF gives the project, which on the face of it is very impressive.

Can you tell us a bit more about the evaluation of the impact and of whether people actually use the things that are restored? You may well feel that there is value in restoring them for the sake of national heritage, but we have heard examples of bids being successful but the local authorities saying, "In hindsight, we didn't actually think about what we were going to do when it came through". Your view on that would be most helpful.

Giles Smith: I will start on the set of questions about tourism and move on to the questions about heritage, but obviously the two topics are closely linked. The first thing to say is that the coastal towns are a key part of the UK's tourism offer. The flipside is also true in that tourism is a key component of quite a lot of seaside communities and coastal communities and so on, so they are mutually dependent in that sense. At a macro level the picture is quite positive: 2016 was a record year for inbound visitors and inbound spend, and 2017 broke that record. However, obviously there are also challenges and risks lying below that overall picture. VisitBritain, as a DCMS arm's-length body, is the key agent in terms of supporting and promoting the UK's tourism offer. Alongside that, the Government's overarching GREAT campaign likewise has a huge tourism dimension. The DCMS has set VisitBritain a raft of targets, one of which is to grow tourism across the UK—in other words, not just in London—to ensure that the benefits of tourism are felt the length and breadth of the nation.

To come to some of the specific questions that you ask, broadly speaking tourism is a devolved area. Outside VisitBritain's activity to promote the UK as a whole, most of our activity is focused on England. You reference the Discover England Fund, which is a £40 million live programme at the moment. Five of those projects relate to coastal seaside communities. A key example is the England's Coast project, which is being led by the National Coastal Tourism Academy, although it is a partnership; all the DEF projects have to be some sort of partnership. Under the auspices of the National Coastal Tourism Academy, many coastal destination management organisations, partners, LEPs and interested stakeholders come together to effectively innovate and improve the overall tourism offer for both domestic and international potential visitors in terms of highlighting the diverse nature of the coastal resort tourism offer, signposting and shining a much sharper light on some of the specifics such as food or attraction experiences that visitors can experience and, crucially, looking to ways to get that product to the market in a more timely fashion. On your point about areas, the Discover England Fund is in its early stages but it shines a light on exactly those types of activities. Dutch tourists are particularly



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interested in walking holidays in the south-west, for example. I do not have chapter and verse on all those indications, but that is exactly the type of thing that the DEF is trying to solve.

Lord Knight of Weymouth: I also find that some things then put off other things. If you go for stag-and-hen business, you are going to have a problem with Dutch walkers.

Baroness Valentine: Never.

The Chairman: I do not know. Let us think about that.

Giles Smith: I will resist the urge to pick up the baton. The Discover England Fund has also shone a light on the difficulty in distributing English tourism products to both domestic and, crucially, international marketplaces, and has also explicitly attempted to bring destinations closer together under the clear message that you are no longer competing against the bed and breakfast up the road or in the next town over; you are competing against a bed and breakfast in Gdansk, a seaside resort in Poland or whatever. But that is early days.

On the question—I forget who asked it—about the numbers of destination management organisations, marketing organisations and tourist boards, depending on how you categorise them there are between 200 and 300. They vary in size, threat, resource, support and engagement with local authorities, LEPs and so on. VisitBritain, and DCMS by extension, looks to engage with all those that want support and engagement. There is a wide destination management organisation forum that VisitBritain runs. There is also a specific group that VisitBritain facilitates purely for coastal destination management organisations and destination coastal tourism boards where they can come together to talk about common issues, best practice and issues around connectivity, distributing product and so on. The issue of skills is obviously hugely important in terms of the workforce and the perception of the sector as one where one can join, progress and have an interesting and challenging career.

We will come on to the industrial strategy later. Work has been ongoing by the tourism sector over the past 12 months or so to develop a proposal for a potential tourism sector deal. One of the three strands of that is purely on skills and workforce. I stress that that is a live negotiation; there is no tourism sector deal at present, it is subject to ongoing discussions and so on. What has been very positive about that approach is that VisitBritain and the sector have come together in a really coherent and collaborative way, which, if I can be frank, has not hitherto always been the case for what is quite a diverse sector. There is a real shared and common understanding that there is a lot more that the sector needs to do to address some of the perception issues of it being a sector that can and should offer challenging and interesting jobs. A lot more needs to be done on recruitment and retention. Equally, though, there is a desire, reciprocated by the DCMS, to work more closely with the sector to address



some of the skills challenges and ensure that it has the pipeline and the skills that it needs.

Lord Knight of Weymouth: Is there any particular vulnerability with the dependency on EU migrant workers in tourism and hospitality?

Giles Smith: A large percentage of workers in the tourism and hospitality sector are EU workers, and depending on where you look it is a very high percentage.

As part of all the cross-government Brexit work, we have been working very much with the sector to understand what that looks like and to understand potential solutions the sector can put in place to manage any pipeline issues that may exist. Again, this goes to the work which the sector has been doing over the last 12 months on the potential sector deal from the industrial strategy, where it is looking at a recruitment campaign and putting up to £3 million of the industry's own money on the table to drive a recruitment campaign to make sure that they are attracting the skills they need now and in the future.

Your question on whether it is overstated as a potential valued sector for coastal community specifically is interesting. I am not sure that it is. It is for all communities to work out how they want to go about configuring their communities and economies to the best of their intentions. From a DCMS perspective, we certainly see the tourism sector and the visitor economy more broadly—the cultural and heritage sectors—as huge drivers not only for economic growth, regeneration and employment but for well-being and social benefits outside of economic space. I would not necessarily say that it is overstated. Equally, communities need to think hard about how they can configure their “offer” to make sure that they spend their scarce resources to the best of their ability. The Discover England Fund and other initiatives are there to help them do that.

On the Heritage Lottery Fund, it has had a sizeable impact over the length and breadth of the UK—it is a UK-wide organisation, unlike Arts Council England—and it has invested heavily in coastal communities. That said, it has not had, and does not have, specific coastal programs or seaside budgets, so the investments in piers and in projects in coastal communities more broadly have flowed from other broader cross-cutting schemes and programmes that the HLF has administered. As such, it does not have an evaluation framework to assess its impact on coastal communities as a whole, as distinct from other areas. The other point is that because of the unique nature of the bids that HLF receives for funding, it assesses them on a case-by-case basis. As well as the usual criteria that one would expect such an organisation to evaluate against, it also takes full account of the strength of that community's heritage pre-investment and post-investment, and of the sustainability of any potential investment; for example, will that sort of building have long-term use within the community? I am sure that over the 20-odd years in which HLF has been investing, it has not always got it right, but certainly it has had a tremendously positive impact more broadly.



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The Chairman: I do not doubt that, but is there a post-project evaluation scheme that delivers a value-for-money, value for investment, bang-for-bucks assessment?

Giles Smith: Every scheme has such a plan in place, yes.

Lord Pendry: My question was not answered. Some time ago, the old British Tourist Authority, under Adele Biss, was working on a policy on the effectiveness of local authority tourist board departments. As I said, it was very patchy. How effective do you find them now, without naming the ones that you think are deficient?

Giles Smith: How effective do I find them now? There are a number of proactive, positive, constructive destination management organisations out there that are doing good work to innovate and work ever closer in partnership to improve their offer. But I understand that there is a challenging landscape out there in terms of the configuration of the support that they receive. They have a vital role to play, and the destination management organisations are an essential component of the overall tourism landscape—we would be far worse off if they did not exist. Funds such as the Discover England Fund are there to support them and to help them work in ever closer partnership with one another, to make sure that across the piece the bar is being raised and the offer is improving.

The Chairman: Did you have a supplementary?

Baroness Valentine: I did, but you can move on, if you like.

The Chairman: I might on this occasion. Can we move on to your question about industrial strategy?

Q8 **Lord Mawson:** Which areas of the Government's industrial strategy—I am conscious that there have been eight historically, and that they have a chequered history—do you think will have the greatest impact on the seaside towns that this Committee is interested in? How will these be delivered to seaside towns and communities? First, are there plans to engage with coastal organisations, such as the Coastal Communities Alliance or coastal communities teams, in the development of local industrial strategies? Secondly, I will add the question: Is the modern world about structures—going back to Lord Knight's point—or is it really about people and relationships? If we are to do the things that you are talking about with regard to well-being, joined-up money, people and opportunity, are the structures of CLG and government itself fit for purpose in a modern enterprise culture, if it is all about people and relationships and the need for great flexibility to generate change?

Lord Knight of Weymouth: I dare you to say it is not fit for purpose.

Beccy Eggleton: I will answer that one last. As the Committee will know, the industrial strategy is a long-term, modern plan to boost productivity. It will work to support businesses to create jobs and increase people's earning power throughout the UK in all regions. The coastal community is



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obviously an important part of that. As Ben has already outlined, working through local industrial strategies will be a vital part of the industrial strategy for coastal communities.

The local industrial strategies are being worked initially in three specific areas to test how they can work in practice, but we are hopeful that other areas will start to work on developing a robust evidence base to support their local industrial strategy and to engage with all the very many stakeholders, which include coastal organisations, to build a coherent set of priorities.

I will not duplicate what has already been said—there have been a number of references to various industrial strategy policies—but there are close to 200 different policies in the industrial strategy, so I will focus on a handful today which will have greater relevance to coastal communities. You may already be aware of the skills advisory panels, which are already in operation. They are bringing together the key stakeholders in each area from further and higher education, local authorities and local businesses to develop an evidence base on local skills needs, current local skills needs and what those skills needs will be. In turn, that will feed into the local industrial strategies that are being developed.

Lord Mawson: What if it is not about needs? What if it is about opportunities?

Beccy Eggleton: It should cover the opportunities as well. The whole local industrial strategy is not just about where the deficiencies are but about where each individual locality has strengths and opportunities, so it should tap into that as well.

Baroness Valentine: It is an interesting question, because I see the tail end of the Lancashire enterprise economic strategy, or whatever it is. It feels as though we are chasing old industries as opposed to reinventing ourselves with new industries—well, with digital, anyway. That is just an observation.

Lord McNally: May I help you, Chairman? I think this also covers question 9.

The Chairman: Yes. Go on.

Q9 **Lord McNally:** Both Lord Mawson and Baroness Wyld have said we are looking at how we cure, but is there not scope in the industrial strategy to look at the pluses of the coastal communities? As Baroness Wyld said, we are moving into a post-industrial age where you do not need to build a big factory to operate. It is footloose. The coastal communities have population; as we have heard, they have housing, or cheaper housing; and they have lower operating costs. There is a chance to build into the industrial strategy, outside tourism, bids to come to—I will not say Blackpool—the coast, where this can happen. I think Brighton has already done that to a certain extent.



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The Chairman: You could make that argument, yes.

Lord McNally: So how do we get the coastal communities to adopt the mindset of thinking about how their offer is going to meet that industrial strategy?

Beccy Eggleton: You are absolutely right. This is about recognising that it is not just about creating something new; it is about working in partnership with the local stakeholders, including the coastal communities, and looking at their current strengths, how to build on those and, through those strengths, how to develop new opportunities. It is a combination of identifying where there are weaknesses—every region will have different weaknesses—and building on existing strengths to develop the opportunities to go forward.

Lord McNally: Just to take Lord Knight's point from earlier, there is a young population there. I was at a meeting earlier today when one of our largest industrial companies said, "We are desperate for data analysts. Is our education system going to provide data analysts?" If a seaside town invested in producing data analysts, could it become a magnet for companies that need those skills? How do we get these towns thinking about the skills of the future and the education and training system that is needed to do that? Will they get help in doing so?

Beccy Eggleton: Yes, they will, and we hope that this will be part of their local industrial strategy. It is a longer-term plan so, as they develop their evidence base of what their current strengths are, it will also draw in where the opportunities are, and that will include looking at new industries and developing new skills. There is a lot of work going on in the Department for Education focusing on STEM-based skills, which includes data analysis, where we know there is a skills gap. There will be a skills offer in terms of additional funding for teachers to train those skills, and for young people to pick up those skills. The industrial strategy is very much cross-government.

The Chairman: You have provoked some supplementary questions here.

Baroness Wyld: It is a bit mean to put you on the spot, but do you know of any businesses in small seaside towns—not, forgive me, the obvious ones such as Brighton—where someone has gone and set up, say, a tech business or a PR firm, and they live there and they are in their 30s with their kids? Anecdotally, I know of someone in St Ives; he went down there with his two kids when they were going into primary school and he set up a sponsorship agency. As it happens, that has worked very well. Do you have other examples of that which you know of that you can then use as role models or flagships?

Beccy Eggleton: Almost certainly the answer is yes, although I do not have them with me here today.

Baroness Wyld: But do you hold up these examples within the



department?

Beccy Eggleton: Absolutely. When the industrial strategy was first created, I think 25,000 different pieces of evidence were brought in to draw all the different strategies and policies together, so there will almost certainly be some examples.

Lord Mawson: Have you asked those people how relevant your department is to them trying to do that? I find that when you ask them, they talk about the Government getting in the way and not helping them. The very relationships that need to happen do not happen because of some process or structure. It is a really important point: these are the people that will breed a future and a culture in these places, but how easy are we making it? For me, that relates back to the question about how much research you have really done on the chequered history of industrial strategies and the different world that we are now in. That family is in a very different world from the one that some of us are old enough to remember. I am just wondering how well you understand that situation. The questions that you are putting back to me sound like lots of things that I have heard before that actually I as an entrepreneur know are not relevant to that family. There is a challenge about how fit for purpose the department is.

The Chairman: I guess it is about enabling.

Baroness Whitaker: How far are enterprise zones integrated into these longer-term ideas of the changing nature of work, with their incentives?

Ben Pledger: As I said earlier, there are 16 coastal enterprise zones, with some incredible success stories, such as the Siemens factory in Harwich, which is producing the blades for offshore wind; the one in Plymouth, which is helping to regenerate the seafront area there; and Newquay Airport. The nature of enterprise zones is that they are quite long-term because they give areas 25 years of rates retention. I would absolutely expect places planning to include setting out what the opportunities are and to use those to further their economic success. That partly answers your first question, Lord Mawson, about relationships or structures, but I personally would expect any area to prioritise its coastline and its local industrial strategy because that is a huge asset to have. However, that will depend on local relationships between local politicians, local enterprise partnerships, community leaders and so on.

Lord Knight of Weymouth: I want to go back to the skills question, which is essentially about workforce. I know from the work that I do at *TES* that some of the most difficult areas to recruit teachers are coastal areas. By definition they are on the periphery, and if it is a tough area then it is tough to recruit graduate professionals to go and work in it. Are you thinking, in industrial strategy and skills terms, about how we get the workforce necessary to deliver that skills strategy to go and work and teach in those places?



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Beccy Eggleton: Yes, it is in the strategy. It is not just in the coastal regions. We are aware that there are other regions across the country where it is very difficult to get, for example, teachers into that area. Schemes are currently being developed that will target those hard-to-teach areas and send in people, whether that is into local colleges or schools, who will have those skills and be able to transfer them. So yes.

Lord Knight of Weymouth: Would you do that through pay? There was a failed attempt by the DfE to have a national group of teachers who would be dropped in and out of places. What is the mechanism whereby you would make that work?

Beccy Eggleton: It could be pay. There is consideration of a teacher premium for those hard-to-reach areas. All of this will feed in, which is why it is important that we have the evidence base of where the skills gaps are for when we need to move those skills around to raise the regional skills in those more difficult-to-reach areas.

The Chairman: Baroness Valentine has a question. Then we need to move on to the last issue, which is transport.

Baroness Valentine: There is a whole load that I could say on skills but I will try not to. In a coastal seaside town that I shall not name—

Lord Mawson: Blackpool.

Baroness Valentine: Yes. There is an opportunity there that has I think £6 million over 10 years, but unfortunately the DfE is cutting the budgets of the schools. You cannot get Teach First teachers in there because they are saying that they are having their budgets cut, so how you join the dots on that I do not know. I have two points. One is about hospitality training. As far as I recall, 75% of the London hospitality workforce are migrants, which is a staggering number. As we move to our post-Brexit world, is there any active thought about using the coastal towns as places to train for national jobs? I can see that working really well.

The other question is about the enterprise zones. Do we follow through with connectivity? On the point about doing new industry rather than old industry, if you put connectivity at the forefront then you are certainly helping those places to get a leap ahead of other places, but what I see is London and Manchester getting superconnectivity. So is there anything on joining the dots on the enterprise zones and the hospitality training stuff?

Ben Pledger: On the enterprise zone question, they are local decisions. The enterprise zones are the responsibility of local enterprise partnerships. It is a good example of where we as a unit can help to facilitate conversations across Whitehall. You need to bring DCMS into those discussions if you are talking about broadband infrastructure and digital infrastructure, for instance.

Baroness Valentine: So if you wanted to put 5G on an enterprise zone, how would you make that happen?



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Ben Pledger: I would not be sure of the specifics here but we have the relationships with DCMS to talk to them about how that would fit with the overall plan to roll out 5G. We have discussed connectivity in the session, but in some ways transport would not be such an issue if—

Baroness Valentine: I was talking about IT connectivity.

Ben Pledger: Yes. I was going to say that it would not be such an issue if broadband provision across the whole country was better. We know that the rollout is slower and lower in rural areas so, as well as the transport conversation, other types of infrastructure are an important part of the conversation about how you make coastal towns feel less isolated.

Beccy Eggleton: Blackpool is one of the towns in receipt of funding from the Local Full Fibre Networks Programme, which is being rolled out to those hard-to-reach areas.

Baroness Valentine: Yes, but things come in from different angles. You have an enterprise zone and you are trying to put some modern businesses on it so clearly it needs to be at the forefront of IT technology, 5G or whatever, but I do not quite hear that. I hear that there is a little bit of money; I hear that there is £3 million here or there but it is also doing the whole of tourism and it is doing hard-to-reach. I am asking about the enterprise zone and whether, given that we have made it an enterprise zone, there is collective thinking about whether to put the technology infrastructure in. That is not just Blackpool Council; I think it is also the LEP. I do not know. I thought this was the area where you joined the dots.

Ben Pledger: Yes. When enterprise zones were first designated, they had to set out plans for what they wanted to achieve. Inside Whitehall we can help to facilitate those conversations, whether they are about IT, trade or physical infrastructure, and we have done that. I am sure there are some good examples of where that has worked, although I do not know them off the top of my head.

The Chairman: I would be interested to find out at some point whether enterprise zones link up effectively with higher education institutions. There seems to be a bit of a gap there. However, we ought to move on to transport.

Q10 The Lord Bishop of Lincoln: Ben talked in his opening remarks about the end-of-the-line effect in terms of transport connectivity. That seems to be a key issue for coastal towns where there is travel in only one direction, there is not the population to justify train lines post Beeching and so on. I am interested in the impact on the industrial strategy of people not being able to get to work. I am also interested in the social impact of this on the young getting jobs and on the elderly, who sometimes move to coastal towns to retire; the husband dies and then they are marooned, unable to get out, and that causes mental health issues, loneliness and so on. Do you have any specific plans for the industrial strategy to improve the transport hubs for coastal towns with connectivity to other places that



would facilitate work, healthy living and opportunities for young and old who do not have access to cars?

Beccy Eggleton: I am covering the Department for Transport policies on this issue. In the industrial strategy £4.9 billion has been allocated to transport projects, some of which will impact quite significantly on coastal communities. There is also a £1 billion National Productivity Investment Fund, which is specifically targeted on small projects that will ease congestion on local routes and stimulate economic growth in the communities that we have just been talking about. Some have already been funded: there is a redevelopment project in Southend, and the fund has contributed to the M55 link road improvement in Blackpool. So the funding is coming through.

The Lord Bishop of Lincoln: So there are one or two examples of cases of coastal communities where this has happened, but there is no specific policy of doing something for coastal communities?

Beccy Eggleton: No. The policy is wider than that. Obviously coastal communities are among the communities being considered. The funds will specifically fund those harder-to-reach communities in terms of being end of the line, but it is not specifically targeted at coastal communities. However, obviously some of the coastal communities will feel a positive impact from that.

The Lord Bishop of Lincoln: One of the things that we have heard today and which has come across quite strongly from Ben and others is that there is no generic thing called a “coastal community”; they are all very different. There is therefore not a generic strategy. The strategy seems to be focused on where the people are, which is in the metropolitan areas, and then applied if possible to coastal communities. Is that an unfair assessment from me?

Beccy Eggleton: The industrial strategy is not targeted at any particular community, whether it be in a city, a town, rural or coastal. It is a set of policies that will have a different impact, depending on where you are situated in the country, but none of them is particularly targeted at a city or a coastal community.

The Lord Bishop of Lincoln: But generally they will be taken up more in bigger areas of population, because that is where the people and the projects are.

Beccy Eggleton: Not necessarily. As Ben said earlier, developing our cities will have a big economic impact, and it will have a big economic impact on smaller communities around it. Many of the policies we have in the strategy will be geographical-wide.

The Lord Bishop of Lincoln: What about the role of the bus here? It is not practicable to build train lines out to coastal communities as it does not make sense economically, but rural buses and buses that serve hard-to-reach communities provide good value for money—or have I not got that



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right?

Beccy Eggleton: You have probably got that right. Obviously the Department for Transport recognises how important the public transport network is, particularly for more remote communities, and particularly for coastal communities to remain independent and viable. There is a subsidy from the Department for Transport for all local bus networks, and the local authority is also given the authority to run additional bus services where there is a need.

Lord Knight of Weymouth: What you said about cities, which reflects what Ben said earlier, suggest that there is still a core belief in trickle-down theory: you invest in big cities and that benefits the economy of the region, and then that prosperity will trickle down into coastal communities. Do you have any evidence that that works?

Beccy Eggleton: I do not think that is what we are doing. One part of the establishment of local industrial strategies will be the mayoral combined authorities, so you will include the big cities, but they also include much smaller communities. The value of the local industrial strategy is that it will focus on what is important to that smaller local area. So there will not necessarily be the trickle-down effect from the city that you describe.

Lord Knight of Weymouth: I remember the city regions and when David Miliband was ploughing that furrow a long time ago. That is still there, is it not? Across Whitehall, that is fundamentally how we believe economic growth and regeneration works.

Ben Pledger: The Government are definitely backing the mayors. Liverpool City Region is a good example. It is a city region but it has a long coastline. It has ex-mining towns, whose main industry has now gone, so how does it reinvent itself? It has the banks of the Mersey, where the shipbuilding basically no longer happens, so how does that reinvent itself? There is a role for city mayors to address some of this. I take your point. None of us has talked about the work we are doing with Grimsby on its town deal, but that is beginning to look at how you take some of this planning down to the next special level.

The Chairman: We can deal with some of that in written evidence. I am conscious that I have hopelessly let questions run on for far too long, and I am keen to draw the session to a close. Do you have a killer question?

Lord Mawson: This is a whole new environment for all of us—for business, local communities and for government. But the future for these coastal communities and for our country is going to be about entrepreneurship and innovation. What percentage of the people working in your departments have any practical experience of delivering innovation in entrepreneurial business projects? Are there any numbers on this?

The Chairman: A big question about background and experience.

Ben Pledger: I used to be a teacher in a coastal town.



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Lord McNally: Why did you leave?

Ben Pledger: I have accidentally walked into a problem.

The Chairman: The question about entrepreneurial culture is important.

Ben Pledger: None of us would know.

Beccy Eggleton: We have no figures.

Lord Mawson: Can we try to get some numbers on this? It seems to me to be the sort of question that departments should be asking, about what experience there is within the departments of this new world we are in the middle of.

The Chairman: Come back to us with anything you can find back in the department. That would be the best thing.

Lord Pendra: I just want to place on record the fact that I love Blackpool—and so much so that I presented Blackpool Football Club with £3 million, gave virtually the same amount to Brighton & Hove Albion—

The Chairman: That is very fair of you.

Lord Pendra: And nothing went to Ramsgate Football Club.

The Chairman: It would be unwise of me to comment on any of that. I thank our colleagues from the departments for their time this afternoon. I hope that our questions have not been too irritating but I hope that they have been reasonably penetrative, and I have enjoyed the presentations. On behalf of everyone here, I thank you for coming along this afternoon—it was very helpful. As you know, we will be calling for written evidence, and if there are things that we did not cover, we might want to come back to you with some further supplementaries. Thank you very much for being here this afternoon.



Nicola Radford, Bridget Betts and Helen Thompson – oral evidence (QQ 11-18)

Tuesday 10 July 2018

3.20 pm

Watch the meeting

Members present: Lord Bassam of Brighton (Chairman); Lord Knight of Weymouth; The Bishop of Lincoln; Lord Lucas; Lord McNally; Lord Shutt of Greetland; Lord Smith of Hindhead; Baroness Whitaker; Baroness Wyld

Evidence Session No. 2

Heard in Public

Questions 11 - 18

Witnesses

I: Ms Nicola Radford, Lead Officer, Coastal Communities Alliance; Ms Bridget Betts, Environmental Advice Team Leader for Dorset County Council and representative from the Dorset Coastal Community Team; Ms Helen Thompson, Investment Manager Partnership and Engagement, North East Lincolnshire Council and representative of North East Lincolnshire Coastal Communities Team.



Examination of witnesses

Ms Nicola Radford, Ms Bridget Betts and Ms Helen Thompson.

Q11 **The Chairman:** Good afternoon and welcome to this evidence session of the Select Committee on Regenerating Seaside Towns and Communities. The meeting is being broadcast live via the parliamentary website. A transcript of the meeting will be taken and published on the Committee's website. You will have the opportunity to make corrections to that transcript where necessary.

In front of you is a list of interests that have been declared by members of the Committee. Three members of the Committee were not in attendance last week, so, before we go into the evidence-taking, they will publicly declare their interests.

Lord Lucas: I am a resident of Eastbourne, where I am involved in various projects, including Engineering Eastbourne.

Lord Smith of Hindhead: I am the chief executive officer of the Association of Conservative Clubs. We have about 800 private members' clubs throughout the UK. I am the trustee of many of those, and a lot of our clubs are located in seaside towns. I am also the chairman of Best Bar None, a Home Office-backed scheme that promotes responsible alcohol consumption and reduced alcohol-related crime, and we have a number of schemes in seaside towns.

The Chairman: Normally, Lord Grade would be here. When he is in attendance, I will ask him to declare his interest.

Ms Radford, it would help the Committee if you could explain what the Coastal Communities Alliance is, how it operates and what its core aims are. Could you give some details about its funding and the nature of the partnership work it undertakes with the Ministry of Housing, Communities and Local Government? Do you have a relationship with the Local Government Association's special interest group? Perhaps you could talk a bit about that.

Ms Nicola Radford: The Coastal Communities Alliance is a partnership of coastal local authorities. It was established by Lincolnshire County Council in 2007 when we started to talk to a lot of coastal authorities. We were all saying things to the Government but not collectively. We said that, if we had a partnership, we could give information with one voice and say that all the coastal communities were identifying key issues around the coast in a collective discussion. We got together with all those authorities in 2007 and worked with the Department for Communities and Local Government to instigate the Select Committee inquiry, led by Phyllis Starkey, which came up with the cross-departmental working group and went on to deliver the coastal communities fund side of things.

There is deprivation in rural and urban areas, but the partnership looks at the key issues that are unique to the coast. We want to look specifically at



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the socioeconomic side of things. When we were established, there was the Coastal Special Interest Group, British Destinations, EuRA and other partnerships, but they were looking at tourism, flooding and other things, and there was a gap on the socioeconomic side. We used to have collaborative meetings with those organisations to make sure that what we said about the socioeconomics tied in with the tourism and environmental side of things.

In our relationship with MHCLG, the members of the coastal community team support us in our work and they attend our partnership meetings, they speak at the conferences we hold, and we have worked with them on the establishment of coastal community teams. We host those on the Coastal Communities Alliance website and have established a forum there for those members. We have a very close working relationship with them.

Working in partnership with the LGA special interest group for coasts, the CCA held a joint event in April with the Coastal Partnerships Network, which has come with us today, and coastal communities teams so that we could all work together to identify key issues and concerns for the coast, which we are going to take forward as a joint partnership.

The Chairman: That is very helpful. It seems to me that perhaps there are quite a lot of specialist organisations. Do you complement each other? Are you in any sense in competition in your work? Do you cover different parts of the broader brief?

Ms Nicola Radford: The Coastal Partnerships Network looks at estuaries, fisheries and the environment. The Coastal SIG looks at planning as well. British Destinations is the tourism side. Although there are cross-cutting themes, we deal more with deprivation and the business and economic aspects. We look at the joint issues we can work on, but we are all specialists in our own area.

The Chairman: What about the development of the coastal community teams? Has that worked well?

Ms Nicola Radford: There are numerous coastal community teams and their set-up varies. Some are set up through volunteer groups and some through local authority partnerships; some probably have a little more structure than others. We can see that through the forums and some of the questions they ask. Some are very mundane—for example, whether we provide tea and biscuits at meetings. Some are to do with planning and strategy. A lot of them work very well; some struggle a little more with rolling out plans with their authority and in local communities.

Q12 **The Lord Bishop of Lincoln:** We have already learned that each of the coastal communities has its own distinctive challenges; they are not all the same. What do you think are the most significant common challenges among coastal communities around our island?

Ms Nicola Radford: In 2010, we produced a coastal handbook that identified a lot of the key issues, such as ageing populations, seasonality,



peripherality and education and skills. We have just refreshed that handbook. We did not reproduce the whole handbook. We identified six key points that are still issues in coastal areas, and they were reiterated at the coastal challenge event with partners in April. We circulated the new policy document as evidence.

The key issue that comes through again is peripherality. Everywhere is the end of the line; there is 180-degree geography for everything. Employment varies in seaside towns and in industrial coastal towns, but there is more low-skilled and low-paid work. On the demographics, there is in-migration of older people, who tend to retire to coastal areas, where young people are getting out as quickly as possible, so there are the issues of an ageing population.

One of the key things we are looking at in Lincolnshire is the low level of skills and take-up of FE and NVQs, and how we can address that in relation to seasonality. Other issues are to do with enterprise. In coastal areas, there are very small and medium-sized businesses, which are probably family-run; they have been there for a very long time and are not developing into big industry. It is very much hand to mouth throughout the season. Over the winter months they struggle, or they lock up and go away. We have developed a policy document to look at those six key issues and work together with partners on how to address them and start to deliver something more tangible.

The Lord Bishop of Lincoln: I guess that it takes a lot of work to address some of those medium-term challenges. Are there any quick wins? Are there any things that you could do with a more straightforward result?

Ms Nicola Radford: We had a coastal communities meeting this morning. Being here at the same time was fortuitous. There is already some very good practice, but it may not be shared as much as it could be. We may not be aware of it because towns and communities are just getting on with it and thinking that is how everyone else does it. One of the quick things we are thinking of doing is collating all the evidence about what is already happening, and sharing best practice.

One of the things we have picked up is skills. In Lincolnshire specifically, although we are talking to other partnerships, we are speaking with colleges about pilots on term times, to see if we can break down college term times to start after the season has finished and do bite-size chunks of skills or levels towards various qualifications. The colleges have said that that will not necessarily need new money; it could just be about how funding formulas are worked and how they can draw down their money, because they will not be doing it in September but throughout the year in chunks.

We too declare an interest. We have put in a coastal communities fund bid to try to kick-start that work, so that we can try something in the next season, if it is successful. Delivering outcomes on skills is not a quick win, but we are pushing very hard for that pilot in the next few years.



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Lord McNally: I want to go back to the Chairman's first question. Where do you fit into the democratic process? Where are the elected councillors in those areas in determining what your priorities are and what your work is?

Ms Nicola Radford: Predominantly, local authority officers attend all the meetings, but councillors also attend. The paperwork goes to the local authority and councillors, and they feed in information. It is not a constituted group; they are partners. It is not funded. There is no membership fee to join the alliance, and it is very much done on the basis of good will. If we need research, partners are very willing to send it in because we are not asking them for money to be a member. If we hold events, other authorities contribute towards running them. It is open to everybody, rather than being quite rigid and funded with a membership fee for something that is just an extra tie-on. That could be a barrier in this time of austerity. Councillors and MPs have been involved in local areas. Matt Warman and others worked with us on it.

Q13 **Baroness Wyld:** I want to pick up in more depth the points you were making about socioeconomic deprivation. You touched on some of them but you may want to choose an example. In some towns, we know there is very real and deep, perhaps generational, socioeconomic deprivation. What is your ambition for some of the families and children in those towns? How do you think that is best achieved? Do you think the Government have done enough? There are a lot of questions. Starting with ambition, what would you like their lives to look like? What could be different?

Ms Nicola Radford: Particularly in traditional seaside towns, there is second or third generation unemployment or seasonal working. It is very much ingrained. Some schools are closing in those areas, and access to colleges of further education is an hour's bus or drive away for the sake of an hour's course, so there is no ambition to go. As soon as somebody has ambition, they clear off to university and do not come back.

More and more people are just going through the mill, working in a kiosk in the summer and claiming benefits in the winter. We want to put on bite-sized courses to try to inspire them to do different courses. Then somebody turns round and says, "Maybe the community does not want that. Is it just your ambition to put them all on courses in the winter months?" We are starting work to see what all of us, and the local authorities and colleges, think.

We are looking at housing supply in coastal areas. When people who moved into the area with their families get older, there is no bungalow accommodation for them. You cannot build suitable bungalows in flood risk areas, so they are still living in big, family-sized houses. There is just one person in the house, and young families cannot move into that accommodation. Either they struggle in substandard rented stuff, or they live in caravans, legally or illegally, because that is the only accommodation they can get.



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We want to look at a whole package of things, working with businesses to extend the season so that there is employment all year round. Therefore, in the winter months we are looking at working on green coast tourism and opening it up, so that people can get skilled, and trained for a career rather than just a job. It is important to look at that rather than seasonal jobs.

Baroness Wylde: That leads nicely to my next question. Say you could solve tomorrow the education problem you talked about so eloquently. Do you think enough is being done on the part of business and government either to enable people to stay in the town where they grew up, if they so wish, or to attract people who might want to go to a coastal town for all sorts of reasons—better lifestyle or the natural environment—and live a slightly different life, or set up a business?

Ms Nicola Radford: Even Butlins cannot attract middle management to the coast. Blue Anchor and Butlins cannot attract middle management; they cannot attract accountants or anybody else to the area. Although coastal areas are beautiful, the schools are a problem. There are some very good schools inland, but people see the coast as deprived and do not want to work there; they get as far as the Wolds.

The Chairman: Those are very attractive parts of the country. I would be quite interested to hear what Dorset and north-east Lincolnshire have to add on the subject. Would your colleagues like to elaborate on some of those issues?

Ms Helen Thompson: To some extent, it comes down to perception, which is often a big challenge. In north-east Lincolnshire, we have Cleethorpes, but also Grimsby and Immingham. They all have perception challenges, but in our area we have a very strong investment offer in very strong sectors. Once we attract people and businesses to our area, we can encourage them to stay, but it is a question of getting them there in the first place.

Grimsby is our industrial hub, but Cleethorpes is a quality-of-life offer. We have the beautiful Wolds as well. It is all about getting them there in the first place, so that they can see for themselves that there is a very strong quality of life offer. It is good for their families; it is good for well-being and being active. That is one of the challenges for us.

The Lord Bishop of Lincoln: Would you agree that that is common across all professions in our part of the world? Everyone struggles to get people to come in and work. Once they are there, they love it, but getting them there is the problem.

Ms Helen Thompson: Yes, that is the hard part.

Lord Smith of Hindhead: Does that apply to Bournemouth?

Ms Bridget Betts: Dorset.

Lord Smith of Hindhead: I am referring specifically to Bournemouth.



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Ms Bridget Betts: Bournemouth is slightly different. It is a big conurbation. It has more investment. People find it more attractive and the links to London are better. There is Christchurch and Lyme Regis, but outside that you start to feel at the end of the line. There are poor schools. Only the other day, I asked my two teenage children whether they would stay in Weymouth, where I live. They said, "No way". I felt disappointed because we moved there for them to have a good life, and they have a good life. They think there is no opportunity, yet my husband and I have good jobs. They do not see that. Weymouth schools failed recently, and there are high house prices. It is hard to get people to come down with their families.

Baroness Wyld: The whole point of the Government's industrial strategy is that it is supposed to address regional and local disparities. We heard from BEIS last week. Do you genuinely feel that you are part of that and are at the heart of it?

Ms Bridget Betts: I would say not. If you asked a lot of people about the industrial strategy, I imagine that, because of its name, it would not resonate with seaside towns at all. It sounds as if it is for cities. I looked in it for sentences with coast in them. They were not really there. That is a big issue for many of our coastal towns. They do not see a place in the funding streams of the industrial strategy; we do not hit the ratios for gaining money, so it tends to go to Bournemouth airport and the port at Poole, but Dorset is big.

Lord Knight of Weymouth: I certainly endorse what Bridget said. The LEP appears very Bournemouth and Poole-focused. It is part of what we have been discussing for ever: the absence of trickle-down. My children were brought up in Weymouth, too, and my son went over the hill to the great school in Dorchester.

Ms Bridget Betts: As do mine.

Lord Knight of Weymouth: Just to reinforce the point, none of the cohort he went to school with in Weymouth who went over the hill to do A-levels lives in Dorset.

The question is about the extent to which things such as the industrial strategy are economic development-focused, and whether too much of our thinking around regeneration is about economic development, or whether we should focus more on people, and think about employment, low pay and demography, and particularly skills, enterprise, behavioural change and ambition. Do we think enough about the people end?

Ms Bridget Betts: Probably not. I used to run the Dorset Coast Forum. We run a coastal community team as part of that. Our approach has always been bottom up. We work with communities. We are a delivery body. We tend to deliver work, whether or not there is capital development, only by working with communities. That often does not happen; it is often a top-



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down approach. I do not think we do enough. In seaside towns, there is a lot of legacy in the form of piers and harbour walls.

Lord Knight of Weymouth: We like Peers here.

Ms Bridget Betts: We love piers, but it is the cost of keeping them.

Lord McNally: I think we are talking about two different things, but both are costly to maintain.

Ms Bridget Betts: I am sure. There is a real issue, because it stops economic development. If harbour walls or piers need repairing, private investment does not come; it cannot come because it cannot pay for that.

Lord McNally: The term "end of the line" keeps coming up. Is there an end-of-the-line syndrome that dampens expectations?

Ms Nicola Radford: It seems to be the end of the line. Obviously, the train stops there, but it is also the first road out or the first train station. In some of the more historic seaside towns such as Mablethorpe, the train line has closed down and it is the last resort; it really is the end of the road. In some areas, the second and third generations have had those cycles. Others are very buoyant. Skegness has its issues, but it has some vibrancy. It has a train station; it has a route in and out. But places whose train stations have closed are very much at the end of the line.

The Chairman: If there was one strategic intervention that you think would benefit some of those communities at the end of the line, what would it be?

Ms Bridget Betts: It comes down to funding. There is no getting round that. In all the funds out there, very few are for the coast. We work in partnership. I can draw in matched funding from the private and public sectors, but the shortfall in funding from government is a huge issue for us.

Q14 **Lord Smith of Hindhead:** That leads me very nicely to ask about the coastal communities fund, where funding in excess of £50,000 is available with no upper limit at all. I think the latest round ended last month, and you will know the outcome by the summer. Could you advise us of your view of the adequacy of the funding provided under the fund, and whether the bidding process is sufficiently clear and easy to cope with?

Ms Bridget Betts: It is a great fund; it is the only fund for coastal areas, so it is hugely oversubscribed. That is a real issue because we put in a lot of time on it. There is a two-stage process. For some bids, it probably does not need to be two stage. It is very resource-intensive.

We have benefited from coastal communities funding. Last time, we got £5.6 million, but it was to deliver 18 projects. We were brave. We went for a portfolio project. We like that way of working because you can draw in a



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lot of matched funding, but the maximum is £40 million or £50 million. We could spend that this year on the economic plan we have written.

Lord Smith of Hindhead: In the last five years, a total of £174 million has been given out by the coastal communities fund. That is a lot of money, is it not?

Ms Bridget Betts: It is; I am not disputing that, but in comparison with other funding that comes through the LEP it probably is not, when you consider what we need to fund and the fact that there is less private investment on the coast.

Lord Smith of Hindhead: Ms Thompson, have you had any wins from the coastal communities fund? It is a bit of a lottery.

Ms Helen Thompson: Cleethorpes was successful and received £3.8 million. We are in that process at the moment. We have until December 2019 to deliver the programme. It is a portfolio of programmes, so it includes more than one project.

Lord Smith of Hindhead: Name one of them.

Ms Helen Thompson: We have public realm works to improve the environment in the resort of Cleethorpes. We have integrated that with some Heritage Lottery funding, to maximise the CCF funding we received. Cleethorpes is a wonderful Victorian seaside resort, so the Heritage Lottery fund is helping with the heritage elements of the actual seaside town.

Lord Smith of Hindhead: We are interested in the coastal communities fund. Has it helped you, or will it create any jobs?

Ms Helen Thompson: It will create jobs.

Lord Smith of Hindhead: Will it bring investment?

Ms Helen Thompson: Yes.

Lord Smith of Hindhead: Will it attract entrepreneurial skills to bring investment and business?

Ms Helen Thompson: Yes. We brought in a dedicated business adviser to help some of the local businesses to address gaps they might have. It might be something as simple as marketing, a website or help to recruit people or deal with skills gaps. That person on the ground is meeting businesses and putting on master classes and sessions for them, all tailored to what businesses say they need. We are getting direct intelligence from businesses. We hope that those businesses will grow and create jobs in their own right.

Lord Smith of Hindhead: I hope so, too. It is a lot of public funds.

Ms Radford, are there any changes you would like made to the fund, other than there being £174 million over the last five years?



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Ms Nicola Radford: One of the things we were talking about at the partnership meeting this morning was that when the funding was initially allocated it was 50% Crown Estate funding. That has now been reduced to between 30% and 33%. With the oversubscription and all the projects coming in, we would like to look at the balance and the formula to see how we could increase that amount.

We very much welcome the fact that the coastal communities fund is there. It is recognition that there are unique issues that can be addressed by coastal communities, but over 140 coastal community teams, plus local authorities, are all bidding in that competitive process. Some very small groups and coastal community teams are bidding, and putting in a lot of effort at that stage, but are not successful, whereas strategic partnerships that have some level of input and resource to help form more strategic bids are getting the money. There needs to be a formula to try to get more portfolio projects together, so that it is not a free-for-all but is opened up to everybody. Maybe there is some way of co-ordinating things locally to put projects together in one bid.

Lord Smith of Hindhead: Could you give us just one example over the last five years of a successful business, which is still running, that employs more than, say, 10 or 20 people?

Ms Nicola Radford: Funded through the coastal communities fund?

Lord Smith of Hindhead: Yes.

Ms Nicola Radford: We are in our process at the moment.

Lord Smith of Hindhead: But the alliance has been around for 11 years. Can you give just one example?

Ms Nicola Radford: There is Barrow-in-Furness. I would have to get the numbers and evidence on that, and there have been others.

Lord Smith of Hindhead: I would be really interested if we could have just one example of a business that has been created from the coastal communities fund, which is in operation now and employs more than 15 people.

Ms Bridget Betts: The coastal communities fund is often based on visitor numbers; bringing in more visitors means that there are small businesses. We look at that.

Lord Smith of Hindhead: I understand that, but my question is very specific.

The Chairman: You are really asking for pump-priming examples. Is that it?

Lord Smith of Hindhead: Yes. I want an example that will help us. If we are to make an argument that the coastal communities fund should be



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increased, but we have spent £174 million of public funds in five years and cannot find an example of one business that has been created and sustained and employs more than 15 people, we will struggle.

The Chairman: That is a very good point.

Ms Nicola Radford: The Ministry of Housing, Communities and Local Government is looking to put together a report with all the coastal communities fund evidence. We can get something in the meantime, while we await that.

Lord Smith of Hindhead: I think this Committee is sitting until next March, so you have a bit of time.

The Chairman: It would be very helpful if you could furnish us with something like that. The department itself does not seem to be doing any proactive evaluation currently. We asked about that last week. I have one specific question. How easy is it to put forward capital bids, and do you have examples of where they have been successful?

Ms Nicola Radford: On the Lincolnshire coast, we were very successful in 2010, when we had floods on the east coast. Obviously, that was not positive, but one of the visitor centres at Gibraltar Point was flooded and we got coastal communities funding to rebuild it and to build the North Sea Observatory at Chapel Point. The county council owns the building but the centre is run by the wildlife trust. That is a very successful café and visitor centre. The newly opened North Sea Observatory will be an art space, match-funded through the Arts Council, the coastal communities fund and European funding.

The Chairman: You have managed to attract matched funding.

Ms Nicola Radford: Yes.

Q15 **Baroness Whitaker:** It is clear that coastal communities could be eligible for a range of assistance to enable them to thrive, not all of which needs to be satisfied by the coastal communities fund. Can you say something about the other sources of funding that are available? Heritage is a big element in these towns, as is supporting ports in the face of Brexit. The hollowing out of industrial parts qualifies for funding, and there is the sort of thing the LEP can do to improve cultural trails. Can you map the landscape a bit and say how you can bring together different funding partners to work towards common goals?

Ms Nicola Radford: Among the basic things we have done at community level, the Coastal Communities Alliance has worked with the Arts Council and Magna Vitae, an organisation in Lincolnshire, to establish a coastal cultural network that brings together cultural organisations in coastal areas to put in bids for funding from the Arts Council. The Arts Council has noted that coastal areas do not access as much funding as city areas. It is also to get artists out. The council is facilitating a person to bring that all together.



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There is potential through the single local growth fund. It is trickier to justify getting money through the single local growth fund for coastal areas, because it is about market failure and high-risk investment. To put that sort of money into coastal areas is a higher risk than just putting it into an industrial or urban area, but we have been successful in some projects in attracting money through the LEP and the single growth fund. We are working with Heritage Lottery to try to bring money into coastal areas. It is more about having a strategic plan of action than bidding for bits of money. It is about trying to put in bids for north-east Lincolnshire, with portfolio projects in coastal areas.

Baroness Whitaker: Bearing in mind that most coastal community teams will be enabling organisations rather than delivery organisations, because they have no resources, is there not a problem about branding? You enable an entrepreneur to do something that will be very useful and helpful. Does that entrepreneur use their own brand? Do they use the CCT brand? What happens if it fails and the CCT is dropped in it? If you have lots of partnerships for funding, it is inevitable that there will be a bit of a branding issue. How do you cope with that?

Ms Bridget Betts: We multibrand sometimes, but we use the GREAT British logo on all our coastal communities fund projects and we have partner logos. We recently completed the public realm area in Bournemouth where £1.9 million was spent. It is branded as Bournemouth council as well as GREAT British coast. Branding is done project by project. Often a lot of the funding cannot benefit an individual business. Often, we are not faced with a single business branding it as itself.

We have been successful with the European Maritime and Fisheries Fund. We ran a local fisheries action group and brought £800,000 into the local economy. We are working with fishermen, restaurants and anything to do with the fishing industry. That has been really good. We have tried to match that with coastal communities funding and other things, so there is another fund where we are quite active.

The Chairman: Does that reverse the well-advertised decline in coastal fisheries?

Ms Bridget Betts: They are declining, but we generally support local inshore fishing boats. It is about providing them with the correct gear and safety and trying to encourage young fishermen into the industry. That is where a lot of the funding is going. We are developing an aquaculture hub around Portland. We have just employed an aquaculture officer to bring all of that together. We already have bids coming in for seaweed production and a wrasse fishery. It is very disparate at the moment, but by co-ordinating that through one body with some funding we have already seen a change, and hopefully that will be a good thing for Dorset.

Ms Helen Thompson: In Grimsby, there has been a decline over the years in the landing of fish. Seafood processing is still one of our No. 1 sectors, but new emerging sectors are using the port of Grimsby—for example, the



renewables sector. We are the closest sailing distance to the offshore wind farms at the moment. Maintenance operations are now huge, with Ørsted and Siemens based at our ports. New sectors are taking over where other sectors have declined and waned.

Ms Bridget Betts: For us, it includes cruise ships at two of our ports. That is now a big industry. Passengers used to come in and go straight to Stonehenge, but now they are dropped off in Dorset or taken on tours around Dorset, as well as visiting Stonehenge or Bath. That is big business—it never used to happen. There has been huge investment by the ports. We are trying to match some of that to provide a nice welcome space when people get off those boats. Often, our welcome areas such as train stations and ports are not so good as soon as people get outside. We are trying to bring everything up to a good standard.

The Chairman: That makes a lot of sense.

Q16 **Lord McNally:** Are you able to highlight any examples of interventions aimed at stimulating local economic growth that you think have been particularly successful either in your area or elsewhere you have visited? Do you have success stories?

Ms Bridget Betts: I have a few success stories. In the 1990s, the Portland area lost about 4,500 jobs due to the Navy leaving. A big workforce had gone and things declined, but then there was an investment by SWRDA, as it was then, of about £44 million, and that changed the whole area. It now has the National Sailing Academy and loads of marine businesses. It is where the cruise ships are, and there is Agincare, which is a multimillion-pound business. It is a good place to do business. That was really successful.

Lord McNally: Was that a kind of industrial park?

Ms Bridget Betts: It was for the Navy. Nobody went on it—it had massive tanks and was not very beautiful. When you go over the causeway now, it looks good, professional and modern.

Lord Knight of Weymouth: Obviously, I know it really well. Half of it was the naval base, which was sold as Portland port to a private provider before SWRDA. The other half was sold by SWRDA and developed as you described. Do you have any sense now of the relative success of the old Mere tank farm that SWRDA purchased, with the old air base, versus the private sector regeneration that Portland port has led? That is where the cruise ships come into Portland port, is it not?

Ms Bridget Betts: Yes, they do. The whole place is visibly nicer, which is good. It feels thriving. Water sports are a big thing for Dorset, and new businesses have been developed because of that.

Lord Knight of Weymouth: Essentially, do you perceive any difference in the outcome between the route of selling it straight into the private sector and the route via government funding through the South West of



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England Regional Development Agency?

Ms Bridget Betts: I am probably not the best person to ask.

Lord McNally: Are there any other success stories to tell us?

Ms Helen Thompson: I feel that Cleethorpes is on the cusp of success with the funding package we have brought together with CCF, HLF and LEP funding. For us, it is all about trying to incentivise development in the resort and having a master plan for the whole resort to grow from where it is now.

In the next couple of years, hopefully, we will see a big change. Visitors who are attracted to the area, and are not put off by the perception of Cleethorpes, say, "Wow. It's changing all the time". A strong restaurant and café culture sector is starting to grow there, which helps to support our investment offer for the region, not only for our visitors but for our residents and for businesses based there. It is creating an air of confidence about the area. Although I do not have a specific example, generally, as a local authority, working with our partners, we are trying to grow the area in that way and take the community along with us.

As was mentioned earlier, it is not all about physical capital investment. In our area, we are growing our culture and heritage. We probably did not have as strong an offer in the past. It is all about the product offer as well, to encourage people to visit, and see the Victorian seaside and our heritage assets. They can enjoy the seaside and access the vast range of different offers in our particular area.

Lord McNally: It is interesting that your approach, probably quite sensibly, is still about tourism and visitors rather than looking for a new role for the town. I am fascinated by the idea of servicing offshore wind farms. That is a separate thing, but Cleethorpes as a quintessential English Victorian seaside town has a place in the nostalgia industry, as long as it has good restaurants and comfortable hotels to go with that.

Ms Helen Thompson: Yes, absolutely.

The Lord Bishop of Lincoln: You referred to servicing renewables in Grimsby. Can I take you back to what you said at the beginning about the quality of education? We do not have young people trained to carry out that servicing. Someone said they are Grimsby jobs for Danish people. A lot of people come across to work on those renewables from other parts.

Ms Helen Thompson: Lots of local people are working with the likes of Ørsted, which is a Danish-owned company. We know that a lot of local people are getting jobs, but for us there is the challenge of keeping our talent local.

The Lord Bishop of Lincoln: With the FE issues.



Ms Helen Thompson: Yes. Through our Grimsby town deal, we are hoping to create a higher education presence in the town, which in turn will, hopefully, keep everybody local, but it is a whole package. It is about encouraging local people to stay because there are jobs, there is culture and heritage, it is a nice place to live and they can get from A to B very quickly without sitting in a traffic jam. There is a lot of work to do. Education probably starts when people are very young. We need to give our young people confidence that the jobs are there. Why go away? Why go to other cities? Stay local with a lower cost of living and more affordable housing—it is a big message and a big job. It is a matter of taking the whole community along with us. We are just embarking on that, with all the strategies we have to try to achieve it, and create the right environment.

The Chairman: Do you think you are getting sufficient leadership in promoting that? Have the local authorities signed up to the strategy? Are they actively promoting it?

Ms Helen Thompson: For North East Lincolnshire Council, I can give a firm yes. We are in talks with the Government about the town deal, but it is important for other partners and stakeholders to be on that journey with us, and that the large organisations based in our area, such as Ørsted and Associated British Ports, sit on our town deal board. It is about having education there and having a community. From our point of view, we are in a very good place at the moment, and we are very committed to achieving ambitious growth plans. It is a whole inclusive growth approach. It is not just economic development; it is the whole thing.

Q17 **Lord Knight of Weymouth:** I want to return to something I hinted at in a supplementary earlier. It is essentially about the behavioural change we want to engender, to raise a sense of aspiration and social mobility at scale in the whole community rather than just a few people who get educated and never return. How do you as coastal community teams engage with local communities, retailers and businesses to secure some kind of consensus on local strategies? In particular, how do you deal with some of the challenges around the vested interests of tourism and seaside town employment versus perhaps the social need of some of the more deprived and disadvantaged people living in those places?

Ms Nicola Radford: On the Lincolnshire coast we have a coastal developers forum that covers the greater Lincolnshire local enterprise area and has on it housing developers and big tourism providers. They all come together to look at key issues that are affecting the coast. We have been working with them on a skills bid, for example, and on access to utilities on the coast because that is very difficult. The cost of getting electricity and sewerage is a main issue along the Lincolnshire coast.

We have been working with them in partnership to take things forward collectively with the local authorities and with the MPs, who come to that group when possible. Matt Warman, Victoria Atkins and Martin Vickers come along to feed in what is happening government-wise. We identify key



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projects, working with utility companies on their agendas. We are doing that from a business point of view. For retail business, Lincolnshire has a coastal BID—a business improvement district—to bring retailers together. It has been concentrated more on tourism than on branching out.

Lord Knight of Weymouth: Do you have to use elected representatives as a proxy for engaging with residents, or are you able to do it more directly?

Ms Nicola Radford: We have three coastal community teams on the Lincolnshire coast: Skegness, Mablethorpe and heritage coast. We meet all of them and they feed in their issues. They are very active in the coastal BID; the lead person for the coastal BID sits on those groups.

Lord Knight of Weymouth: Is the business improvement district something that many coastal communities have done? Has it worked? Has it been easy to do? Is it having an effect?

Ms Bridget Betts: We have just voted to go for a BID too, and we now have a better relationship.

Lord Knight of Weymouth: In Weymouth?

Ms Bridget Betts: In Weymouth, and there are a few elsewhere. We are working with them to get businesses more involved. We have done an economic plan. There are five covering Dorset, but we decided to have a strategic one across the whole area, and that is working a lot better. We can have more conversations with the LEAs. For our residents, we have a website called Dorset Coast Have Your Say, which has lots of ways for anybody to feed in on different issues or projects we are working on to make sure it is bottom-up.

It is really difficult for coastal communities. Places such as Bournemouth are very driven to have almost a city mentality. That is good for business. It has insurance companies; there is a lot of investment and people stay there. Then there are places such as Weymouth and a few others, where some communities do not go far from Weymouth and do not like change. That is a real issue not just for that seaside community but for a lot of others. You try to modernise, and move things on a bit, but there is resistance from seaside communities. They do not want any kind of modernisation; they just want it how they remember it. That is a struggle when you are trying to bring in digital access. We put public wi-fi on the beach so that people could find out about what they wanted to do and book meals, for example. That is what people want to do, but they look on their phone and there is no tourist information.

Lord Smith of Hindhead: And order things online so they do not have to go to the shops.

Ms Bridget Betts: I do not know, but people like wi-fi. Communities complain about that too. It is quite hard to move forwards sometimes. It is not all communities and it is not everyone, but they are very vocal.



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Lord Knight of Weymouth: Is there any resentment about money being spent on facilities for visitors as opposed to residents?

Ms Bridget Betts: Yes. But you spend it on visitors and public realm areas to make them nice, and that is nice for the community as well. You can get the money because it is for visitors, so it is a double benefit.

The Chairman: I suppose it is a question of persuading them of the coincidence of interest.

Baroness Whitaker: I was wondering how conflicts of interests ought to be managed. Say you have an entrepreneur coming in and providing 200 or 300 jobs, but local environmental groups do not like that industry. Perhaps it is a chemical industry, or they think it will be noisy or there will be too much traffic. Those local campaigners are the sort of people you really want on your side for regeneration.

Ms Bridget Betts: They are part of the Dorset coast forum and that is a great place to have people listen to what is coming in. On that forum we have Natural England, the wildlife trust, businesses, fishermen, ports and local authorities. Everyone associated with the coast is on it. That is a neutral place to hear about new developments. People can ask questions and make an informed decision. People are aware of the facts, and that helps to deal with conflict. Rather than having lots of different private meetings where things are said and agreed, or not agreed, there is more consensus on what should happen in Dorset. We do that quite well in Dorset.

Q18 **Lord Shutt of Greetland:** I have had a bit longer than my colleagues to think about my question. Looking back 50 years, folk did not go to the costa del whatever, nor did they have winter breaks. The seaside economy was still very much a summer economy. I am just wondering what happened in the winter 50 or more years ago. Is tourism overcooked or overdone? Are we stressing it too much?

One of you referred to somebody serving in an ice cream cabin in the summer and getting a bit of dole in the winter. What efforts are made anywhere to look for specific winter work, so that the people who are doing lovely summer jobs have work available in the winter? It could be work being done for folk in London or wherever but that is taken to the coast to be done. Some of it may be routine stuff, but winter work could be shipped in. Is that a possibility, and is any effort put into it?

Ms Nicola Radford: That is something we have been talking about in relation to the skills for tourism offer. The skills needed for hospitality are also needed in the care sector. With the ageing population and the increase in the need for workers in the care sector, there are posts we cannot fill, so you could be trained to be a chef in a restaurant over the summer months and then work in the care sector in the winter months. You can make beds in Butlins, but you can also make beds in care homes.



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There are quite a lot of cross-skills. People do not have to say, “Well, it’s the end of the season”. We are looking to extend the season in a lot of coastal areas, but it is about looking at careers rather than jobs, and getting back a sense of pride and ambition. We have been told that people have such low aspirations that they are quite happy to have the winter months off. A lot of businesses close and take their holidays in the winter months. It is about trying to get a balance—for example, by looking at cross-skills, so that people can go into different jobs in the winter months, or by a factory producing something different in the winter. But it is difficult to get people on board when they are quite happy to claim benefits in the winter.

Lord Shutt of Greetland: Surely care home work is year-round, so you would have to bring in people to do the summer jobs.

Ms Nicola Radford: This is where we are at. There are those skills, but it is not just tourism that is the main offer of employment on the coast; there is the care sector as well. We are struggling.

Lord Smith of Hindhead: Are you saying that some seaside coastal towns have an inbuilt culture where people simply do not want to work when the season ends and they go on the dole, or are you saying that they claim the dole while working in the kiosk as well?

Ms Nicola Radford: We are trying to establish the evidence. It is hearsay that people want to claim benefits in the winter months and do not want to do training and have year-round employment.

Lord Smith of Hindhead: If that is the case, why should public money be spent on investing in towns if nobody wants to work in them?

Ms Bridget Betts: I would not say that is true for Dorset.

Lord Smith of Hindhead: I am not saying that it is specifically, but the general impression you are giving is that there are some coastal towns with a culture where people work in the summer and may or may not claim dole, and when the winter comes they claim dole. Even though there are jobs in care and the leisure sector, they are not prepared to do those jobs. We have spoken a lot about BIDs and attracting businesses, but, if that culture exists there, why should public money be spent? Why should we bother?

Ms Nicola Radford: I do not think it is necessarily a culture. This is what we are trying to get at in the discussions with the coastal developers forum. I do not think it is necessarily a culture; it is an ongoing thing from generation to generation.

Lord Smith of Hindhead: But your evidence is that that is what happens.

Ms Nicola Radford: That is what is being said by businesses. What we are saying is that we need either to bust that myth and say that it is not the case, or that it is the case, so what can we do about it? Is it about



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raising aspirations and showing people that there are career paths and it is not just this offer? It may be what their families have done and they are just following in those footsteps. Should we say they cannot claim benefits and they have to do jobs? We are trying to find the evidence at the moment.

Lord Smith of Hindhead: You can understand my concern.

Ms Nicola Radford: Yes. It is not in every seaside town, but some may have generations of that.

Lord Knight of Weymouth: Would it be a fair characterisation of how things used to be that people in those communities worked bloody hard in the summer, and spent part of the shoulder months, which we are now trying to exploit because they are not making as much money in the summer, reinvesting in their properties and their businesses, so that they were good to go for the summer? They probably have a holiday themselves. There are still quite a few B&B owners who try to follow that pattern.

Ms Bridget Betts: That is very true.

Lord Smith of Hindhead: But they are the business owners.

Ms Bridget Betts: Yes, and they are happy to do that.

Lord Smith of Hindhead: That is completely different.

The Chairman: Do you have any reflections on the particular challenges that Brexit might bring to your communities? Given that some coastal communities in particular were very strongly in favour of the UK leaving the EU, it is an interesting question. Have people begun to realise or think about the economics of their locality and coastal communities?

Ms Bridget Betts: It is interesting. We have done some European-funded projects, so we have worked with people across the water. That has been really beneficial to us and seaside or coastal locations. I hope that will not be an issue in the future. We run a local fisheries action group through European fisheries funding, so I guess that will come to an end. Will there be replacement of such things to enable some co-ordination of delivery and to help our fishing industry and fishing sectors?

It will be a very interesting time. Cornwall had a lot of European funding, and that may affect things. Most of my thinking is around the funding side and being able to work with other people who have similar problems but in a different country. We have learned some very valuable things from other countries. We have worked with Belgium and France. Those conversations show how they do it and we bring in their good practice, and we send our good practice there. That has been very beneficial.

The Chairman: Is that through Interreg?



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Ms Bridget Betts: Yes. Dorset coast forum was set up 21 years ago in a European project. We now have a team of 10 and we have grown from strength to strength.

Lord Shutt of Greetland: You are all trying to help people in these areas. Would you say that, by and large, if somebody, whether a community or an individual, has a bright idea and they come to you and say, "I need resources for this", you are able to deliver, or are they disappointed?

Ms Bridget Betts: We deliver quite a bit. Sometimes we find private funding. There was an idea to do with health in the coastal community. Someone wanted to set up park yoga in parks on the coast. I was the person who made that happen. There was private funding. We had to get in touch with the landowner and sort out the logistics. Now there are four schemes running and 150 people turn up every Sunday to do park yoga on the coast. That cost about £5,000. An entrepreneur wanted to do something to make a difference in coastal communities.

We have four projects for the coastal communities fund this time. We have already managed to gain about £1.25 million of matched funding because we are ready. They see that we can deliver; we have proven experience. We work bottom up with a lot of people. It is good that people put their hands in their pocket and are waiting with good ideas. If you have a good idea, you can co-ordinate it. Co-ordination and partnership working are absolutely key to a lot of delivery on the coast.

Lord Shutt of Greetland: Do any of you have the experience of something that really deserved support and you knocked on various doors, but you just could not get anywhere.

Ms Helen Thompson: It happens sometimes. It is very challenging from a tourism perspective to secure appropriate funds. I cannot think of a specific example, but we have instances. It is very disappointing when you do not think you can help a good idea, but it happens. It is challenging from a state aid perspective in the tourism sector, for example. Our local authority set up an investment hub to help any business in any sector. It is for more specialist funding, such as equity funding and loans; they are all ex-bank managers and so on, so they have good knowledge. We never like to say no, but sometimes there are occasions when you simply cannot help a business.

The Chairman: I suppose that is true; you always have a hard decision to make.

Lord Lucas: Ms Radford, earlier you said you were looking at sharing good practice more. Are there any examples of good practice that we ought to be paying attention to?

Ms Nicola Radford: We were talking about that this morning. We were talking about a resource library on the website for people to start pulling down information and sharing it. I was going to tell you about Jaywick, but



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I have had a bit of a blank. It was an example involving the CCTs and the private sector.

The Chairman: If there are points on questions we raised that you feel you have not adequately responded to, you can send them to us. I am always happy to learn about Jaywick. If you could send us something in writing, it would be very helpful. I thought your background paper was very interesting and helpful. I draw this part of the session to a close and thank our guests for their attendance this afternoon and for their interest and presentations.



Andy Smith, Bill Parker and Gordon Oliver – oral evidence (QQ 19-25)

Tuesday 17 July 2018

3.20 pm

Watch the meeting

Members present: Lord Bassam of Brighton (Chairman); Lord Grade of Yarmouth; The Lord Bishop of Lincoln; Lord Lucas; Lord McNally; Lord Pendry; Lord Shutt of Greetland; Lord Smith of Hindhead; Baroness Whitaker; Baroness Wylde.

Evidence Session No. 3

Heard in Public

Questions 19 - 25

Witnesses

I: Councillor Andy Smith, Chairman, Local Government Association Coastal Special Interest Group; Mr Bill Parker, Lead Officer, Local Government Association Coastal Special Interest Group; Mr Gordon Oliver, Elected Mayor, Torbay Council.



Examination of witnesses

Councillor Andy Smith, Mr Bill Parker and Mr Gordon Oliver.

Q19 **The Chairman:** Welcome to this afternoon's evidence session. Colleagues from the LGA should have in front of them a list of interests that have been declared by members of our Committee. The meeting is being broadcast live via the parliamentary website. A transcript of the meeting will be taken and published on our Committee website. As witnesses, you will, of course, have the opportunity to make corrections to that transcript, where necessary.

Before I ask the first question, I ask Lord Grade and Lord Smith to make a declaration of interests.

Lord Grade of Yarmouth: I am currently assisting, in a purely advisory capacity, a business in the community project in Blackpool.

Lord Smith of Hindhead: For the purpose of this meeting, I need to declare that I know Gordon Oliver, the Torbay mayor.

The Chairman: We have a set of prepared questions. I intend the session to go on for about an hour, so we will move through them briefly. There will be an opportunity for colleagues on the Committee to ask supplementaries.

What are the main aims of the Local Government Association special interest group on coastal affairs? What are the key areas on which you are currently focusing?

Councillor Andy Smith: Can I preface my answer by saying how pleased we were to see the initiative set up and to see a focus on coastal towns and communities? There are many areas of government that could not lay claim to such an initiative. Thank you very much for that. It is greatly welcomed.

The LGA coastal special interest group, hereafter the SIG, exists under the constitution of the Local Government Association. I know that many Committee members have past local authority histories, so you will be aware of the LGA. The constitution states that, if 10 or more councils have a particular, identifiable set of interests, they can form a SIG, which then speaks on behalf of the LGA on those topics. That is our role. We speak to government—Ministers, the Environment Agency or whoever it might be—with the authority of the LGA behind us. I have been chairman for five years, very capably assisted by Bill Parker.

Our aims are, first, to represent, as widely as we are able, in a very general sense, the interests of coastal local authorities. We are concerned with local authorities; others you have spoken to, such as the CCA, have more to do with the voluntary sector. Our role is to represent, in whatever forum is necessary or offered to us, the interests of coastal local authorities.



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Part of our mission statement is that we want to achieve the recognition that coastal communities deserve. Coastal communities form a surprisingly large proportion of the country, if you add them all up. The problem is that they are geographically spread and disparate, and they do not appear to have a centre of gravity like, say, the Northern Powerhouse, but, taken together, they are of equivalent scale. We aim to achieve that recognition wherever we can, and we have a history of doing so on various topics over time.

The biggest piece of work we have done, which is ongoing, is to do with flood and coastal erosion management. Funding for that is a massive issue for local authorities and, indeed, for the EA and Defra. We spend a lot of time on that, and we have very good ministerial and other contacts on the issue. Bill spends a lot of his time on it.

There are various other things. Some of you may remember the Napoli shipping disaster in the channel some years ago, when a load of BMW bikes was dumped on the beach near Lyme Regis. Devon took a very strong initiative, in association with French local authorities, to put in a protocol for that. Two years ago, there were some fatalities on Camber Sands, which was very sad. The local council there, recommended by the Home Secretary, came to talk to us about how we can deal collectively with such issues. There are other matters; we deal with quite a wide range of things.

We have not had cause to address in great detail the topic you are talking about, but it is critical for many of our member authorities. We have tried to gather evidence, both ahead of today and for your later call for evidence, under four strands.

First, what are local authorities' successes to date? Where is there good practice and learning to share on the problems that face all seaside towns but are much starker in some than in others?

Secondly, what is the detail of the issues? What is the understanding of the issues in declining resorts? We have sought anecdotal analysis, officer analysis and statistics. What are the constraints on improvement?

Thirdly, what is the local authority capacity to respond? The answer is that it is highly variable, but there are lots of techniques, such as partnerships and the like.

Finally, your core question, at the end of the day, is that you want to make a report to the Government on how changes at government level could assist. We are trying to encourage our member authorities to respond under those headings.

Mr Bill Parker: To provide a bit of clarity for you, 114 local authorities in England have a coastal edge, of which 84 have coast protection responsibilities. They have powers; they do not have duties. Local authorities on the coast of England can intervene, but they do not have to intervene. It is similar to the Environment Agency with flooding.



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That means that it is one other task within a multitude for individual local authorities. As Andy said, the fact is that we are very fragmented around the country. One of the big challenges is that the local authorities have a peripheral element and therefore do not have a centre of gravity. The SIG tries to fulfil a co-ordination role, but it is on top of the day job. It is not something that has a core of people or individuals. On top of our day job, we try to facilitate, enable and support local authorities around the coast.

Lord McNally: That answer makes me a bit worried. You said that they can intervene, rather than that they must intervene. We are talking about perceptible threats, so who must intervene?

Mr Bill Parker: According to the Coastal Protection Act 1949, it is a power, not a duty. Within each local authority, there will be a political imperative for the local authority to respond to elements, but it is not set out in law for us as local authorities to respond. One of the challenges that gives, of course, is that it can be seen as a non-statutory element of the duties operated by the local authority, so, as local authority budgets are squeezed, these elements become more and more challenged.

There are interesting ways of trying to deal with that. I run a team of four local authority coastal management teams, for instance. We try to share the resource and the expertise, but these are complex elements for us to work on. If you boil it back down to the 1949 Act, it is a power, not a duty.

Q20 **Lord McNally:** I put on record that that is a matter of concern. In all the evidence, we get talk about the socioeconomic disadvantages that can hinder economic prosperity. Are there not also physical and environmental challenges that play a significant part in preventing progress on regeneration? You mentioned coastal protection. Does that impose a burden, or is it an opportunity? We have seen places where coastal protection has been folded into a very imaginative visitor attraction.

Mr Bill Parker: May I dissect the two elements of that? The first relates to the location of coastal towns; by their very nature, they have a 180 degree hinterland, whereas somewhere in the middle of the country has a 360 degree hinterland. In addition, many coastal towns are at the end of the road.

I will talk about the east coast, because that is the area I know best. Although the south coast might be quite well connected, through the M27 and so on, on the east coast the connectivity for people to get to coastal towns is quite tricky. You have to go out of your way to get to places such as Yarmouth, Lowestoft and Cromer, so one of the key elements restraining coastal regeneration is accessibility. You can then add broadband, rail and other elements. If you take the core elements needed for regeneration, those are critical functions. It is always much more difficult if you are out on a limb.

We have evidence that investment in coast defence creates a positive environment for regeneration in a coastal town. We have that evidence



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from Felixstowe and we are getting evidence from Clacton. We are doing quite a lot of work in Lowestoft, for instance, where, as a local authority, we want to invest £60 million in putting in a flood defence scheme. That is done by the local authority rather than the Environment Agency, for a whole load of historical reasons, and it enables a significant amount of brownfield land to become accessible for redevelopment. Our estimate through the economic assessment runs to about £499 million GVA for Lowestoft. If we can get that investment to come in, it will add another £195 million per annum GVA, which is about another 3,500 jobs as well.

The problem we have as coastal communities in getting investment is that it is very challenging to go through the process of accessing funds for coast defence, but, if we can do that, we believe that there is a lot of opportunity for towns all around England to develop. It is almost as though the statement, "We believe in this town", or "We believe in this location", starts the ball rolling.

Councillor Andy Smith: If I may, I will go back to the core of Lord McNally's question. It worries me that he was concerned about the answer about coast protection.

Lord McNally: Occasionally one sees houses, mainly on the east coast, perched on the edge of a cliff.

Councillor Andy Smith: Indeed so.

Lord McNally: If you are telling me that it is optional to do anything about that, I worry, not least for the people living in the houses.

Councillor Andy Smith: May I add something about the core of the 1949 Act? The start point is that, anywhere around the coast, the protection of the land is the landowner's responsibility. If you think about farmland and the like, that is not entirely unreasonable; if you were to map the coast with red for farmland and blue for coastal resorts, you would have a minority of blue. That is the start point.

The problem with coastal processes is that no fragment of the coast stands alone. The first purpose of the 1949 Act was to give coast protection authorities responsibility and power to approve any works that any landowner chooses to do to attempt to protect his frontage. They have to come to us for permission for that. At a second level, we have the power, as local authorities, to do coast protection works where we see fit, which, typically, is in the main coastal towns.

Of course, funding for that is not provided locally. My own town of Felixstowe had two £10 million schemes in 2008 and 2012. The funding is acquired from government and has to be justified on a cost-benefit basis. If you are protecting a coastal resort or coastal infrastructure, as is happening at the Bacton gas terminal in Norfolk at the moment—40% of UK gas comes through that bit of cliff—you have to put together a case for government. These days, you get X% of that, from 100% down to nothing,



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according to the amount that is protected. It would be a pretty unusual coastal resort where you could not justify in Defra/EA cost-benefit terms that it was an appropriate project. That is the way the system works.

The problem it gives you relates to the value of assets protected in a struggling resort. One of the responses we have had is from East Lindsey District Council, on behalf of Skegness. Skegness is totally isolated, with no other significant economic activity. It does not have a coast defence problem at the moment, as far as I know, but it would be a harder project to justify there in government funding terms than at a major resort such as Brighton or Felixstowe.

That is the basis of the Act. There are not many cases where failure of coast protection, certainly in the long term, has demonstrably damaged a town. It can be a problem if the last generation of defences is deteriorating and you have to get your project together and get the funding, which can be a 10 to 15-year process.

The Chairman: That is helpful.

Lord McNally: Can I ask one other question about the physical and environmental challenges? Does the Crown Estate have any responsibilities in shoreline ownership? Does it play any positive part when you are looking at these problems?

Councillor Andy Smith: The Crown Estate owns the seabed, as a generality. Exactly where the seabed finishes and landowner ownership starts—high-water mark, low-water mark or somewhere that nobody can work out—is highly variable around the country. Generally, it does not have a duty to contribute; it charges rent where it can, probably.

Mr Bill Parker: In England, about 50% of the foreshore up to the high-water mark is owned by the Crown Estate. If a public body were to build a sea defence on that land, I understand there would be no additional charge, but, if it was a private investor, there would be a debate to be had about fees that needed to go to the Crown Estate. The Crown Estate also funds CCF, the Coastal Communities Fund. That comes from those benefits.

The Chairman: We are aware of that.

Q21 **The Lord Bishop of Lincoln:** What is your assessment of the funding available for social regeneration programmes in seaside towns and communities? How can financial support from central government provide the best opportunities? How can we make those opportunities most cost effective, to ensure financial and social returns for seaside towns? It is about value for money, and how it is used, as well as whether there is enough funding.

Councillor Andy Smith: The Mayor of Torbay might answer the main part of that question in a minute. Coastal communities, and the nation generally, have to move on, where appropriate, from a situation where government pays—whether the Government are represented by the LEP,



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the local authority or someone else—to try to generate an environment where private investment can come in. There are many ways of doing that, some of them successful.

Perhaps the Mayor of Torbay will answer some of your detailed questions, but I hope that one of the conclusions the Committee will eventually come to will be that we need government, starting with MHCLG and other elements of government, to recognise, expedite and empower local authorities to generate private funding. There are a multitude of mechanisms for doing that.

On investment in the coast, I refer briefly to my own town of Felixstowe. In the 2000 era, we had very poor beaches and 100-year-old defences. We got two schemes, with £10 million here and £10 million there. Since then, the town has taken off. The local authority has put some further money into other stuff, but private investment is going on overtly, with a new pier, the building of a new hotel and the refurbishment of a very sad, rundown Edwardian hotel, and in a much more diffuse way. We have lovely Victorian or Edwardian villas and rundown Victorian terraced streets. Suddenly, the scaffolding goes up, and they are reborn.

A lot of economic power is generated by coast defence. In some cases, it can be harnessed not only for coast defence, which I want to move away from because it is not why we are here today, but for funding communities. Part of the puzzle must be how we can further expedite private investment, as well as public money.

The Lord Bishop of Lincoln: Are you saying that the Government get in the way of this with their funding?

Councillor Andy Smith: No. It would be unkind to say that they get in the way. Local authorities and local circumstances are very disparate. Some local authorities are on the ball, awake and doing it, but others are not. What I am trying to say is that government may be able to play a role in expediting that.

The Chairman: The Mayor of Torbay wants to say a few words on this point.

Mr Gordon Oliver: Thank you very much for your invitation here today and for coming to see us recently at our SIG meeting. You were very welcome.

I welcome the formation of this Select Committee, because it is an opportunity for partnership between government, local authorities and the coastal areas of England. We have never had such an arrangement before. If we are to see an increase in productivity in this country, it is important that it covers not only the cities and industrial areas, but the coastal areas. On productivity, we are 26th out of 28 nations of Europe. We have a major role to play. The coastal communities have a huge input into that to improve the productivity of this nation.



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Bringing everybody together, which is a challenge in itself, has huge advantages in prosperity and benefits to the communities along our coasts. It is not just about coastal protection, although that is very important in the south Devon area; by 2050, sea levels will rise by 1 metre, so the challenge is yet to come. We are well aware of the challenges on the east coast, but, as sea levels rise, they will affect a lot of areas of this country. I am pleased to say that at the Environment Agency they are extremely helpful. We work with them very closely, and they have dealt with the issue in a very supportive and professional manner. I have nothing but praise for them.

Coastal productivity is important. It is part of the growth of the UK economy. It is about how we can achieve a good working relationship with government and, perhaps, a closer working relationship between government departments and coastal communities. It will not be easy, but it is a challenge we accept, and wherever possible we want to work to the benefit of those communities.

We also need to look at the industrial strategy, because diversity in these areas is important. Tourism is the primary lead in most coastal areas, but one can complement the other. In my role, when I was first elected, I formed the Torbay and South Devon manufacturers' forum, which links Exeter University, Plymouth University and our colleges of education. Technology is very important for us, developing opportunities and keeping our youth in the areas where they live. The challenge is for us all, so I welcome this opportunity today to raise awareness of the problem that you and we have, and how we can work together to try to solve it.

There are lots of solutions and ideas. Some of them are small; they do not have to be on a large scale. It does not necessarily involve asking government for money, because we realise the restrictions and problems there. It is about pump-priming exercises. I like some of the smaller schemes that last for two or three years. There are lots of ideas around that, such as pilot schemes in partnership with other local authorities, with government or government departments, or with education or universities. There is a whole range of opportunities for the future.

The Chairman: We are going to come to some of the questions about funding.

Lord Shutt of Greetland: I am sorry. Unfortunately I was late so I may have missed something. My question is in connection with Mr Smith's comments. We have information that 295 projects across the UK, costing £174 million, have been funded from the coastal communities fund. Were you indicating that you have had enough of that money and that there ought to be other streams?

Councillor Andy Smith: Oh no.

Lord Shutt of Greetland: I am afraid that I got the impression that you thought that enough had been done from the special pot.



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Councillor Andy Smith: Absolutely not. All I am saying—

Lord Shutt of Greetland: Do make it clear.

Councillor Andy Smith: I think there is somebody in the audience from MHCLG. The concept that it created five years ago of recognising coastal communities via the Coastal Communities Fund and the coastal communities teams is excellent, fantastic, long overdue and grossly underfunded. However, collectively, as politicians, we need to look—

The Chairman: Are you saying that there are not sufficient funds set aside in that particular budget? Is that your point? Can you be clear about that?

Councillor Andy Smith: It is great. All I was trying to say was that, collectively, we should not limit ourselves to government money. Let us look for private investment as well. The CCF and the CCT programme have delivered all manner of advantages around the country. In some cases, CCT money has been used to make the case for third-party investments. That is one stream. It also empowers the voluntary sector in a very significant way, in some cases, which is another core resource.

Lord Shutt of Greetland: You have clarified that. That is fine.

Lord Grade of Yarmouth: How is it judged that the money spent so far has been well spent? Where it has been well spent, and you are getting a good return in economic activity that has been regenerated by the investment, how is that good practice spread and applied?

Councillor Andy Smith: I am smiling, because that is a very perceptive question and one to which there is probably not a particularly good answer. Demonstrating after the event what has happened means gathering statistics, analysing them and so on. Local authorities overall are hugely stretched for capacity. When you have succeeded on one thing, you tend to move on to the next, but, from a government perspective, that is a very well-asked question and may be a topic that needs significant further thought.

Baroness Wyld: I appreciate that it is a job to evaluate a whole pot of public money and how it is being spent, but do no examples come to mind of any community in the whole country where one pot of public money that was spent delivered a good return?

The Chairman: It may be the time for Philip to ask his question, because it is quite important.

Q22 **Lord Smith of Hindhead:** In Margate in 2015, Dreamland was rebuilt at a cost of about £18 million, and within a year it went into administration. A further £25 million has just been spent, and it is about to reopen. In Hastings in 2016, the pier was done for £14.2 million. That is just about to be sold, because it has not worked. In Morecambe, a plan to rebuild the whole prom—a very large scheme—was turned down by Lancaster City Council on the basis that it was no longer a viable development.



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Last week, we heard from the coastal communities teams. I asked whether any sustainable business had been created from the £174 million that they had dished out or received in the last five years. We did not have an answer to that, although I hope we will. Excluding Folkestone, which has benefited because it has a one-off very wealthy individual who has a strong philanthropic view, can you provide an example—just one would be good—of a regeneration project that has made a long-term impact on local economic growth?

Mr Gordon Oliver: I am delighted to answer that question. We have the Brixham fish market, which was planned, with a good business case, around nine years ago; £20 million pounds of public money was invested. It protects 3,000 jobs, directly and indirectly. The fish tolls from Brixham now make it the biggest port by value of catch in Britain. The fish tolls income has gone from around £20 million to just over £40 million.

Lord Smith of Hindhead: Was that a regeneration project?

Mr Gordon Oliver: It was a regeneration project for Brixham and the fishing industry.

Lord Smith of Hindhead: Where did the money come from to regenerate it?

Mr Gordon Oliver: Basically, the money came from European funds, which were allocated specifically through Objective 2.

Lord Smith of Hindhead: Together with local entrepreneurs, who were doing the work.

Mr Gordon Oliver: It was done primarily through the then RDA and Torbay Council. It was a partnership between the local authority, which put in the land and other assets, and the RDA. It was very successful.

Lord Smith of Hindhead: My point is that it is not just about the money to rebuild the harbour or putting some money into the harbour. The reason why it is a success is that, now that it has been done, local businesses and local people are investing their time and entrepreneurial skills to get people to visit Brixham market, to buy fish, to go to restaurants and other things. It is not one or the other; it is the combination of the two that has worked. Is that right?

Mr Gordon Oliver: I am pleased to say that it is highly successful. There are major events in Brixham around the harbourside. The trawlermen have made huge investments in new equipment and new trawlers. Safety concerns there have been addressed. It has been win-win all the way round. Brixham is flourishing as a port and has been highly successful as a result of that major investment. It has protected jobs; the number of jobs has grown, and the income has grown.

Lord Smith of Hindhead: Mr Parker, how do we ensure that investment in regeneration projects is cost effective and has a long-term impact?



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Mr Bill Parker: There is no straightforward and simple answer to that. I will go back to the previous question, if I may, and highlight the Orbis centre in Lowestoft, which was developed with Suffolk County Council, Waveney District Council and RDA funding. It is an incubator for businesses, particularly for maintenance and repairs in the wind farm industry, as Lowestoft is very close to the Anglian offshore wind base.

The centre has spawned a number of businesses. I have details that I can share with you separately. It has been very successful, because it is an iconic building and a focal point. Its timing was impeccable, because of the opportunities coming through in the wind farm industry and offshore. It is a very good example of one piece of investment that has generated multiple businesses, at multiple millions of pounds of future investment.

The challenge was whether investment is a good idea and how you evaluate that. The same question could be asked of many other locations as well; it is not a seaside-specific issue.

The Chairman: I am sure that is absolutely true. We always want to make sure that we get value for money from public spending.

Baroness Whitaker: I am interested in the 3,000 jobs from Brixham fish market. Could you break those down into sectors? The fishing fleet cannot account for many of those jobs. What are the other jobs?

Mr Gordon Oliver: Basically, it is the land-based support activity, such as auctioning on the harbourside and repair to the vessels. It is not just the crews themselves; it is support and the growth in the fishing industry that we have had.

Baroness Whitaker: It is the boatyards—the maintenance and repair—and the distribution of the fish.

Mr Gordon Oliver: That is right.

Baroness Whitaker: Does that really amount to 3,000 jobs?

Mr Gordon Oliver: In total, directly and indirectly. Some of the fish on plates in London and in Paris will come from Brixham.

As an illustration, the additional income we had from the grants for round 1 of the projects for Torbay created 270 jobs. You wanted some figures: 190 businesses were supported or started; there were 65 new apprenticeships; and 36 community organisations were supported. It was not just in one particular area, but across the board. It supported the community as a whole.

Lord Lucas: I want to pick up on what you said, Councillor Smith. We are interested in what can be done to support and encourage private sector investment. You say in your statement of aims that you “strongly oppose any changes which take responsibility” from “local democratic leaders”.



There are some coastal communities where we think, “If they carry on in charge, nothing is going to happen here”, because they, like the rest of the community, have lost ambition, drive and direction. A lot of these communities were created by private enterprise. Certainly Eastbourne was. What can we do to enable that sort of initiative to flow into these towns, given that we are interested in what we can do centrally?

Councillor Andy Smith: I recognise precisely the problem you are articulating, which is why I took the trouble to say up front that local authorities are massively disparate, by any measure, and one of those measures is capacity, skills and, sadly, ambition.

I am pleased and impressed that you have read our paperwork. As the SIG, we can spread best practice and chivvy people along by saying, “Have you thought about this, Mr Local Authority?” It is a problem. Part of the problem is that, traditionally, district or borough councils have been quite small. That is becoming less and less tenable. I am sure you are well aware that councils across the country are combining in highly disparate ways. On 1 April next year, my own authority of Suffolk Coastal will combine with Waveney to become East Suffolk Council. Dorset has its own scheme going, and so on. Another way of approaching it is unitaries, but let us not get into that debate.

Collectively, we can do a little bit, as almost a volunteer organisation, with very limited local government capacity. We can encourage MHCLG to take a more formal and better-funded role, not in handing out the cash, but in encouraging, educating and sharing best practice. That would be very significant, and if I were in one of your chairs I would be trying to follow it up.

Q23 **Lord Grade of Yarmouth:** The danger with a debate like this is the tendency to generalise. The word “disparate” rings in my ears. There is not a one-size-fits-all solution. Leaving aside tourism and the boom days of the seaside towns—wakes weeks and all the things that some of us are old enough to remember—what are the barriers to industry investing? Is there a skills shortage? It is very attractive to live at the seaside. Housing is cheaper.

Councillor Andy Smith: Sometimes.

Lord Grade of Yarmouth: In a lot of places. Is it education? Is it a skills shortage? Do youngsters leave those towns and go to the big industrial cities?

Councillor Andy Smith: In many cases, I am sure that is right but sometimes it is not; I come back to its being disparate. Some of the local authorities on the south coast are within range of London; Lord Bassam has been to Brighton occasionally, I believe. There will be a different perspective there, will there not? In my own town, we have the port of Felixstowe, which is huge. You have heard about Torbay’s experience.



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The problem is when local authorities have no other economic driver or base. That is a real challenge. The things you mentioned—skills and so on—are all factors, but local authorities that are on the case are addressing them overtly, as we certainly are in Suffolk, and I am sure that Torbay is doing so, too. I have a response from Essex County Council, which has a wide range of strategic initiatives at county council level to address some of the skill base and capacity issues, but it is a huge problem.

To go back to the likes of Skegness, how do you get Skegness to create something out of nothing? It is a real problem for those that do not have other links, particularly communication links.

Lord Grade of Yarmouth: I used to do three shows a year in Great Yarmouth every summer. The place was packed out. We used to pack three theatres every summer for 16 or 18 weeks. Those days are gone. I do not think they will ever return, with cheap flights and the rest of it. Do you think some councils are still living in the hope that those days may return, if only they can get some investment for the summer season?

Mr Gordon Oliver: A change has taken place.

Lord Grade of Yarmouth: I used to do shows in Torquay as well.

Mr Gordon Oliver: I remember the shows you put on in Torbay, which were very welcome at the time. They were excellent, and I have fond memories of them.

With the development of the internet, things do not have to be in an urban location; they can be anywhere. To start with, you need to give any investor or developer a warm welcome, because the reception they receive to begin with is very important. It is about a whole range of activity. It is about education and training and good connections, whether by rail, air or road. Thanks to David Cameron, when he was Prime Minister, we now have the south Devon highway, which has made a tremendous difference. Other areas of our coasts around the country would benefit from infrastructure of that nature, so an infrastructure fund would be something to look at.

The Public Works Loan Board could provide specific rates that were attractive. There could be capital adds; perhaps in his next Budget the Chancellor could look at opportunities to encourage businesses along the coast to have an advantage that others do not have, or have. We have lots of ideas that would encourage and support some of the smaller communities to thrive and prosper, to create overall prosperity. We need teamwork between town and country, and town and coast. If we are to improve productivity and get together an industrial strategy, it has to work for the areas along our coast.

Lord Grade of Yarmouth: Are there any barriers in the way when you want to get something moving? Leave aside funding, because there is never enough money. Say you have some funding for a project that you think can make a difference in your coastal resort. Are there any particular



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barriers to do with planning or bureaucratic and territorial arguments between agencies and departments?

Mr Gordon Oliver: A closer working relationship between government departments and the coastal communities is essential.

Lord Grade of Yarmouth: Who would represent the coastal communities?

Mr Gordon Oliver: The SIG, as it stands. Your organisation here is a start in putting together something we have not had before.

The Chairman: We are only producing a report, not taking the arguments over the long term.

Mr Gordon Oliver: I know, but your report is essential. It is the key to unlocking the door to future prosperity and a better working relationship. There is not just one issue that will solve it. There are a number of issues; some of them are budgetary, whereas some are about transport. There could be more flexibility by having government departments at regional level, to cascade some of the responsibilities and remove some of the restrictions.

Baroness Whitaker: Which restrictions?

Mr Gordon Oliver: If government departments were at regional level, there could be opportunities; you have looked at it from a regional point of view elsewhere. Where you have elected mayors, you have been able to change the rules that enable regions to play a greater role, in partnership. Partnership is the key. If local authorities have greater freedoms, with less money coming through directly from government, there have to be greater chances.

Q24 **The Chairman:** Do you think that local authority structures need to be looked at again? Do you think that autonomy for local authorities is an issue? Are those two things current in the way you are approaching the issue? I can see that you all have a view on this.

Mr Gordon Oliver: There is a much greater working relationship between local authorities than we have ever seen before. In counties, unitaries and districts, teamwork and relationships are excellent, as far as I am concerned. More could be done; greater flexibility on the rules from a governance point of view would be very helpful.

Mr Bill Parker: There are issues of aspiration and leadership. There may be something that can be supported by sharing good practice, but for things really to move you need somebody or a group of people to drive them and to want to make a difference. Sometimes that can be buried, and it needs to be brought to the fore to enable things to happen. From the local authority perspective, that is one of the functions we can fulfil. Clearly, if that is not there within the local authority or is not to the fore, it needs to be encouraged. There are multiple elements.



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Lord Smith of Hindhead: That is the problem. There is an East Midlands mayor and a Manchester mayor, but you cannot have a coastal towns mayor, because all the coastal towns are so different. You do not have that identity. That is the real problem, together with all the infrastructure things you mentioned. The closest motorway to King's Lynn is in Holland, I think. There appear to be some issues. Would it not be better to have some sort of special tax break for businesses in coastal towns or something that can be identified across? It is not a leadership issue. You said that it was, but it cannot be a leadership issue, because there cannot be a leadership of all these towns.

Mr Bill Parker: In any individual location, it is not down to one factor. I just wanted to highlight the point that leadership and aspiration could well be a factor in some locations not really seeing the way forward and then not being able to galvanise the partnership, which is fundamental. Having multiple private and public sector people working together in the LEP and so on is what really drives change. It is not quite intangible, but it is difficult to define in a way for which you can then give a prescription.

Lord Smith of Hindhead: Got it.

Mr Gordon Oliver: I would like us to look at opportunities for coastal action zones. We have looked at the benefits of enterprise zones elsewhere, particularly in Wales, where they have been highly successful. I would like you to consider the issue in your report, because there are benefits for some of the smaller coastal areas in bringing together action zones of that nature. That takes into account Lord Smith's comments about the benefits that could flow from what the Chancellor may feel is important for coastal areas. Activity of that nature is unifying, encouraging and has an opportunity for future growth.

When we have finished with the discussions on Brexit, I would like to see a focus on trade and industry. There are 27 nations in the world that want to do trade and business with us. How can we link into those from a government and a regional point of view? Some of it will be tourism; some of it will be international trade. That has a benefit for all of us, and I would like to see an opportunity for it to be encouraged.

Lord Shutt of Greetland: We want to know whether local government is up for this. I declare an interest: I did 25 years as a local councillor, although it is now 15 years distant. I understand the message that local authorities are strapped, but what is the psyche of local authorities at the present time, particularly in coastal areas?

You have the problem of the elderly—the more mature—and of home helps and social service budgets. I have not given up on tourism for some of these places, but, if that is important, are the people who are resident in the coastal areas up for the whole business of doing things that will bring in tourists? Will they not say, "Just a minute. Look after the old people, please. These people come from towns far away. We can't be doing this, that and the other for them"?



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What is the psyche? You say that you want this or that initiative, but how can we be certain that local government is up for it and is able to cover the flank? Will it be looking particularly to the needs of those who are nattering at it to do things for the people who live there?

Councillor Andy Smith: Whatever you want to do as a council, particularly when it is proactive, you always have the nimbies. Take new housing. If you put new housing on the edge of your coastal town, it will bring in younger people, by and large, as long as you get the design right. They are the people who will care for me in 10 years' time, when I join that brigade. I hope that there are no local authorities with that psyche, and I doubt that there are; but local authorities have a problem of combating that psyche in the population who do not want anything to change ever. That is a real issue.

While I have the floor for a second, can I go back to Lord Grade's comments at the very start of this fragment of the debate? I would not abandon your pierhead shows altogether, sir. A group called the Coastal Culture Network was set up last year, or at the back end of 2016, at a launch downstairs, to take culture to local towns. It was a remarkable occasion, but that is another story; it had an opera singer and a mock waitress, who behaved very crudely, which was great fun in a House of Commons tearoom.

The network goes right across the spectrum. The local authority in Skegness was involved, and one of the south coast authorities is a current member. That is definitely a strand to pursue. I have read a lot of pages over the past few days, and somebody identified coastal culture as an enabler. If you can get people to come to a place where they used to go because there were good shows, they will say, "Why don't we still come here?" That is a fragment.

Mr Bill Parker: There are one-off events such as Dismaland in Weston-super-Mare, which was the Banksy production. It was a huge risk by the local authority, but it created a different psyche and mindset about Weston-super-Mare. That sort of cultural event and dynamic is very strong. People have a natural relationship with the sea and the coast, and that is one of the tools that can be used to try to move things forward.

Lord Smith of Hindhead: It does not always work.

Mr Bill Parker: I accept that 100%, but there are classic examples such as Dismaland that can demonstrate it. The trouble is that if you do the same thing too many times it loses its power.

The Chairman: Innovation seems to be the key.

Baroness Whitaker: I want to ask about coastal action zones. Surely there is no reason why any coastal community should not apply to be an enterprise zone, in conjunction with the LEP.

Mr Gordon Oliver: Yes, but we want to create something that is slightly different, with a different emphasis. The zones you refer to are more in



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urban areas and on the outskirts of cities. It is a different relationship, and the challenge is different. Something of that nature would be of benefit to some of the small communities around our coast, but it could be matched to whether they are larger or smaller. It is something that we would like you to consider when you do the report, to see what advantages would come from it. It has financial advantages, as the Chancellor can add something to it, but it also brings communities together, for more efficient working and productivity.

Baroness Whitaker: It would be useful to have a note on it.

The Chairman: It would be useful if, when you submit some written evidence, you could flesh out what a coastal action zone might look like, what powers you feel it would need and what advantages it might bring. That might be something you could give a bit more thought to.

Lord Grade of Yarmouth: This is an overarching question. However devolved and delegated the initiatives are at local level, as in my view they should be, at the end of the day somebody has to argue the case with the Treasury. Who do you see as the champion? Who, potentially, sees our coastal resorts less as the problem that people seem to think they are at the moment, and more as an opportunity?

It would take some very high-powered, Cabinet-level support. After the inner-city riots, Lord Heseltine did a terrific job on regeneration, working hard in places where problems existed, such as Liverpool and Bristol. You need a champion. Do you think you have a champion at the moment?

Mr Gordon Oliver: That is the reason why we are here. The experience around this table is immense. With the report that you will do next April, you will start a substantial change in thinking, based on the experience you have had around the coast, particularly yours, Lord Grade, which is probably greater than that of most people, plus representation around the coast of England. It is important that your experience starts here, because that kind of knowledge and the supportive report you will bring forward will have a great influence.

To go back to the health issue that was just mentioned, a Select Committee from the House of Lords came down to Torbay, and a Select Committee from the House of Commons came to Torbay to look at the work we do with the health service. We have a very close and excellent working relationship on health. We have put 6% of our council tax into it in the last couple of years, with government consent. Having a healthy workforce and healthy elderly people is very important; we have some of the healthiest 80 year-olds in Britain. It means concentration of effort, but a very close working relationship.

When I was the chairman of Devon social services, the Health Secretary was Ken Clarke. We used to work very closely with him. There is an excellent working relationship, not just in Torbay, but in the whole Devon area, on health. We are very proud of it.



The Chairman: Partnership is very important.

Mr Bill Parker: Jake Berry MP is the Minister for Coastal Growth at MHCLG. Apologies, I can never remember the acronym. My view is that we need that to be championed much more. We really need somebody in government to drive recognition that there is huge opportunity along the coast. If you were to wrap all the coastal communities together, they would be a deprived area in EU terms, but because they are all spread out, you do not get that concentration. We need somebody who has a bigger impact to champion the coast, but it is multifaceted.

Lord Grade of Yarmouth: You use the term “deprived area”, which I fully understand. It could be a starting point, but it says immediately, “It’s a problem”. To get government action and to get the Treasury to open its wallet, you need to demonstrate opportunity and what is being neglected, and to show that we are missing a trick. I am looking for the evidence to convince people that the resorts are not a problem. They were a problem, but, with the right investment, they will be a huge opportunity.

Mr Bill Parker: We can demonstrate that in places such as Felixstowe, Lowestoft and Clacton, which are good examples around the country of where investment has come in. We are about to put out a piece of work analysing that in more detail. Health benefits have been identified, for instance; there has been a reduction in the number of people going to doctors’ surgeries, and so on. The problem is that, to my knowledge, we have never collected that information in a way that demonstrates the wider picture. That is one of the pieces of work we need to do.

The Chairman: That is very useful.

Q25 **Baroness Whitaker:** One of the characteristics of a deprived area is, almost inevitably, low levels of skill and education. We have heard that there are challenges at all levels of the education and skills system in seaside towns. Of course, education is essential to develop aspiration and the economy, apart from individual fulfilment. First, is change needed at national level to improve it?

I would also like to know whether you are aware of any local schemes that have been successful in promoting the enhancement of skills, training and employment opportunities, either to help to address challenges such as seasonality or to improve an area’s tourism offer. That is what it says in my text, but I would like to add something. All coastal towns have the possibility of marine and maritime technology and related environmental technology. If you have any examples of those, we would be very interested to hear about them.

Mr Bill Parker: I would like to highlight Lowestoft again. A lot of work has been going on with the STEM process in schools to try to increase skills and attainment levels, particularly with regard to engineering.

Baroness Whitaker: Who is doing it, and how?



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Mr Bill Parker: It is being done as a partnership called Raising the Bar, through the local authorities and a group of different education and other elements. I do not have the full details with me, but I will get them shared with you.

Baroness Whitaker: That would be helpful.

The Chairman: Is it specific to coastal areas?

Mr Bill Parker: It is specific to Lowestoft, because levels of attainment were identified through schools as being particularly low. We have mentoring systems; 152 mentors work with schoolkids to help them to think differently about what the opportunities are.

Baroness Whitaker: Are the mentors for the students or the teachers?

Mr Bill Parker: As I understand it, they are for the students, but there may well be other ways. The area is not my specialism, so I am afraid I cannot give you the full details.

Cefas is based there and does some work. The wind farm industry is very keen on trying to bring in staff and resources. It is getting involved. There is a public-private sector initiative, looking specifically at how to improve educational attainment and retention in Lowestoft to meet the needs that we clearly see coming down the track, with potentially the world's biggest wind farm based just offshore.

Baroness Whitaker: It would be very helpful to have a bit of information.

Mr Bill Parker: I am very happy to get details circulated.

Mr Gordon Oliver: When your report is complete next April, if we can gain the support of all the Members of Parliament who represent the coastal communities of this country, there will be a substantial group of Members who could be influential in pushing it forward.

You asked about investment. According to our research, for every £1 spent by the Exchequer, it will get £3 back. Those are our calculations; I have here the figures and details.

Locally, we have the MADE project—Torbay Manufacturing Activities Designed to Engage—which works with all the schools in our area. It is part of the city deal, with Plymouth City Council, West Devon Borough Council and South Hams District Council—three councils working together. The project will run until 2032. Thousands of jobs are involved. All the schools are working together, with mentors and ambassadors.

I would like to see more business ambassadors in this country. That is something we could encourage around the table. It would be an excellent opportunity, with the knowledge and experience that you have. The MADE project includes all the schools, with a competition, and advisers from the manufacturers' forum on high-tech design. At the end of the period, all the



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schools come together to give a presentation, and awards are made by myself. It is in the spirit of competition, but encouraging high tech in our local schools is also fundamental.

Baroness Wyld: That all sounds great, and there is clearly a lot going on, but what do you think it all adds up to for the next generation? I declare an interest. I have three young daughters. If they were at school in Torbay, what would your vision be for their generation? If they had brilliant teachers and you got a good mentor in place, would you expect them to stay in Torbay? What sort of job do you think they might do? What is your ambition for the kids in your schools, or elsewhere?

Mr Gordon Oliver: The ambition is to encourage them and to give them the opportunity to stay in the bay. Other local authorities around the coast would like to do the same thing, but you have to provide opportunities and challenges. On the high-tech side, we are building EPIC, which is the Electronics and Photonics Innovation Centre, for the whole of the south-west area. We have American companies. We have 1,000 high-tech jobs now. We aim to encourage people into those jobs, so that they stay in the area. Our early years services are among the best in the country. We work with two universities. We are creating lots of opportunities to enable people to stay. Not all of them will, but they may come back.

Baroness Wyld: That is a key point. Could you share that best practice? It is a very good example of strategic thinking. You have thought from the people point of view; rather than thinking structures or funding, you are following people's decisions. Can that be shared more widely?

Mr Gordon Oliver: I am very happy to do that.

Councillor Andy Smith: I have one final point, drawing together some trains of thought about seaside tourism. Lord Smith said fairly pointedly that you cannot have a mayor of the coastal resorts; of course you cannot. I do not know whether there is any sensitivity around the room, but some of us are tired of hearing about the Northern Powerhouse and one or two other government initiatives of that sort.

Building on the idea of a coastal action zone, and so that you might be able to formulate some ideas to put to MHCLG, let me give you three numbers. No one in the UK lives more than 75 miles from the coast, so, almost by definition, coastal tourism is everybody's tourism. In 2010, tourism nationally was worth £17 billion.¹ We all know that UK tourism has improved in the meantime, so tourism is probably worth £20 billion, and 31% of UK tourism—a third—is seaside tourism.

If MHCLG was to create something that might be called a coastal action zone, which included the whole of the coast or all the seaside towns, and was able to collectivise that, you would be looking at building on 31% of £20 billion a year. Is that not the sort of initiative we might reasonably

¹ Figure corrected by witness post-session; original figure cited was £75 billion.



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expect a forward-looking Government to pick up and work on? We would certainly do anything we could to expedite that.

The Chairman: I thank all three of you for coming along this afternoon and giving us some of your best ideas. I am sure that we will meet again. We have a seminar planned in October.

Councillor Andy Smith: It is on 31 October.

The Chairman: Yes. We will have another opportunity to talk about some of these issues. Many thanks, particularly for coming a long way from Torbay. It is a pleasure to see you again.

Councillor Andy Smith: Thank you again for your concept in creating this. We wish you luck.

The Chairman: It was not mine, actually, but thanks.



Patricia Yates and Anthony Pickles – oral evidence (QQ 26-33)

Tuesday 11 September 2018

3.20 pm

Watch the meeting

Members present: Lord Bassam of Brighton (Chairman); Lord Knight of Weymouth; The Lord Bishop of Lincoln; Lord Lucas; Lord McNally; Lord Shutt of Greetland; Lord Smith of Hindhead; Baroness Valentine; Baroness Whitaker; Baroness Wylde

Evidence Session No. 4

Heard in Public

Questions 26 - 33

Witnesses

I: Ms Patricia Yates, Director of Strategy and Communication, VisitBritain; Mr Anthony Pickles, Head of Tourism Affairs, VisitBritain.



Examination of witnesses

Ms Patricia Yates and Mr Anthony Pickles.

Q26 The Chairman: Welcome to the fourth session of our Select Committee on Regenerating Seaside Towns and Communities. You should have in front of you a list of interests that have been declared by members of the Committee. I advise colleagues that the meeting is being broadcast live via the parliamentary website. A transcript of the meeting will be taken and published on the Committee website. You will have the opportunity to make corrections to the transcript where necessary.

We are very pleased to see you. It is very helpful that you have joined us today and we are looking forward to your evidence. Before I get into the body of it, what is the difference in the responsibilities of VisitBritain and VisitEngland? One must cover the other in a sense, but perhaps you could tell us about that.

Ms Patricia Yates: VisitBritain promotes Britain internationally; VisitEngland is concerned particularly with product development and the promotion of England to the domestic market.

Q27 The Chairman: That is very helpful in the context of some of our discussions to date. Could you provide an outline of current trends in tourism in the UK and what they might mean for the future of seaside towns and communities? We understand this has been a good summer; the weather will probably contribute to considerable growth in the tourism business, but what are the factors behind that? What can we expect from what should be a growth trend that will continue in the future?

Ms Patricia Yates: I will start by framing how big tourism is. It is worth £127 billion to Britain, and domestic tourism as part of that is worth about £86 billion. What are the trends in domestic tourism? Last year, there was growth of about 6%, with an increase in short-stay visits in particular. Many traditional seaside towns cater for longer-stay holidays, so flexibility of booking is really important. There is a worrying decline in younger people travelling domestically. We have seen a loss of about 10% in visits by the under-35s, and that is one of the areas we are particularly working to address. Seasonality is still a major issue, in that 47% of visits are made in July and August.

Mr Anthony Pickles: Looking at the overall trends at the time of the Olympics, we hit 30 million overseas visitors to the UK. This year's projection is more than 40 million for the first time ever, so the trajectory of growth over the longer period is really significant.

On top of that, international spending in the UK is counted as a service export; it is the fourth largest, which means that £26 billion of foreign currency is being spent in the UK economy as an addition. The challenge for us is that an increasing number of Brits still spend more overseas than they do here. On the domestic side, historically it has always been seen as



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a redistribution element of the economy. It is something to tap into in growing more retained cash in the UK economy.

The Chairman: In your view, what makes for a successful destination point in the UK? What particularly appeals to people coming here? Is there a difference between the pitch to people coming from abroad and the pitch to people visiting seaside and coastal communities internally?

Lord Knight of Weymouth: To supplement that, could I ask about the balance between the attraction of the natural environment of Britain and the historic built environment?

Ms Patricia Yates: Our main draw, particularly in international markets, is around our culture, our history and heritage, but also stretching into modern culture, such as fashion and music. It is undoubtedly the case that culture is the draw internationally. Our natural environment, our countryside, is not seen as one of our strengths internationally; it is not a major driver, and we have to work on getting the story about the countryside and the coast into the mindset of international visitors.

What makes a successful destination? Some things are practical and some are image, if I could sum up the two. On image, whom do we hope to attract? Is it somewhere such as Brighton for business visitors and students, or Bournemouth with similar appeal, or is it a more traditional seaside family destination? Then it is about focusing on building up accommodation and attractions that really work for that market. All visitors have an expectation that their personal tastes and preferences will be matched, so it is not just about a broadbrush approach to attract tourists.

People want to get under the skin; they want authenticity. They want to try local food and they want to live like a local, so it is about having both attractions and experiences where people can have a go for themselves, such as cheese-making in Yorkshire and attractions where people can take part in things.

Particularly for international markets there are some really practical things. Can people book easily online? The world is increasingly digital. Two-thirds of international visitors book online. Are our SMEs equipped to play in an international environment with big distributors? Do they understand how to take online bookings, and do they have the digital skills for that? That is where we are doing a lot of work, particularly with the Discover England fund.

There are practicalities in terms of transport. Can you get there? When we did research among international visitors, we found that even in markets that knew us very well, such as France and America, visitors did not want to hire cars; they wanted to use public transport. Is our transport system integrated enough for international visitors? Does it address the final mile? Is it priced so that international visitors can go online to get the best deals that we would naturally be able to get?



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The Chairman: That is very interesting. Anthony, is there anything you want to add?

Mr Anthony Pickles: The only thing I would add is about overall country branding. In recent years, we have slipped back from our first place in the soft power rankings. This year we have crept back up again, so we have retained first place, which is important, because it connects to some of the drivers that bring in international visitors. The cultural aspects—film and television tourism—are seen as increasing drivers to some of our more remote parts, because people want to go where they have seen things in films.

Q28 **Baroness Whitaker:** Can we move even further ahead? There are some uncertainties in our immediate national future. VisitBritain has noted that consumers are changing; they are not always becoming richer. Technology is changing, so they know more about the options. What kind of tourists might we get in the next five to 10 years? What kind ought we to get?

Ms Patricia Yates: There are obviously challenges and opportunities. Two-thirds of our international visitors currently come from Europe, so it is really important that we do not see barriers to those visitors coming here, and that a constant message of welcome continues to be portrayed in those international markets.

Currently, we are seeing faster growth from long-haul markets than short-haul markets. The world's biggest outbound market is now China. Frankly, there is a land grab going on. All countries are competing to get their share of Chinese visitors. Australia spends more on marketing in China than our entire grant in aid from DCMS. We are hugely outpaced by other nations that are prioritising tourism.

Tourism is fiercely competitive. Across the government structure here, the levers that drive tourism are in many different government departments. How do we get them to come together to prioritise tourism and think about running it through the policy environment? To do just that, we have been working to support the industry in pitching for a tourism sector bid as part of the industrial strategy. The industry has come together with clear offers and asks of government, and is waiting for the Government's response.

We see the thread of technology. I have already talked about how you have to be online to reach new markets, particularly the younger Chinese visitors who are coming here, but it is not just the booking process; it is having good wi-fi and wired cities so that when people come they can share online. They can show their photos to their friends and tell them where to come. The advocacy of real people telling others about real places they have been to is incredibly powerful in today's world, and enables small and unexpected places to reach new audiences. There could be some thinking outside the box about how to build advocates, not just through traditional tourist boards but by visitors telling the story of their destination.

Baroness Whitaker: Do you think the tourists of the future will be hoping



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for a different kind of welcome? Do we have the right kind of welcome culture, especially in rather out-of-the-way places?

Ms Patricia Yates: We do research on welcome. We have been doing research every six months through Europe to see what perceptions of us are. It is undoubtedly the case in Europe that there is a hardening of attitude. We are particularly concerned about Germany, which is a major inbound market for us.

On welcome, the area where we tend to do less well is in appealing to people who do not speak English. Our language skills are not terribly good. We have spoken about the need to attract Mandarin speakers into the tourism industry, and to get Chinese credit cards accepted. The industry is making real strides there, but for international tourists across the piece, we need German and French speakers. Those are traditional markets and the people coming from those markets want people speaking in their language. Languages and welcome seem to align very closely, and that is an area where we could do more.

Lord McNally: You mentioned the importance of the tourist industry. You also mentioned that responsibility for it is spread across government departments. At some stage, we will be making recommendations in our final report. Would you welcome a Ministry of Tourism and a Secretary of State for Tourism, where the buck stops, with somebody fighting for tourism?

Ms Patricia Yates: In other countries that do tourism successfully, high-level Cabinet representation can make a difference. The industrial strategy and the tourism sector deal is a real opportunity for government to think about joined-up government and the policy issues that have been identified. It could be like that. It would be good if it could go through as part of a tourism sector deal, as that is already in play. That means government thinking about the benign policy environment that would enable tourism to grow and us to be more competitive.

Lord Knight of Weymouth: Does that imply that it might be better off in BEIS than in DCMS?

Ms Patricia Yates: As I am funded by DCMS, I will not comment on that point. Obviously, we will work with any government department in which we are placed. We have very good relationships with DCMS. I am not sure whether that would be just rearranging the deckchairs when the real challenge is to get cross-government priority.

Lord Smith of Hindhead: There is a Minister for Tourism, is there not?

Ms Patricia Yates: There is a Minister for Tourism, Michael Ellis.

Lord McNally: Every Government since the year dot has had someone stuck with tourism as one of 18 different responsibilities. I am talking about somebody who is sitting at the Cabinet table arguing the case.



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Mr Anthony Pickles: Here is a statistic for you that we found recently. Next year is our 50th anniversary; it will be 50 years since the Development of Tourism Act. We wanted to see how many Secretaries of State we had had in that time. We totted up 38 during that 49-year period.

The Chairman: Were they Secretaries of State or tourism Ministers?

Mr Anthony Pickles: Secretaries of State. I think there have been about 37 tourism Ministers, so we are getting through them at a rate of knots.

The Chairman: You certainly are. That is a very interesting statistic.

Lord Lucas: Through mobile telephone data we can have a pretty accurate view of where people are coming from, where they are going, how they travel round the country, and what people of different origins and nationalities go to see. Do you have access to that data? Do you share it with people responsible for tourism around the country?

Ms Patricia Yates: We have access to some of the data. We also have credit card data, which enables us to see where people are spending. We have particularly good relationships with overseas phone companies that are helpful in doing that.

The Chairman: Can I ask for a comparison with our current European partners? What is our central spend? We have the figures for here, but how do we compare with European countries generally in support from the centre?

Mr Anthony Pickles: In different pots of money, collectively we probably have about £40 million a year to spend on international marketing. I think About France, which is the French tourist board, is roughly double that. In the US, it is about \$120 million.

Ms Patricia Yates: The US is huge because it funds its tourist board with ESTA money, and the board has to match-fund that with private sector money. It gets about \$127 million.

Q29 **Lord Shutt of Greetland:** It seems to me that there are all sorts of people pitching. Hoteliers and visitor attractions are pitching, as are seaside towns in my part of the world, the Scarboroughs, the Whitbys, the Bridlington, et cetera. The Yorkshire Tourist Board is pitching rather well at the moment. What is your specific role in pitching for the seaside towns? You support and promote tourism. I would like to know what the balance is between promotion and support.

Ms Patricia Yates: We know Welcome to Yorkshire very well and work with them very closely. What do we have that they do not have? We have an international network. We have real contacts in international markets; we can bring international journalists over; we can help them host events in Paris around the Tour de France and the Tour de Yorkshire; we can introduce them to international suppliers; we run trade missions overseas, so we take businesses out to meet international buyers at face-to-face



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meetings; and we can bring international trade to go around a region, discover it, put it in their brochures and sell it. That is very practical support of a region.

We also promote. We run "I Travel For..." in international markets. That is all about people's passion for travel and why they should travel to Britain. In that, we try not only to tell the expected story—what people know about Britain—but to introduce them to new experiences in some of the more unexplored areas, to broaden where visitors want to go.

Lord Shutt of Greetland: Are you, in effect, restricted in what you do to promote the UK market? In other words, are you saying it is done by the towns and regional boards, and your stuff is international?

Ms Patricia Yates: In the last spending review, the role of VisitEngland was looked at. We are VisitEngland; we are there to build the value of tourism to England. The Government decided that they wanted VisitEngland to focus on building product that could be sold in international markets. We were given a £40 million pot of money over three years to build product that worked in international markets, but of course if it works in international markets it also has to work in the domestic market to be successful. That has been the focus for England, with things such as the quality schemes for attractions and hotels. There is a real focus.

We have had about £2 million from the GREAT fund to promote Britain domestically. It is broader than just the England remit; it is a Britain remit. As we look forward to future funding, we would like to make a strong case for funding for more England domestic marketing and for that to be a clearer part of the remit, as my colleague said, because of the balance of trade issue, to safeguard the industry for the future. I talked about the drop in millennials.

In a lot of areas, people's worry at the moment is that they have a lot of day visitors who do not spend very much. How can we work together to convert the day visitor to an overnight visitor? How can we focus on value, and drive value and increase seasonality to broaden the season, whether through getting business events into seaside towns, attracting different sorts of people or building a consumer events programme in seaside towns? We are thinking about how we can address some of those issues.

Lord Shutt of Greetland: As regards support for tourism, are you in the business of grant-aiding hoteliers, visitor attractions or whatever? Is there any budget in your organisation to grant aid?

Ms Patricia Yates: The £40 million I have just referenced is a biddable pot. Destinations, joining with LEPs and private sector partners, bid for a sum of money to develop a product they think would work internationally. For example, England's seaside coasts bid to put together an itinerary that works in international markets. The money goes to them and they develop it, and we act as grant-givers in that area.



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Lord Shutt of Greetland: Usually, when there is grant aid it is a question of how much you are putting in yourself. Bearing in mind the good summer, do you think that money is being made in the UK in tourism this summer that could be spent in investing and, therefore, bringing in more grant aid to develop things further?

Ms Patricia Yates: It has been a year of two halves. Do not forget that the weather started fairly down. If you were talking to people in April or May, they would have been saying how dismal it was. Of course, we have had a great summer and it has picked up subsequently. You need a cycle of money coming into businesses and areas to invest both as a small business and more broadly as a region.

Lord Lucas: Can you give us some examples, if not now later in writing, of successful products and the sorts of things you are looking for? My impression of a lot of seaside communities is that their offering is pretty fragmented and would be hard to package as a product for overseas. Can you give us some pointers on people who have done things well?

In our conversation so far, I do not think anyone has mentioned your organisations as people those communities partner with and look to, which slightly surprised me. You mentioned working with smaller operators to deal with Booking.com and so on. Should we not be taking a rather rougher attitude towards those organisations? If we are spending so much on giving them business, should we not be pinning them down to the terms we want, dealing with their biases and misbehaviours, and getting a better deal from them on behalf of British tourism operators?

Ms Patricia Yates: Of course we have to deal with biases and misbehaviours. One of the lessons we learned from the Discover England fund is that the projects do not need help in building the product—they can do that for themselves; they need help in understanding international markets and getting distribution. We are currently piloting a platform to help small businesses reach international markets. It is a very simple system that gives them much more power to look at terms and conditions and decide who they want to play with. If we get the green light, we would be very pleased to give you a demonstration. It has been really impressive so far.

Lord Lucas: Examples of what has gone right would be really helpful.

The Chairman: That would be helpful.

Baroness Valentine: You talked about digital skills among SMEs and about how well wired up towns were. Can you give us any insight on how well wired up seaside towns are and what connectivity is like? Are there black spots, or not?

Mr Anthony Pickles: It is a mixed picture. We might come on to the industrial strategy part, but one of the key pieces of evidence from a lot of businesses is that there is a fragmented picture of the ability for small



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businesses to connect with different international audiences, whether or not on some of the online platforms. It seems that the fragmentation is not necessarily in the infrastructure but more in the online capacity of some tourism businesses.

Baroness Valentine: Are you saying that you do not think broadband rollout is a problem?

Mr Anthony Pickles: It is a problem in parts of the country, but the bigger issue is attracting businesses to have an online presence. That is certainly the evidence we have been picking up.

Q30 **Lord Smith of Hindhead:** You said you had received two point something million from the GREAT fund, yet our script says that you received £22.8 million funding for 2016 as a partner in the GREAT campaign.

Ms Patricia Yates: The £2 million was to promote domestic tourism in Britain; the remainder of the money is to promote it internationally.

Lord Smith of Hindhead: You have £22.8 million for the other things you do. I am sure I read somewhere that you also had £19.6 million for something else.

Ms Patricia Yates: That is our core grant from DCMS.

Lord Smith of Hindhead: It is your core funding. You have also had £40 million from the Discover England fund to be spent over three years. One year has already gone, so there is this year and next year. Is that right?

Ms Patricia Yates: No. Two years have already gone; we are in the last year.

Lord Smith of Hindhead: But the figure is right.

Ms Patricia Yates: The figure is right, but the £40 million is a biddable fund. We do not spend the money; we administer it as grant.

Lord Smith of Hindhead: You administer the fund.

Ms Patricia Yates: Yes.

Lord Smith of Hindhead: Effectively, there is a pot for the past year and this year and next year, according to my maths, of £89.3 million.

Ms Patricia Yates: It is not £40 million a year; it is £40 million over three years, so it is about £13 million.

Lord Smith of Hindhead: But for the year we are in, the previous year and the year to come, the total amount of money in the pot is in the region of £89.3 million. Could you give some sort of outline of the business support you give? Perhaps you could give us just one example of a business you have helped with that fund that has gone on to do really well and



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employ, say, more than 15 people? It is not a trick question. Just one is fine.

The Chairman: It is one of those value-for-money questions.

Ms Patricia Yates: I would have to check names of companies. We have taken companies to China, for example, which have built contracts in China that have given them that level of growth, but I would have to go back and check that I was able to give you names.

Lord Smith of Hindhead: Would Mr Pickles be able to help me with that?

Mr Anthony Pickles: On individual business names?

Lord Smith of Hindhead: Just a name.

Mr Anthony Pickles: It depends on which element of the funding you are talking about. If you are talking about the Discover England fund, those schemes do not only support the environment to create new start-ups; they support existing tourism businesses, because they are linked-up products. The Great West Way, which runs through Wiltshire, supports a number of towns by attracting both domestic and international visitors. We are too close to the project at the moment to be able to show you the return on investment, but the clear evidence from it is that it is supporting a whole host of different businesses, whether it be accommodation or other things.

Lord Smith of Hindhead: How do you evaluate that?

Mr Anthony Pickles: The Discover England fund or overall spending?

Lord Smith of Hindhead: All of it.

Mr Anthony Pickles: We know that the return on investment on GREAT spending is 23:1, so it is one of the highest of any public body spending. If you look at it domestically, it is 48:1. That is independently audited.

Lord Smith of Hindhead: You have looked at the figures and you can evaluate that.

Mr Anthony Pickles: Yes.

Lord Smith of Hindhead: You will understand that as a Committee when we get to the end, as Lord McNally said, we want to be able to say to the Government that we think this should be done, or we think that is not being done. We want to be able to say that at the moment £89.3 million is being spent. What do we get back for that?

Ms Patricia Yates: We can certainly give you those figures.

Lord Smith of Hindhead: That would be really helpful.

The Chairman: It would be extremely helpful.



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Q31 Lord Knight of Weymouth: We have already talked quite a lot about the Discover England fund. This year there is £22 million in the fund, and you have been running it already for two years. What are the success measures for projects, typically?

Ms Patricia Yates: I think the Government had two measures of success for it. One was about encouraging the very diverse DMO landscape to work more closely together, to build partnerships in areas such as the Great West Way where a number of bodies have come together to work.

Lord Knight of Weymouth: DMO?

Ms Patricia Yates: Destination marketing or management organisations. They could be either. The other is a commercial measure. How many packages are we selling in international markets? How many international distributors and tour operators are taking the products? It looks at the commercial return on those projects.

Lord Knight of Weymouth: In the spirit of Lord Smith's question, are you looking for a particular return on investment as a benchmark?

Ms Patricia Yates: Yes, but I would caution that this is product development. In Ireland, they invested in their great west way for 10 years before they expected a return. We are expected to deliver on a much tighter time scale than that, and the evaluation results are just coming through.

Lord Smith of Hindhead: You were quite specific in your evaluation of marketing.

Ms Patricia Yates: Yes, on marketing. I am talking about the Discover England fund in particular, which is about product development.

Lord Smith of Hindhead: It would be very interesting to know how you evaluate that and get to those very precise figures—the 48:1 and the 23:1—the methodology.

Ms Patricia Yates: We can give you that.

Lord Smith of Hindhead: We would like to see that.

Mr Anthony Pickles: We will write to you.

Lord Knight of Weymouth: You mentioned that one of those products is England's seaside coasts.

Ms Patricia Yates: Yes.

Lord Knight of Weymouth: What other coastal seaside town projects are there?

Ms Patricia Yates: There is England's seaside coasts. Another was England's seafood coast. There is an England coastal one comprising about



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17 different coastal regions that are coming together, and there is England's seafood coast in the West Country.

Lord Knight of Weymouth: That is gastro-tourism.

Ms Patricia Yates: Yes, it is more localised.

Lord Knight of Weymouth: It is not a fish park, is it?

The Chairman: That is a bit unfair, Jim.

Lord Knight of Weymouth: It is an in-joke.

Ms Patricia Yates: It is a biddable fund, so people put in bids for what they think will work. For example, Yorkshire put in a cycling bid. Different areas bid for different things.

Lord Knight of Weymouth: Are you funding anything on marine tourism?

Ms Patricia Yates: Not directly.

Lord Knight of Weymouth: When you are allocating the funds for projects, do you have any sense of the distribution? For example, do you have a reasonable distribution between your desire to develop the coastal areas and your desire to develop canal tourism, forestry or whatever other sectors you might decide you want to develop?

Ms Patricia Yates: In the first round of funding we looked at good bids coming in, and for regional spread within that, which came quite naturally, and at the strength of the bid. If we were to do the fund again, we would start from the market gaps we are trying to fill and encourage regions to think about those market gaps and new customer bases, and give a little more framework for the bids that we would like to be successful.

Lord Knight of Weymouth: Could that include two-stage bids, so that you have an initial investment to scope the product before you get the big money?

Ms Patricia Yates: Yes, and we have done that in this Discover England fund. We had very small test and learn projects for year one to get the partnerships up and running, to have a go and see what worked and what did not, and the bigger million-pound bids came in years two and three.

Lord Knight of Weymouth: From all of that, do you get a sense that the coastal areas and the DMOs, or whatever they are, are enterprising and innovative and are the sort of people who put together bids that will win?

Ms Patricia Yates: I know this is no answer: it is patchy. Some DMOs are well funded. There is always an issue about who funds the destination management organisation, where it gets funds and how innovative it is at building in private sector money as well as possibly local authority money. They have very different resources and, therefore, very different abilities



to make ambitious bids and deliver them. One of the things I see around the country is the different capability of DMOs.

Q32 **Baroness Valentine:** You have already touched a bit on the industrial strategy, but could you comment on how you think it might strengthen the tourism industry in the UK, particularly seaside towns?

Mr Anthony Pickles: When the idea of the industrial strategy was introduced last year, there was almost an inbuilt bias towards which areas would be likely to make up that sector, but the key call for evidence was how we could improve productivity across the UK. We felt it was necessary to have an opportunity for overall co-ordination within the UK tourism sector, which we had not had to date, maybe for some of the reasons we alluded to earlier. In addition, the growth we are seeing does not necessarily take in some of the structural issues such as seasonality, which is a driver of how we would improve productivity overall.

When we look at the figures on productivity gains in tourism, we are talking about the use of assets—getting people to sleep in a hotel bed, go on an airline where there are empty seats and travel out of season. That is a very difficult thing to do and it is where a lot of our key competitors are stealing a march on us. We looked at the 10-year plans in New Zealand and Australia where they have put that as a key criterion for their tourism industry for the past 10 years. We said that, if we could make productivity gains of just 1%, it would drive an additional £12 billion into the UK tourism industry through a number of different initiatives.

In summary, the key thing we want from an industrial strategy is, first, tourism's place within it and the co-ordination that comes with that, as well as the fact that we could co-ordinate some serious policy initiatives that would deliver for all parts of the United Kingdom.

Lord McNally: It is almost unbelievable that tourism still has to try to elbow its way to the table in an industrial strategy. As a country, we are fixated on the idea that we still have a massive manufacturing sector, when in fact tourism is a bigger employer and a bigger earner in the economy. The strategy looks marvellous.

Baroness Wyld: On paper it does.

Lord McNally: But that is where it is at the moment.

Baroness Wyld: You said you were waiting for the outcome of the sector deal proposal. Is that right?

Mr Anthony Pickles: Yes. We put in our bid to BEIS in October last year and since then there have been a number of negotiations. It is supported by our Ministers in DCMS, who have been having internal conversations, but we are still awaiting the outcome.

Baroness Wyld: It is good that you have pushed for this; you are right to do so. You said that one of the things you wanted was greater co-operation



in the tourism sector, so clearly you did not have that before. As a result of getting that, can you not get on with a lot of the stuff you want to do that does not require government intervention? Between you, you must have an enormous bank of knowledge and experience of various coastal towns. You must have a huge amount of learning that can be applied from place to place. Would that not be a really valuable co-ordination role that you could play as a sector and an organisation?

Mr Anthony Pickles: Yes. We are not waiting for the outcome. We are continuing to press ahead with the things that we can take forward, whether it be the business visits and events strategy or the pipeline of events.

The key thing is not that there was conflict within the sector; it is that in the automotive sector, for example, there are six bosses of six big international global firms who effectively know each other's thoughts when it comes to the direction of travel for the product. In tourism, we have 200,000 SMEs; throw into that mix global airlines, global hotel chains and other platforms. Just to co-ordinate that has proved challenging in the past, but what we have been excited about in this process is that the gauntlet the Government threw down was one that the industry picked up and ran with. It is about both co-ordinated advocacy and the fact that there is an appetite to recognise further potential, not just what we have at the moment.

Baroness Wyld: All the priorities look great on paper. They are very generic and at this point quite conceptual. Are there specific interventions in specific areas that you would prioritise?

Mr Anthony Pickles: We picked up four key areas. I will not talk about skills, because the next witnesses will talk about that. One of the structural issues we identified was local leadership, which comes back to a lot of what we have been talking about this afternoon. When we looked through what the local enterprise partnerships were doing across England, more or less every single one of them identified tourism as a potential growth sector, but none of them had the mechanisms to do anything about it.

When we went around talking to businesses and DMOs, the thing they called out for was local co-ordination both in leadership and in links to the centre, and what could be done at a national level in best practice and having a policy ear at Westminster. To say that some of it is generic is probably true in a sense, but as regards actual actions we have tried to put forward something that could be delivered quickly and make a tangible difference.

Baroness Wyld: I agree with that. It is very important we are clear that it is not a one-size-fits-all approach. We need to be agile within that framework.

Lord McNally: To take one example, we talked earlier about the fact that we want tourists to travel, and that tourists have expressed a desire to



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travel by public transport. Is there any talk with the big train operators or the big bus operators about a tourist travelcard?

Mr Anthony Pickles: Yes.

Lord McNally: People have already had most of my good ideas, often several hundred years ago. It seems to me that that is a bit of joined-up government. We have just come back from Blackpool, which, before you say anything, is my home town. If I was a visitor to London and suddenly decided I wanted to go to Blackpool, I would hate to try to work out the best train fare. I would probably be faced with a fare of about £180.

Mr Anthony Pickles: We already have a co-ordinated pass; it is called BritRail. It has been going for 40 years, maybe longer. It is specifically for international visitors, so you cannot buy it if you are a Brit. There is a set number of days when you can travel on any train for any amount of time. That is co-ordination. With some of the infrastructure points in the sector deal, one of the key issues for international visitors, as Patricia has already said, is that the final mile, as we call it, is a problem. You arrive at the railhead and you are still a mile or two away from your destination. Some of those places do not have Uber; they do not have buses waiting round the clock to take visitors.

We will not fix these things immediately, but we know where we have tourist hot spots, which is why we talked about the idea of tourism zones. Some of these things could be dialled up over time and have a really big impact on the distribution of visitors around the place, and would give visitor knowledge about how you finally get to your destination.

Q33 **The Chairman:** Can I take you back to context? How do you see the challenges of Brexit impacting on tourism? I am not asking you to opine one way or the other on whether it is a good or bad thing, but what does it mean for us looking to the future?

Ms Patricia Yates: We need to get some aircraft flying and get those deals negotiated fairly quickly, with as free and open access as we can get, not just in Europe, but in our visa regime in certain markets. We have liberalised and made huge strides in China, for example. Can we do that in other markets such as India and some of the Gulf countries?

We need to make sure that the welcome is there and realise that we have to go out and compete, Brexit or not. We can grow the tourism industry without trade deals, but we have to compete with other nations that are prioritising tourism. It is a matter of safeguarding Europe and going for growth in China and the new markets that are coming on stream, and looking to America as well, which is still our most valuable market. We are seeing good growth coming from America.

As regards the strength of tourism, we know that people who come here are much more likely to invest, so it is a good tool for soft power. When the Government talk to other Governments about doing trade deals, other Governments are very keen to get tourism into the mix, because they



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prioritise tourism. We can be an enabler in one-to-one relationships with other Governments.

Mr Anthony Pickles: The only thing I would add is how important the welcome is. Research on what customers are saying and thinking about us is hugely important, specifically Europe where customers are repeat visitors, maybe even throughout the year, and we will not be able to replace them. In the barrage of noise they are hearing about Britain, they are not just reading VisitBritain marketing.

The Chairman: I get that.

Ms Patricia Yates: Within Britain, there is a risk that people think that because sterling is weak tourists will naturally come. As a word of caution, in the research that we run every six months in Europe, people clearly see that there is an opportunity and that Britain is cheaper, but Britain is still an expensive destination. That is absolutely the view of international audiences. We will not be a cheap destination competing on price; we have to offer great value and a great welcome, as my colleague said.

Lord Knight of Weymouth: Is that a London-informed perception of how expensive we are?

Ms Patricia Yates: We are very London-centric in our international visitors; about 50% of them do not go outside London. With those from Europe, regional dispersal is better, but you still get that perception. We see very strong growth in Scotland, and some of the spend per night in Scotland is as high as it is further south.

Lord Smith of Hindhead: It has gone down in Wales; visitor numbers are down.

Ms Patricia Yates: Yes.

Lord Smith of Hindhead: Even though quite a lot of money has been spent, it has not been successful, has it?

Ms Patricia Yates: Wales is less well known than other parts of Britain. With VisitWales, we are working hard to promote it.

The Chairman: Maybe you need to do some work with the Welsh Government.

Lord Lucas: Speaking as someone who lives in a coastal community, Eastbourne, when I talk to the people there what should I expect their relationship with you to be? If they are working well, what bit of you should they be in correspondence with? Is there anything you offer individual tourist-based businesses in somewhere such as Eastbourne? Are you an organisation they should be looking to be in touch with, and, if so, how?

Ms Patricia Yates: Eastbourne would be invited. We run a destination management forum where DMOs can share best practice. We run a



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particular coastal group, because we realised that there is disparity for some of the bigger DMOs I have been talking about. The large DMOs know what they are doing; they are very well funded. We give particular support to coastal DMOs. We run a smaller group for them and for rural DMOs. We go out and do workshops—for example, on digital skills. We work with some of the leading digital players to help to upskill the industry, and we have a hub on the website that gives individual business advice that people can use.

Lord Lucas: But it should be the local DMO interfacing with local businesses, not you.

Ms Patricia Yates: Yes.

The Chairman: Thank you very much indeed. That was very informative.



Kate Nicholls, Simon Longbottom, Alex Flach – oral evidence (QQ 34-41)

Tuesday 11 September 2018

4.10 pm

Watch the meeting

Members present: Lord Bassam of Brighton (Chairman); Lord Knight of Weymouth; The Lord Bishop of Lincoln; Lord Lucas; Lord McNally; Lord Shutt of Greetland; Lord Smith of Hindhead; Baroness Wyld; Baroness Whitaker; Baroness Valentine.

Evidence Session No. 5

Heard in Public

Questions 34 - 41

Witnesses

Ms Kate Nicholls, Chief Executive Officer, UKHospitality; Mr Simon Longbottom, Chief Executive, Stonegate; Mr Alex Flach, Construction Director, Whitbread.



Examination of witnesses

Ms Kate Nicholls, Mr Simon Longbottom and Mr Alex Flach.

Q34 **The Chairman:** Thank you for coming to our evidence session. You should have in front of you a list of interests declared by members of the Committee. I remind you that the meeting is being broadcast live on the parliamentary website, and a transcript of the meeting will be taken and published on the Committee website. You will have the opportunity to make corrections to that transcript where necessary. Philip has some extra interests to declare.

Lord Smith of Hindhead: I have some specific interests. I have to declare that I know Kate Nicholls, because the Association of Conservative Clubs, of which I am chief executive, is an associate member of UKHospitality. Ms Nicholls sits on the board of Best Bar None, of which I am the chairman and which is a Home Office-backed scheme that promotes responsible alcohol consumption and higher professional standards. Stonegate is one of the many operators in the industry that make financial contributions to Best Bar None. I have never met Mr Flach before, but I am sure that he is a frightfully nice chap.

The Chairman: Thank you very much. We are looking at seaside and coastal communities in particular. I appreciate that your interests, whether commercial or non-commercial, will be rather broader than that. I would like you to think about and respond to the question of what role the hospitality industry plays in supporting seaside economies and whether you can see ways in which that can be further developed.

Ms Kate Nicholls: I will give a general overview and then my colleagues can give their personal perspectives. More than 8 million people live on the coast, in coastal communities. Our recent research suggests that around one in seven of them is employed in hospitality, so it is a major employer in the sector. The sector has contributed around £20 million in GVA to the economies of coastal local communities. Both those figures have grown by about 17% since 2010. We are big employers and big contributors to the local economy, culturally, socially and economically, with an increasing proportion.

I classify seaside towns in my own head as falling into three main categories. First, as you have heard from other witnesses, there are seaside towns that are destinations in their own right, where the hospitality and tourist sector is a major industry. There are maritime and industrial towns that are on the coast, and, then, broadly, coastal communities and conurbations that might previously have been seaside coastal tourism destinations, ports or industrial places but have now fallen into being just general coastal communities. In all three of those, our research around the country suggests that hospitality will be at least one of the top three employers in the area; in most, it will be the single largest employer in the area.



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It is a very fragmented industry—90% is made up of SMEs—but, taken collectively, hospitality is undoubtedly one of the largest employers in our coastal communities. By its nature, being property intensive, it is also one of the major investors in local industrial and urban regeneration. On average, our members spend about 6% of their turnover on capex of one form or another, and it is probably higher in coastal communities than it is in other areas of the country, where it is around 4%.

As a general overview, the sector predominantly provides employment, cultural regeneration and support for tourism and other industries and services. If you look at the figures from the previous witnesses on tourism, you see that three-quarters of tourism and hospitality spend is domestic. We must not forget that we provide a vital support service for domestic residents and visitors as well.

The Chairman: That is very helpful as an introduction.

Mr Simon Longbottom: To be specific about what Stonegate does, we are a pub-focused company. In thinking about today, I was looking on a website at reasons why tourists come to Britain; the fourth reason was to visit a British pub. Backing up what Kate said, when consumers think about their visits to the coast—staycation being a trend—they think about destinations where they can eat, drink, socialise and be entertained. That is what the great British pub aims to do in our seaside resorts.

The pubs that tend to work best are the all-day traders, which start by offering breakfast and go right through the day, for refuelling, drinking, watching sport, music and late-night dancing. In my operating experience, they tend to work well in circuits, so that there are different experiences for the consumer, whether they are more female friendly or focused on food, or LGBT focused, as we have in Brighton.

Mr Alex Flach: Premier Inn is the UK's largest hotel chain. We have about 60 hotels in coastal communities and employ about 3,000 people across them. Leisure is an important part for us, but our hotels bring in a lot of different people, such as those running small businesses. Generally, coastal towns are the places where they stay when they are working away. The construction industry is a big customer of ours.

The Chairman: What are the challenges in some of those communities, in working with the local authority or ensuring that you have the right skills mix?

Mr Alex Flach: We have found coastal communities very successful. All 60 of our hotels there are doing very well. Employment is key for us—getting the right people. We employ a lot of NEETs; we took up a policy 18 years ago to employ a majority of NEETs in our sites. In any new site we open, we work very closely with the jobcentre. We would like to work more closely with local authorities, because site availability and finding new sites is critical to us. We still have about 26 target locations to fill around coastal towns over the next few years.



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Lord Smith of Hindhead: In May, Whitbread announced that you are to open 1,000 Premier Inn bedrooms in UK seaside resorts, launching a fifth Bar+Block next month. You are a company with a good reputation for investing wisely in the future—congratulations on selling Costa. Why have you made that choice? What is it about seaside towns that you think is worth investing in?

Mr Alex Flach: For us, it is driven by occupancy, at the end of the day, and getting people in. Seaside towns are seasonal by their nature, but some of the hotels we are running are 95% to 100% full. We opened in Jersey a few months ago and it has been full every day since. We need to extend. Over the last two years, we have extended 15 hotels in coastal communities, because they were doing so well. We were expecting more of an off-season, but we are still on average getting about 75% occupancy in the off-season.

Lord Smith of Hindhead: Have you had difficulty with planning in getting those extensions done?

Mr Alex Flach: Planning is a perennial issue. We have had a lot of success with planning. I do not want to criticise planners, as every single one is different. Sometimes, there is an element of gold-plating on elevational treatments, but we are quite a good and attractive customer for a town, and most are keen on us, although there is the odd one that is not.

Lord McNally: You are being modest. Premier Inn is a good brand, and I would have thought that towns that wanted to burnish their reputation would be more than welcoming to a Premier Inn.

Mr Alex Flach: Yes. I have a quote from a Bridlington town councillor who said that that it was the best thing that had come to Bridlington since the railway. A lot of them are very keen on us.

Lord McNally: The fact that you have gone into Blackpool has been seen as a plus.

Mr Alex Flach: We have another site of 150 bedrooms coming in Blackpool next year.

Lord McNally: In Blackpool, you took over an established hotel and Premier Inn-ed it, which is good. What is the balance between that and new build?

Mr Alex Flach: At most, we do one or two going concerns, as we call them, a year. The vast majority—90% plus—are new builds that we build, or developer-led schemes where we are part of a mixed scheme, or they build a hotel for us. Quite often in seaside towns, such as the one coming in Llandudno, the ground floor will be retail and we will be on the floors above, built by a developer to our specification.

Lord Smith of Hindhead: Roughly how much money are you spending in seaside towns at the moment?



Mr Alex Flach: In the last two years, we have spent £115 million.

Q35 **Baroness Valentine:** I want to go back to Kate's introduction and look at investment in assets in seaside towns. Tom was talking about Blackpool, and the perception locally would be that the attractions are treated like cash cows and there is no reinvestment in the tower, the Winter Gardens, the piers or, indeed, some of the hotels. Can you talk about that dynamic? What encourages reinvestment and what does not?

Ms Kate Nicholls: The fundamental point, whatever size business you are, is that you have to make a profit to reinvest in your product, your people and the town around you, and to refurbish the hotels. Over the course of the last couple of years, that environment has got tighter. Some well-publicised cost and regulatory pressures have hit the sector, which inhibits a lot of investment.

We need a supportive regulatory and tax environment that understands that businesses need to reinvest in their product, as an existing product. Hotels are probably on a seven-year refurbishment cycle, and businesses have to make investment in pubs, bars and restaurants on a regular cycle. You have to have a margin to invest, first, in your own business and your people, and then in the rest of the economy and broader regeneration.

Businesses have been on a regular cycle. We do a benchmarking survey each year, looking at the amount of capex that is reinvested by the sector. It goes in cycles, and there is a drop in investment when the environment and the economy get tighter. We need to have growth in our businesses to invest.

Then there is the question of working with local authorities to reinvest. Sometimes, businesses feel that local authorities see them as a cash cow. They contribute an awful amount in rates: 5% of GDP is generated by hospitality, and we contribute 25% of all business rates in the UK. That goes back to fund local services. On top of that, there are planning conditions. Hospitality businesses have requirements to invest in broader urban regeneration and infrastructure.

Baroness Valentine: Can you cut the reinvestment and the time cycle that you were just describing for seaside towns and have a look at it for coastal communities?

Ms Kate Nicholls: I do not have it specified as that.

Mr Simon Longbottom: I can help you with Stonegate's example. We have 750 sites, 10% of which are in coastal towns, and we have invested £21 million in those businesses in the last six years, with 60 of them getting major investments. As Kate says, it is a positive story; we see coastal towns as a positive place to trade. We would not invest if we could not get a return, and those businesses are trading well.

Baroness Valentine: You may be two of the better ones. Can you send us the analysis of coastal investment afterwards, if you have anything?



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Ms Kate Nicholls: I will look at what we have, but I am not sure that it is split into coastal communities.

When big companies come in and can afford to reinvest, it provides a boost to the rest of the town centre. Footfall will increase when a Premier Inn development goes into Blackpool, which will be a benefit to the very small, independent SMEs along Blackpool seafront. Equally, with the partnership between Merlin and Blackpool in the town centre to redevelop some of the visitor attractions there, the footfall boost means that those businesses get a lift and can invest. But when one pound in every three goes in some form of tax, there is a limit to what you can afford to reinvest.

Lord Lucas: Do you find any particular problems about investing and working in seaside communities? How do the ways seaside communities market themselves help you, or fail to help you? How much are you, through your own marketing, bringing people into a community, independent of efforts by the town?

Mr Alex Flach: For us, infrastructure and access are absolutely important. Car parking facilities are hugely important; the majority of our guests drive to the site, so we have to provide parking, and in more and more coastal communities parking is becoming a bigger issue. If there was a better rail or bus service, it would help us.

We as a business help outside businesses. Our diner ratio—people who stay with us and eat dinner—is about 25%, so 75% of people go out of an evening. We are a budget chain; it is not generally a place where people sit and eat in the evening. They have a drink with us and then go out to other places for entertainment in the evening. A recent VisitEngland report said that, for every £100 spent on a night in a location, £35 was spent on the hotel and £65 outside the hotel, in the local economy. We do not advertise seaside locations specifically, but we spend a lot of money on advertising Premier Inn generally.

Mr Simon Longbottom: It would be fair to say that we see different perspectives from local authorities on the role of the pub. To take Weymouth as an example, we have a business on the quayside called the Rendezvous, run by Keith, who chairs the pubwatch. He has been there for 13 years, and we have been able to work with the council to allow us to use the whole quayside for four festivals a year, and for big World Cup screenings and so on. That has been incredibly successful and has helped to bring more people into the town.

Other local authorities see some of the nuisances that come with intoxication and maybe later-night issues as a problem. There are issues, but working together is the answer. We often find, with resources on policing tight, that we are asked to increase security numbers, which sometimes makes it uneconomic to run later sessions and provide those facilities for consumers. We are sometimes asked to disperse customers outside our premises, which again is not really our role; it should be the



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role of the police. Local authorities have differing views on the role of the pub in their town.

The Chairman: A lot of local authorities have alcohol-free zones, or at least they try to. Is it a major problem? Do you get involved in consultations on those things?

Mr Simon Longbottom: We do, but there is variability. In Newquay there is a cumulative impact area. We work very closely with the police and we have invested in our big site, the Sailors Arms, in the centre of Newquay to provide a lobby and make sure that there is safe queueing. The key is to have an open and honest relationship in promoting the late-night economy.

Lord McNally: Is the late-night economy a benefit?

Mr Simon Longbottom: I think it is a huge benefit. To go back to consumers and what they are thinking, a cadre of people go to seaside resorts; they want to get away from work, entertain themselves, their family and friends and socialise, and pubs are the institutions for that in this country. Tourists come for that, and we ourselves go to tourist locations and enjoy them.

Ms Kate Nicholls: A third of all town centre turnover is generated after 6 pm.

Lord McNally: But what about after 10 pm?

Ms Kate Nicholls: I do not have the figures on how that breaks down.

Lord McNally: A night out seems to start later than it did in my day.

Lord Smith of Hindhead: Yes, one of the difficulties is when the late night out starts. People have not been to the pub, the club, the restaurant or the bar; they have bought alcohol from the supermarket, consumed it at home and then gone out. The businesses serving those late-night people are not necessarily the ones that sold them the alcohol.

Lord McNally: I am not making any criticism.

Lord Smith of Hindhead: No, I am just saying that, as you say, there has been a culture change.

Ms Kate Nicholls: There is a more general point. With seaside towns, there is a tendency to talk just about tourism. There is a broader hospitality offer to local residents, local day-trippers and visitors, and to people coming to stay in a Premier Inn or to visit family and friends. The hospitality offer in seaside towns and communities is broader than the tourism season and has a fundamental impact on the local economy, to the good. It is a positive impact.

Q36 **Baroness Wyld:** What more could be done to encourage businesses such as yours?



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Ms Kate Nicholls: The key point that both my colleagues mentioned is variability. We have given you examples of areas where there is a lot of good local partnership and local authority working, but it is quite variable. Sometimes, there is no proactive and positive response from the local authority; sometimes, there are planning restrictions.

There is a general requirement for regulators to have regard to economic growth in their decision-making. The two key areas to which it does not apply are planning and licensing, so they are hampering and not having regard to economic growth in one of the largest industrial sectors in the country. Requiring local authorities not necessarily to give in to everything but to have regard to the growth of a business that is important, particularly at the seaside, would be very helpful.

Mr Simon Longbottom: I shall try to be practical with my examples. We are not trying to boil the ocean in talking about the pub industry; I am just talking about seaside towns and what could be done. An example would be business rates. We have 12 or 13 licences in Blackpool. One of those is a business called the Litten Tree, a male-dominated pub that takes £12,000 or £13,000 a week. We plan to invest in it in February to make it a female-friendly business selling cocktails; we believe that it would take £45,000 a week. We will be investing £450,000, going from a team of 10 to a team of 30 or 40 people. When that business is evaluated for business rates, our business rates will go up based on the turnover. In my book, we will be penalised for investing in Blackpool, in the community and in the tourism industry.

Mr Alex Flach: Our total rates bill has gone up by more than our growth this year. Last year, it was £110 million; in 2018-19 it is £121 million.

The Chairman: I am aware that the revaluation of business rates has had a particularly negative effect on pubs in our area, in East Sussex. Is that a general issue?

Ms Kate Nicholls: It is a general issue. Hospitality was the only sector of the economy that saw increases across the country in its rates bill. On average, it was a 24% increase, and, in all but two local authority areas, it was a double-digit increase. We have had reports from a lot of our seaside community businesses that they have had increases of 300% or 400%. As Simon rightly says, as soon as an area becomes successful and the rent goes up, the rates will inexorably follow, or, if you invest, you are penalised for success. It is a tax on success.

The Chairman: I suppose, to defend local authorities, although they are not the people establishing the basis for the revaluation, there will be additional costs if you have growth in that particular sector.

Ms Kate Nicholls: Of course, and everybody acknowledges that you have to pay your fair share, but it is about the scale and pace of the increase that went through in the last revaluation. Previously, government funded it and allowed the bills to be phased in over five years, but they were



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introduced in two. A 300% increase for a small, independent business in a seasonal seaside town is quite difficult.

Mr Simon Longbottom: I do not want to be boring on business rates, because you probably hear enough about them, but there is also a latent cost; the revaluation process means that we cannot reinvest. We will get £1 million back from claims against the wrong rateable value, which we could be investing in our business. Over a six-year investment cycle, that is £7 million for Stonegate. If you imagine that for an individual Ma and Pa operator, it ties up a lot of their cash that they cannot invest back in their business.

Baroness Valentine: On tax relief, business rates, VAT and all those sorts of things, if you could choose one thing to tweak in your favour, which would it be?

Ms Kate Nicholls: In the short term, it needs to be business rates, which are business critical for a lot of the SMEs in our sector. They are facing quarterly up-front payments, so it is a matter of whether they stay open or not. Today, the latest figures came out and showed that we lost eight premises a day in hospitality over the last year.

In the longer term, we need VAT to be looked at, because it is a significant cost to our businesses. It also means that business rates are higher, because for pubs and hotels it is based on revenue. It is a tax on a tax, because VAT is included. Thirty-one countries have already introduced a reduced VAT rate for tourism-related services, and there is an active consultation on what is happening in Northern Ireland versus Ireland. We wait to see what the Chancellor says about that, but it is a longer-term solution that would underpin competitiveness internationally and lock in productivity gains.

Lord McNally: How has the good summer affected business? We may have started our inquiry in the wrong year, because suddenly we were appearing in towns where everybody was tanned and telling us what a wonderful summer we have had.

Mr Simon Longbottom: That is the impact we have had.

Ms Kate Nicholls: Equally, if you had started your inquiry at the start of the year, many coastal locations were facing snow when they expected to start their tourism season. The weather in the first quarter of this year was horrifically bad, as bad as it has been good over the summer. It is variable, depending on your business, as to whether good weather helps or hinders, but bad weather hurts everybody.

We had a very slow start to the year. Hospitality in general, rather than tourism, went into a slight decline at the end of last year; business slowed down quite considerably in September last year, as customers caught a cold and consumer confidence took a bit of a wobble. It really did not pick up until June.



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We have had one good summer. Was it an exceptional summer? It probably was, but, equally, because it came late and was so uncertain, we had a lot of last-minute bookings, which is not a basis for sustainable development in an industry that is so critical to our future. We cannot always depend on good British weather to get us out of a fix and help businesses that otherwise would be struggling. The casualty figures would have been far worse if we had not had that pick-up.

Lord McNally: You talked about the late-night economy and the changes. This is just a test of one. We have got used to the fact that the theatres and cinemas have closed, so what do those towns offer? When my colleagues left, after our visit to Blackpool, I moved down the coast to Cleveleys. I left the hotel I was staying in at about 9 o'clock on Saturday evening, and, if ever you saw a one-horse town, it was Cleveleys. Everything was dark, shops and everything else.

I walked down the street and came upon a very large Wetherspoon pub, which was heaving. I went in to look at what they were doing. There must have been 1,000 people—it was that big—eating food and socialising, and doing all the things you were talking about. Is that the route for some of those towns? It would probably be classed as a pub, but it was not; on an operational scale, it was much bigger than a pub. Is that the kind of investment that will sustain a different kind of holiday and socialising?

Mr Simon Longbottom: Tim Martin and Wetherspoon have been at it for a number of decades, providing good-quality food and drink at great prices. That will work every time. The point about regeneration is to ensure that there is variability of the kinds of offer, whether it be hotel accommodation of different scales and levels, pubs and bars or late-night venues, or restaurants, doing different things for different folk at different times, for different drinking occasions. That is just one example: it is a well-invested pub with well-trained members of staff who are delivering a good product. When we provide that in the hospitality industry, it works, and it will bring people into our seaside towns and help with the regeneration we are focused on.

Lord Smith of Hindhead: You could have gone to the Conservative club, by the way.

Q37 **Lord Shutt of Greetland:** Mr Flach, we have had several comments about Premier Inn so far, but can I press you further about the factors behind decisions to expand Premier Inn in coastal places? One tends to think in terms of 100-bed hotels in coastal places, with big lounges and all that type of thing, yet you yourself used the word "budget". Why does budget somehow equate with people going on holiday?

Mr Alex Flach: It does equate with people going on holiday, yes. The brand itself has been going since 1987. It grew up next to our Whitbread pubs and has grown into this: we have opened hotels in all the big cities and towns in the UK. As we expand, and we are at 74,000 rooms in the UK, we get smaller and smaller locations. We may not open a hotel with



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100 beds, but we will open one with 60 or 80 beds, and we have found in the last couple of years that we go back and open another 20 beds next to it, extending it. For instance, we opened a hotel in Scarborough with 80 beds, and we are extending it by another 80, and we are looking to open a new site next year, also in Scarborough. They have been hugely successful.

It is not just tourism. We do not use travel agents or operators; 97% of our bookings come direct, the vast majority online through our website. Some of those guests might not come to that coastal location except for the fact that they are loyal guests of Premier Inn. They think, "Oh, they've got a Premier Inn. I'll go and stay there". All our hotels are accessible, so as a family you can bring your grandmother and your children, and we can get you into our hotel. They are all accessible, so our range of guests is very wide.

Lord Shutt of Greetland: The rumour went on for several years about your company splitting into two, and now we find that you are getting the largesse of Coca-Cola. What happens with that largesse? Does it mean that we will see a huge quantum leap in your hotel chain beyond what you could have imagined, or are there other ideas?

Mr Alex Flach: As the construction director, I hope so, yes. Our expansion plans are clear: we want to open another 4,000 rooms a year every year, certainly for the next five to 10 years. We also want to expand into Germany. We see Europe as the next stage. We are very much a UK-focused hotelier; the vast majority of our guests come from the UK. The only time we use online travel agencies is for external or international travellers to come to Premier Inn, because we are not a particularly well-known worldwide brand.

My pay grade does not tell me how much money we are going to get. Some will go back to the shareholders, but a fair amount will be given to us to invest. We invest about half a billion a year in new construction, extension, refurbishment and maintenance of our hotels.

Lord Knight of Weymouth: We heard in the last evidence session that the demographic profile of visitors to seaside towns was challenging as regards the younger population. Is your demographic profile younger in coastal towns than is the norm? I am trying to get at whether younger people are driven by brand, ease of booking and the direct experience, and are less interested in the independent hotel or guesthouse.

Mr Alex Flach: Actually, our guest profile is less in the 18 to 25 age group. Customers are generally older than that in all our hotels. We operate a smaller brand called Hub, which is much more technology enabled and attracts younger customers. Those hotels are in city centres, in places such as London and Edinburgh.

Ms Kate Nicholls: It slightly goes back to the point Lord Shutt was making about the type of premises and the type of offer people want. The nature



of traditional seaside holidays was that there would be a large hotel with large function rooms and lounges for guests. People are looking for a different experience and for something much more functional, and I do not think we should be unduly snobbish about budget, value for money or no frills. That is what a lot of customers look for. It fuels a high proportion of staycations that are very short stay. The more we can get people to come out, the better it is for the whole economy, and for job creation.

We want to encourage people to have short stays and be more flexible. Seaside towns and tourist destinations got a little stuck in their ways; now we see much more flexibility in the terms and offers. You do not need to book in for a full week or to eat your meals in the hotel. You have the flexibility to go out and explore, which certainly appeals to younger visitors.

Q38 Baroness Whitaker: Can we explore the impact that your very successful investments have on the local economy? Obviously, the profits go back into the business, but what happens locally? How does it resonate in employment, supply chains and culture?

Mr Alex Flach: We are a brand, so what is in the room is very much the same throughout the country. We design our hotels to try to fit the local vernacular. Employment is very important to us, as is training. We have a target of 5,000 people in an apprenticeship by 2020.

Baroness Whitaker: What sort of apprenticeship will that be?

Mr Alex Flach: They will go through BTECs from level one to nine. We will take people out of employment to give them job training.

Baroness Whitaker: What sort of numbers?

Mr Alex Flach: We have 3,000 already, and 800 in the programme.

Baroness Whitaker: Do you specify any preference for local labour?

Mr Alex Flach: The vast majority of our employees are local labour.

Baroness Whitaker: Are you told to do that as part of the planning application, or is it out of the goodness of your heart?

Mr Alex Flach: We work very closely with local employment agencies, which is where we get our employees. In Bridlington, we created 70 jobs, and 38 of them came from the unemployed.

Baroness Whitaker: How about supply chains, local sourcing and all that kind of thing?

Mr Alex Flach: For a brand, that is quite difficult. We use some local supplies, but our food operation is very much driven by the fact that we have 1,000 outlets and we have to deliver food to the right standard in the right place. It is much more difficult and costlier to work locally.

Baroness Whitaker: As regards the cultural impact, do you find it more



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profitable to assert your own brand in the architecture and general style of the place, or do you find that it works better to fall in with the prevailing architecture?

Mr Alex Flach: If I did not have a target, and a chief executive who told me that I had to open 4,000 rooms a year, I would argue far more with planners about trying to make it unique, but we want to fit in with the environment. We want to get through the planning process as quickly as possible because we can make more money by getting a hotel open as fast as possible, so we work with planners to deliver what they and the community want in our building. We still own 60% of our buildings; we want to keep them and we want to build them in the right way, because they are still going to be with us in 50 or 100 years. Each one is unique; we have a standard model, but I do not think I have ever built it.

Baroness Whitaker: But you always have a purple and yellow logo.

Mr Alex Flach: We always have some sort of branding, but even that has to get through a planning authority.

Baroness Whitaker: You tailor it to the local vernacular.

Mr Alex Flach: Yes, we have it back lit, front lit and side lit, and sometimes very small.

Baroness Whitaker: Have you had problems with localities about the design and architecture? Have local people said they want something more Victorian or Georgian or whatever?

Mr Alex Flach: We have all of that, but we try to work with them because, ultimately, we want planning as quickly as we can get it. The costs involved can affect the returns on the site, but we try to work with them.

Ms Kate Nicholls: I have a couple of general comments to fill that in from an independent point of view. As I said, 80% or 90% of our members are SMEs. More than 80% of our employment is local and within a 10-mile radius of the venues they are servicing. One of the benefits of hospitality employment is that it is local and locally recruited, and that is what people value it for. A large number of people walk to work, which, given today's travel costs, is quite significant. We can provide entry-level jobs right the way through to very highly skilled jobs. If we take you at entry level, we will give you the training that rapidly gets you to a high-level, high-skilled job in our communities and our broader hospitality sector.

The other point about the circular economy is that it is amplified in seaside locations. Hospitality generally uses local people, because the employers are SMEs. In seaside locations, the infrastructure and location of the seaside tends to mean that it is amplified. The investment we talked about in improving and refurbishing the hotel will happen in the winter months when the hotel is not so busy. It is done by local chippies, decorators and builders, who work in the tourism industry during the summer when it is their slow period, so there is a virtuous circle in the local community.



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Baroness Whitaker: How developed is the interaction with local colleges, the qualifying bodies?

Ms Kate Nicholls: It is strong for the bits of the sector that need people coming through colleges. We also work very closely with local schools, sixth forms and local higher education colleges to get the best graduates. The last time I was in front of a Select Committee, somebody sitting next to me said that the biggest export from Blackpool was bright young people. We want to make sure that hospitality keeps those bright young people in seaside communities, and that they contribute to the local economy and have a valuable career in the local economy.

Mr Simon Longbottom: To back that up with a fact, of our 74 businesses, 17 of the general managers are home grown. As Kate demonstrated, we took them on as bar staff or they worked in the kitchen; we developed their career path and now they are responsible for their own business.

Baroness Wyld: You talked about your NEETs. When they come in, are they ready to hit the ground running at work?

Mr Alex Flach: A huge amount of training goes on before a hotel even opens. They will have worked in other hotels. The advantage of having 800 around the UK is that we can give them on-the-job experience before they go to work.

Baroness Valentine: There is a perception in some colleges that it is low-quality and low-paid work. You touched a bit on career progression, but what is the policy on the living wage and the minimum wage?

Mr Alex Flach: Premier Inn's policy is the living wage, at whatever age you are. We take people in, and within a year and a half they can be on a management training course. The sky is the limit.

Ms Kate Nicholls: That is the case right across hospitality. You can very rapidly progress. We do not have a policy on the living wage; the law is the law, and we allow our members to make their own recommendations and take their own policy decisions. On average, from entry level, the brightest of the bright, who really apply themselves and want to get on, can take from zero to two years to get to management. Then they are general managers in a restaurant or a pub earning more than £30,000 a year and responsible for their own business.

Baroness Valentine: The average wage in Blackpool would be way below the national average.

Ms Kate Nicholls: Yes.

Baroness Valentine: Somewhere in the hospitality sector, somebody is paying quite low wages.

Ms Kate Nicholls: We have tracked the average wage rate across the hospitality sector as a whole, UK-wide, since the minimum wage was



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introduced. We have always tracked the average hourly staff rate, and it is always above the national minimum; it might be only 50p above, but it is just above. The last time we surveyed it, earlier this year, the average hourly rate for kitchen and bar staff was £8.10 per hour.

Baroness Valentine: Nationally.

Ms Kate Nicholls: Yes.

Baroness Valentine: Coastal towns would be rather different.

Ms Kate Nicholls: Absolutely.

Baroness Valentine: London is in there, and it will be higher.

Ms Kate Nicholls: We look at the highest and the lowest, the mean and the median, but that is the average, as a sector, for hourly paid staff. Some are on the minimum and some are considerably higher. Your question was about the perception that it is a low-pay, low-skill, low-value industry. You might start on low pay, but you can rapidly rise to earn a very good salary wherever you are, including in coastal communities, because there will not be a difference for a general manager in Stonegate and Whitbread pubs or hotels, whether they are in Blackpool or anywhere else. Two-thirds of our staff are semi-skilled, at NVQ level 3 or above.

Q39 Lord Smith of Hindhead: We have had so much evidence in our previous meetings from people who talked about this or that grant, this or that fund or this or that bid, but I have yet to get any of them to give me one really good example of where they worked with business, or helped business to grow, to create employment and wealth. We are waiting for it, and I am sure it will arrive eventually. Are your members, who are at the front of the coalface of hospitality, even aware of the funds that are there? Have they ever been encouraged to engage with coastal England or with the people we had the evidence from a minute ago, whichever scheme it is? I am not convinced of that.

We have heard some extraordinary tales, such as when £1 million was spent on the Herne Bay bandstand. After Lord Shutt asked some questions about it, we found that they had no idea what to do with the bandstand after they had spent £1 million on it, but, fortunately, local businesses and entrepreneurs were doing things in the bandstand to make it work. That is just one example. There were more, with lots of money being spent on piers and so on. I could go through a whole list. How engaged are your members and businesses with the public funding that seems to be everywhere, although I cannot yet establish where it is being spent?

Ms Kate Nicholls: I have no doubt that there are examples across the country where businesses are actively engaged. Businesses tend to be very good at getting on and doing things. If they need to do something or make something happen, you will find that they are engaged in local projects, whether that is local pubwatches, bids or regeneration projects. I am not aware that there is any formal structure for engaging businesses, and that



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is part of the challenge. It relies heavily on the local authority or the local economic partnership recognising the importance of tourism, first and foremost, and then recognising the hospitality businesses within it, which should be part of the solution.

There are areas of the country where it works well and business is engaged; the south-west coast path is an example, but that was business generated. Businesses came together and said that, if people were walking along the path, they would want something to eat and drink, so local pubs got together and were involved in promoting it. That was a business-generated decision.

It is challenging to find those examples, because there is such a disconnect. You heard earlier from VisitBritain and VisitEngland, which do a lot of good work, but it will be very much at arm's length from what businesses experience. Businesses experience it when somebody puts together some funds and, probably, rattles a tin.

Lord Smith of Hindhead: Mr Longbottom, you have roughly 75 pubs located in coastal towns, employing goodness knows how many people.

Mr Simon Longbottom: Fifteen hundred.

Lord Smith of Hindhead: Fifteen hundred just in those towns. Have you or your company, or those 75 coastal town pubs, ever been involved in trying to engage with some of the public funds that are being spent?

Mr Simon Longbottom: Just once, I am afraid to say. It was in Morecambe, where we attempted to access some heritage funding for a listed building that we acquired called the Kings Arms, opposite the Ernie and Eric statute. The hoops we had to jump through to access that fund were completely uneconomic. We were asked to reinstate the Victorian walls in the hotel; we were on an annual inspection for dilapidations, and it was unworkable.

Lord Smith of Hindhead: That would have been English Heritage, would it not?

Mr Simon Longbottom: I believe so.

Lord Smith of Hindhead: It would not have been a specific tourism fund. Is that your only example?

Mr Simon Longbottom: It is our only example, and we have spent £21 million in the last six years.

Ms Kate Nicholls: There is a coastal communities fund, and a lot of applications from businesses have been turned down. We have had quite a few cases.

Q40 **Lord Knight of Weymouth:** Most of my questions about education, employment and training have been asked. To come back to what Baroness



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Valentine was saying, local authorities in coastal areas show disproportionately low levels of skill, higher levels of unemployment and underemployment and a hospitality sector that is a big part of those economies. How does that marry up with what you are saying about how wonderful the hospitality sector is as an employer and in developing people?

Ms Kate Nicholls: A lot of coastal communities have a unique set of challenges, so a lot needs to be worked through. Investment and reinvestment in those coastal communities and in some of the seaside towns is only just restarting. Where it has been progressively going through, there are a lot of SMEs, and it is difficult for them to provide the career structure that you can get from the nationals.

You are absolutely right to be challenging, because the industry has been quite fragmented and has not had national strategies to put in place for careers and progression. It is more individual to companies. That is why the tourism sector deal you heard about earlier is so critical. For the first time, it is putting together a national campaign for recruitment, retention and skills, and it really needs the backing of government. There is a lot that the industry could do itself, but for government to recognise that this is the third largest employer in the country and the fourth largest industrial sector would be a huge step forward in addressing some of those perceptions.

There is discouragement: we hear about careers advisers telling people not to go into hospitality and not being able to give a good overview of the jobs that we provide. They are not just entry-level jobs, which are inevitably low pay and low skill. There are jobs for architects, lawyers and digital technology people. It is a fantastic place for a career. We need to make sure that we have links and that we invest quite heavily; we need to work much more closely together. Harder work needs to be done before people can come to work in coastal communities, because of the unique challenges you identified. The industry needs to do more, but I would argue that it is doing more.

Lord Knight of Weymouth: Is there more that some of the Whitbreads and Stonegates of this world can do to help to lead, with SMEs in those localities, and show best practice?

Ms Kate Nicholls: That is what we are trying to put together now. I take entirely the point that business should not wait for government to give it a sector deal to be able to do that, but it has been galvanising in bringing people together in clusters to share best practice and support it. That is what we are taking forward, so that we can come together in communities to make the training easier. Even a big company such as Stonegate might have only one or two people who need training in a location at a particular time. We can join forces and share training resources and skills, but companies want to make sure that they make their own investment in their people to make the difference and to stand out and compete.



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Lord Knight of Weymouth: Gentlemen, what are the constraints on your doing more to help with the levels of skills and employment in those communities?

Mr Alex Flach: We have targets for our work with schools and colleges. It is about getting out and being more involved with them. We set a target of 6,500 school work placements. You have to get schools involved in that, and get them to come out, which is sometimes quite difficult because of the paperwork and the logistics. We want to make that a target and make it work, but we have to have people coming to help us and making it as easy as possible.

Mr Simon Longbottom: It is about encouraging investment, particularly among the young. Mea culpa; we have work to do, and Kate is heading up UKHospitality in sharing some of the best practice. Our bar to boardroom training programme is outstanding, and we demonstrate that through the talent we are bringing through. There is more to do to help in the micro-markets and to build relationships with colleges, which we are keen to do.

The Chairman: Your company is obviously growing, but is it growing faster in the coastal areas or consolidating there? Where are the patterns of growth?

Mr Simon Longbottom: We are seeing growth in coastal towns. We have choices about where we want to invest regionally. If we had been talking about this five or six years ago, I would probably have said that London and the south-east was our key area of investment. In the past two or three years, we have probably invested more in coastal towns, based on demand and supply and the upturn, than we have ever done.

The Chairman: Would you say that that was a vote of confidence in the capacity of coastal towns to regenerate?

Mr Simon Longbottom: We believe so. We have choices, and we make that investment. We have invested in 60 of our 74 businesses there in the last six years.

The Chairman: It is not a safe strategy but a speculative one based on experience.

Mr Simon Longbottom: Correct.

Lord Shutt of Greetland: Kate, you mentioned that you had evidence of several businesses applying to the coastal communities fund and failing. Is it possible to set out the sort of applications they were? Are they all of a kind? Is there a policy against a particular form of expenditure? It would be interesting for us to know who is failing on this. Secondly, even though they may have failed, did it happen anyway, or are those things still waiting to happen?

Ms Kate Nicholls: I would have to get back to you with the details. I am sorry, but I do not have them at my fingertips today.



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Lord McNally: The evidence showed a spike in overnight stays at the time of the bank holiday. Is there a case for another bank holiday?

Lord Lucas: Are you asking for Mr Corbyn?

Lord McNally: If we are moving away from the one-week or two-week holiday, but there is clear evidence that at a bank holiday people think of going away for two or three days, the bank holiday has an attraction. There is nothing political in this.

Mr Alex Flach: I do not think we have a company view.

Lord McNally: A Conservative MP is campaigning for St George's Day to be a bank holiday.

The Chairman: I would go for a Churchill day.

Lord McNally: Well, there you are.

Ms Kate Nicholls: I am sitting firmly on the fence. There are pros and cons for the industry as a whole. On the one hand, yes, there may well be attractions in the idea. It depends when the bank holiday is. We have an issue with the clustering of bank holidays, rather than their being spread throughout the year, so whether it would generate trade depends on when it is. For hospitality employers, it is a hugely busy time of employment, so you would have to balance those two things.

Mr Simon Longbottom: Our customers would love another bank holiday.

Ms Kate Nicholls: Yes, I think they would.

The Chairman: In the end, it comes down to raw economics. Does it generate more business in the hospitality sector?

Ms Kate Nicholls: It depends on the weather. The Easter bank holidays this year did not generate a lot of business, while in previous years they generated a massive amount.

The Chairman: The clue is in the name. I am very conscious of that.

Ms Kate Nicholls: Customers would love another holiday, and I am sure people would go out and spend if they had the leisure to do so.

Mr Simon Longbottom: The clustering point is worth noting. Next year, the way the Easter bank holidays fall does not work as well for our industry, because people will have spent up and will not be able to afford things.

Lord Lucas: Mr Flach, I note what you said about people contracting with you directly. I looked at Premier Inn on Bing and there you are; it goes straight to you. When I looked at you on Booking.com, it just gives distances of other hotels from the Premier Inn. You are surviving without a parasite that infests the rest of the hospitality industry, as in Eastbourne, and takes a large chunk of money from it, just because it is how people



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come in. Is there something we should be doing as a community to combat that, and that you would be prepared to work with, or should VisitBritain be doing something to provide an alternative that is more supportive than just going through the big Americans?

Mr Alex Flach: A decision was made a number of years ago that we would not use them. We have a very good online presence already, and we are large enough to do that.

Ms Kate Nicholls: If you are large and have a big, well-established brand that people know, you can build your own online presence, so people can look for a Premier Inn in a particular location, or for the Hilton, the IHG, or whatever, but it takes an awful lot of spend and technological investment, so a lot of smaller operators cannot do it. I work quite closely with the Eastbourne Hospitality Association, for which it is a particular *bête noire*, because it cannot afford to do that. It does not have the skills to do its own marketing platform, so it is a necessary evil for a lot of companies, notwithstanding the fact that they benefit from it.

The latest concern is that the online travel agencies have changed the star ratings and logos to show whether you have a beach nearby or you are a beachfront property. In a seaside town tourist destination, that can be a material issue. A lot of businesses on the seafront now find that they are graded exactly the same as those that are near the sea, which is different. That happens unilaterally, without the businesses being involved and without any change in their commission. There is an issue about what those companies do, how they do it and how they can help to build technological and digital expertise in the local area, or contribute to marketing the local area.

The Chairman: That is a very interesting point.

Q41 **The Lord Bishop of Lincoln:** We were told by a previous witness that two-thirds of external visitors to England come from Europe, and I imagine that quite a lot of your workforce come from Europe. What are the key concerns for the hospitality industry in relation to the potential outcomes of leaving the European community? What impact might that have?

Ms Kate Nicholls: I shall focus on one, because it was missing from the list that the previous witnesses gave, which was the workforce. That is the single biggest issue for our sector. Nationally, 24% of the hospitality workforce is made up of EU workers. The food and beverage service, putting them together, is the second largest employer, and accommodation service and provision is the fifth largest. Together, we are the largest employer of EU migrant workers. That is not a deliberate policy; it is part of local recruitment. They are the people who fill the jobs in our sector. We are not deliberately employing foreign or migrant workers; it is just the nature of the business.

We must make sure that we have a migration strategy post 2021 that meets the needs of the hospitality sector. Demographic change means



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that, at UK level, we are forecast to have 200,000 fewer 18 to 24 year-olds by 2020, and we will not come out of that decline in the birthrate until 2026. It is sheer labour shortage; it is about supply and demand. The critical thing post Brexit is whether we will have either a supply of labour domestically to train, and at the moment we are at almost full employment, or a supply of migrant labour that meets our needs. If we get the wrong system, it could be devastating for the sector as a whole.

The Lord Bishop of Lincoln: Do you have a plan B if that does not work, to encourage more local people?

Ms Kate Nicholls: Yes, but, as I said, we have a demographic deficit in this country, and whatever we do as businesses to recruit and train a local workforce, we are in a situation of almost full employment and one in which there are fewer 18 to 24 year-olds—about 60% of our workforce are aged 18 to 24—so there will be a real shortfall, and we will have labour shortages. We already have them; a third of our employers say that they have hard-to-fill vacancies, and that will only get worse. Plan B is to talk to government about what we can do as a short-term fix, but we need the situation to be borne in mind in developing migration policy. It needs to be economically evidence based and based on the needs and concerns of the businesses that are most affected.

The Chairman: Is it fair to say that Brexit is a concern as regards the labour market and the hospitality sector?

Ms Kate Nicholls: Yes. For all our businesses, it is in the top three. When I talk to our businesses, Brexit, talent, business rates, employment costs and taxation are the issues they raise time and again as challenges to their viability.

The Chairman: To finesse it a bit, have you already seen a Brexit impact in the sector?

Ms Kate Nicholls: Anecdotally, we have heard that lots of foreign workers, EU workers in particular, have gone home, which is not to do with our not being welcoming or their feeling unwelcome; it is more to do with sterling and the economies in Poland and Germany picking up. We have seen a 50% reduction in new applicants from new EU countries. We find it difficult to record people who have just come into the country, but applications from EU migrant workers are 50% down since the Brexit vote.

Lord Knight of Weymouth: Is your sector attractive enough to young British nationals? Do you need to sell it better?

Ms Kate Nicholls: Undoubtedly, we need to sell it better as a sector, as they do in Europe and America. For example, there is a highly prestigious course in Cornell in hospitality and tourism management, and it is seen as a career on the continent. We need to work with our careers service, including in schools, to make sure that the message gets across that it is not a dead-end job.



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Lord Knight of Weymouth: It is the kind of degree that John Humphrys would sneer at on the “Today” programme.

Ms Kate Nicholls: There is only a small list of things that John Humphrys would not sneer at on the “Today” programme. Speaking as a mum—

Lord McNally: You realise that we are going out live—he may well be listening.

Ms Kate Nicholls: Mums often fail to say that something is a good enough career, unless it is as a doctor or a lawyer and those kinds of careers. We need to do much more to explain that this is a high-value career where the sky is the limit. You can go from bar to boardroom very rapidly. We need to bust the myth that it is low pay, and we need to start celebrating the fantastic young people in our sector who are running multimillion-pound businesses under the age of 25 and earning more than a trainee lawyer, solicitor or teacher.

Mr Simon Longbottom: To that end, tomorrow 200 of the individuals who run Stonegate pubs will be in the House of Commons with their local MP, celebrating that very fact. We are doing our very best at Stonegate to get the message across.

Lord Lucas: You are one of the few sectors that would be able to provide the work experience that T-levels require.

Ms Kate Nicholls: Yes. T-levels and degree-level apprenticeships are the two areas we are developing. We need to make sure that government recognise and match that, so that T-levels in food service and catering and hospitality are progressed. At the moment, they have stalled a bit and are not seen as a priority for government, but, looking at the industrial strategy and the fourth industrial revolution, we are one of the few sectors of the economy that is well placed to pick up and outstrip growth in employment and in the economy in the next 20 to 30 years. We need the backing of government to take us seriously as an industry to deliver that.

The Chairman: That is a very interesting observation. Does anyone have more questions, or do you want to make any points that you might have missed out?

Ms Kate Nicholls: I do not think so.

Mr Alex Flach: No, thank you.

The Chairman: Thank you very much for your time.



Bernard Donoghue and Kate Shane – oral evidence (QQ 42-50)

Tuesday 16 October 2018

3.15 pm

Watch the meeting

Members present: Lord Bassam of Brighton (Chairman); Baroness Bakewell; Lord Knight of Weymouth; Lord Lucas; Lord McNally; Lord Shutt of Greetland; Lord Smith of Hindhead; Baroness Valentine; Baroness Wyld.

Evidence Session No. 6

Heard in Public

Questions 42 - 50

Witnesses

[I](#): Bernard Donoghue, Director, Association of Leading Visitor Attractions; Kate Shane, Manager of Blackpool Tower, Merlin Entertainments.



Examination of Witnesses

Bernard Donoghue and Kate Shane.

Q42 The Chairman: Good afternoon and welcome. It is very nice to see you all. I am sorry you are a bit far away. Our proceedings are usually a bit more intimate, but we have had to change rooms. Welcome to this evidence session of the Select Committee on Regenerating Seaside Towns and Communities. You should have in front of you a list of interests that have been declared by members of the Committee. I should advise that this meeting is being broadcast live via the parliamentary website, and of course a transcript of the meeting will be taken and published on the Committee website. You will have an opportunity to make corrections to that transcript where necessary.

Before we enter into the session, I ought to say two things. First, and I apologise in advance if this happens during your evidence, it is perfectly possible, given that we are on what is described as divisible business, that there will be a Division in the Chamber and several of us will rush out—not necessarily everybody, but several of us might.

For the benefit of the Committee, I ought also to make it plain that Bernard Donoghue and I are colleagues on the People's History Museum trustees' board. I do that for clarity and to ensure that nobody could accuse me of not being transparent about my interests. Thank you very much.

Baroness Valentine: I should just declare that I work with Kate Shane in Blackpool and I am not going to ask any questions in this session.

Q43 The Chairman: This is really a question for ALVA. What would you say the most recent figures on visits to visitor attractions suggest about the current state of the tourism industry in our seaside towns? Have you any observations on that?

Bernard Donoghue: Yes. For the first time, in 2014, visits to coastal communities fell and visits to cities increased. There were more city breaks than coastal breaks in 2015 for the first time in history, and that has continued until this summer, where I suspect that because of the 10-week heatwave that will be reversed. However, the full year that we have figures for is 2017. There were 2.9 million overnight visits to coastal communities and 159 million day trips by us Brits in 2017, so it is still a significant part of the domestic holiday market.

In addition, there were 4 million trips by overseas visitors to coastal communities and towns in 2017. That is about the same number of overseas visitors who go to the Tower of London and Kew Gardens combined, to give you an indication of the kinds of numbers we are talking about. Altogether, the spend by us Brits going on domestic holidays to the seaside and coastal communities, and overseas visitors, is about £14.5 billion. That is the equivalent of 260,000 full-time jobs.

This year's figures are a little more complicated, partly because in the first part of the year we had dramatically bad weather. We had snow, rain,



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winter continuing right the way through to Easter, and Easter is the traditional start of the UK holiday season. Then we had 10 weeks of heatwave, the hottest summer in England in 100 years. That is not necessarily good news for all visitor attractions, regardless of where they are located. Even if you are on the seaside, a coastal visitor attraction, and you are indoors, the heatwave would not necessarily have been good for you. People will go left to the beach, rather than right to go into a visitor attraction, paid or free.

I know it is outwith your Committee's remit, but here in London, for example, London theatres were the worst hit this summer because of the heatwave. They are Victorian and they are not air conditioned, and no one wanted to sit in the dark for three hours while we had this extraordinary heatwave. This year has been rather an anomaly in tourism terms, but coastal communities and coastal and seaside tourism are still one of the mainstays of the domestic offer and for overseas visitors.

The Chairman: Do you see this shift in balance between coastal visits and metropolitan visits as a long-term trend? Why is that? What do you put it down to?

Bernard Donoghue: I do, but it is not irreversible. We have seen a continual decline in people going to seaside resorts for leisure breaks over the last 20 years or so, and I make a distinction between leisure breaks and going to conferences or things like that. There is a combination of factors. One is the rise of the city break and the attractiveness of towns and their tourism offer. The second is the historical decline of the fabric of the coastal community, listed buildings in particular.

Thirdly, coastal communities are, by their very geographical nature, peripheral communities, so their integrated transport provision and things like broadband provision suffer from that peripheral nature. I can come on to that a little later. There has been a significant historical decline over the course of the last 20 to 25 years, but it is not irreversible.

The Chairman: To my way of looking at it, it seems that the bigger towns, cities and coastal communities are holding their own, and it is more likely to be the smaller, medium-sized towns that are suffering this. Is that your perception? Have I got that wrong?

Bernard Donoghue: No, it is really mixed actually. Portsmouth, for example, is a huge defence and naval base but also a historic town, with lots of visitor attractions. Portsmouth Historic Dockyard alone contributes about £110 million every year to the local economy through its economic impact. That is third-party verified. Portsmouth also has some of the poorest inner city wards of any place in the country, so you get pockets of absolute or relative poverty alongside a really rich, globally award-winning visitor attraction and tourism offer, almost cheek by jowl. Sometimes, regardless of the size of the city or the town, that schizophrenia is the most important thing when it comes to the tourism offer and who benefits from the spread of the economic benefit flowing from that.



The Chairman: That is very interesting.

Q44 **Lord McNally:** I probably have to say that my full title is Lord McNally of Blackpool and I am involved in a number of the initiatives that Baroness Valentine is involved in.

Perhaps this question is addressed primarily to Kate. What are the key challenges associated with investment in attractions and amusements in seaside locations? Perhaps as a subsidiary to that, I know that Merlin has committed itself spectacularly to Blackpool. Why, and were there any factors that convinced you that this was a good business proposition?

Kate Shane: The history and heritage of Blackpool is a key overriding fact. It is in the nation's hearts. It is the UK's most popular seaside destination. For Merlin to increase its foothold in the resort was part of its plan. The biggest factor behind the introduction of Merlin on such a scale was the relationship with the local authority. Blackpool Council purchased the assets; Merlin operates them. It is almost a perfect example of public and private sector working well together.

The investment was made initially to bring the Merlin global brands into Blackpool, which opened the doors for Blackpool to a much bigger market. Merlin's strength, the reputation of the Merlin brand alone, brought new people to Blackpool. We operate 52 weeks of the year, so we have increased traffic throughout the year. Admittedly, it is still seasonal. It is definitely about that relationship with Blackpool Council.

Since the acquisition over £20 million has been spent investing in the attractions, creating new reasons to visit Blackpool and to create amazing memories with your family. As for the challenges, and this is something we experience on a daily basis, the traditional bed and breakfast stock in Blackpool in the town centre and in the visitor areas has gone from B&Bs run by Mr and Mrs and a lovely offer to HMOs, houses in multiple occupation.

Unfortunately, the population who live in these areas are transient. I think the statistic is 75%. This population frequents the town centre on a daily basis. I think 84% are in receipt of housing benefit. The whole situation that has been created by this accommodation offer jars completely with the visitor experience. For me, to attract a new operator into the town, that would need to be solved. There needs to be a change in policy of some description to a degree, and it is not easy for landlords to purchase these properties and create this situation in Blackpool. It is right in the heart of the visitor areas and it is twofold. First, visitors come to Blackpool. These are the people they see. That gives them a view of Blackpool that is unfair; it is an unfair reflection of the town and the people in the town.

Secondly, they are who the local community see in the main when they are visiting the town centre. It hurts them, and civic pride in the town is a real issue at the moment. That knocks on to the young people of Blackpool, and I am sure we will cover it further later. You met some of them when you came to Blackpool. We employ a lot of local people and local young



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people. If they are studying at college and university, as soon as their courses are complete their plan is to move away because they do not see a future in Blackpool. They do not think that the opportunities are there, and we need to do something about that.

Lord McNally: We looked at that when we came to Blackpool and we have seen it in other coastal communities. I have two points. First, do you, or does Blackpool as a whole, make any attempt at a concentrated programme of bringing some of these people who are in houses in multiple occupation into the labour market? The whole thrust of government policy is to reduce people's dependency on welfare. I wonder if there is any attempt to bring them into the labour market.

Kate Shane: There is indeed, absolutely. There are numerous initiatives in the town, such as Chance2Shine. These are engaging employers with people who are out of work, trying to get them into the workplace and retraining to learn new skills, and trying to shift that, but it is like turning an ocean liner.

Lord McNally: One other thing. You always learn something new with these sessions. I did not know you did 52 week per year opening.

Kate Shane: We do.

Lord McNally: How difficult is that? Are there weeks when you are loss making?

Kate Shane: Absolutely, yes.

Lord McNally: But it is still worth doing.

Kate Shane: Yes, because we want Blackpool to have the reputation that you can turn up every day of the year, with the exception of Christmas day, and a Merlin attraction will be open, and you can come and have a great experience, ranging from dancing in the ballroom to a live organist or wandering round the Sea Life centre. Yes, it is 52 weeks. We have that reputation now and we have been operating for eight years, so you can see that shift. It helps with the rest of the economy, because people who do not necessarily need to holiday in the school holiday period can come in the shoulder periods and benefit from more access to the attractions, with fewer people around. It helps with the accommodation sector. It helps with food and retail.

The Chairman: Bernard, is there anything you want to add to Kate's response on this question of investment?

Bernard Donoghue: Yes, and it is potentially controversial. Coastal parliamentary communities are notorious for going one way or another at general elections. I remember that at the 1997 general election about 67% of all coastal communities went from Conservative to Labour. One of the issues is the lack of continuity of political leadership in areas that require long-term strategic economic and political leadership and investment.



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Blackpool is a really interesting, fantastic example. One of our members is Blackpool Pleasure Beach. It has invested something like £45 million into product in the last seven years alone. It, like Merlin, absolutely believes that Blackpool has to stand on its own two feet as a 52 week per year destination that is aspirational as well as enjoyable. You want to go there, rather than just have to go there because there is nothing else on offer. All the work the Blackpool community is doing through enterprise zones and economic partnerships is really coalescing a feeling of possibility and opportunity within the town to ensure that Blackpool repositions itself as much as it can to respond to the changing needs of consumers.

The needs of us consumers have changed dramatically in the last 20 years or so. One of the issues is that coastal communities, resort constituencies and resort towns have failed to respond to that as quickly as they might.

The Chairman: I am not sure we can fix the outcome of elections in coastal communities, but we could probably focus a bit more on leadership.

Q45 **Lord Lucas:** That was very much our experience in Blackpool. There was an extraordinary relationship between business and the community, working both ways. You have illustrated today how supportive you are of the vision of Blackpool. Also, it seemed to be a vision of the town that flowed from Conservative to Labour and back again. No one perceived that much difference in where the town was heading. How can you take that out into the rest of the country? What should a local authority strive to do or be that makes that sort of relationship possible?

The Chairman: Just to cut across the question a bit, is it important to ensure that you get continuity of approach when you have changes in political direction, so that you get a core vision or strategy?

Kate Shane: It is absolutely about having that vision and a deliverable vision that the private sector buys into. The change in administration becomes almost irrelevant. The officers at Blackpool Council are 100% behind that vision. As Jo mentioned, we started the Pride of Place board. We have a town prospectus now that public and private sector are 100% behind. We have a vision. We know what we want it to look like. We know the destination. We just need to get there and we need the help to get there.

As for other towns, I encourage my counterparts at the Merlin sites, especially the coastal sites around the UK: "Speak to your local authority. You work together. You are partners". This is the beauty of Blackpool, for me. Everybody is always aware of competitors: "What is your anti-competitor strategy?" We do not have that in Blackpool. We all work together. We have a resort destination marketing campaign involving the local authority, Merlin, the pleasure beach and other partners. We all invest in that and we have one message: "Come to Blackpool". Our competition is Manchester or Liverpool. We do not compete with each other in Blackpool. We have a huge diverse offer and we can give people great experiences. For me, I would say to other locations, "Talk to your local



authority and get them to understand and appreciate the impact that operating a visitor attraction in that location can have on the future of the local economy”.

Lord McNally: There is another factor. I mentioned the pleasure beach. Not just in the last 20 years, but since its creation, the pleasure beach has invested in itself and continued to invest in itself. Part of the problem in Blackpool and other seaside towns is people who have taken over historic attractions and just used them as milk cows, not invested, taken the ready flow of money. Unless there is that investment by the owners, they are not going to get the results they are seeking.

The Chairman: That neatly brings us to our next question.

Q46 **Lord Smith of Hindhead:** I think my question has been pinched, because I was about to ask what could or should be done to help encourage businesses from your industry to invest in coastal towns. You have covered that to some extent. A little while ago you mentioned that the coastal economy was worth £14.45 billion. The London night-time economy alone is estimated at £26 billion a year, so you can see that it is quite a way back, is it not? Perhaps you would like to comment on that.

Ms Shane, I would be very interested to know, had the super casino legislation gone through in 2008 and 2009 and been awarded to Blackpool and Manchester, how you think that might have beneficially impacted your town.

Bernard Donoghue: I will start with the first question, and I should declare another interest in that I was chair of Visit Manchester, the Manchester tourist board, when we put in the bid for the casino, so I can give you a bit of a revelation as to what we thought at the time.

Why should businesses invest? Tourism is Britain’s fifth biggest industry and third largest employer. It creates one in five of all new jobs, one in three of all apprenticeships. It is one of the three top employers in every political constituency in the UK. It also, crucially at this point in the economic cycle, employs people at all skill levels, from soft skills, rather than low skills, right the way through to PhDs and postgraduates.

We have also found, and this is from my experience in Manchester and now here working for the Mayor of London, that culture is an economic tool for regeneration. Culture and tourism are not just where you grow jobs. They are also where you grow people’s civic pride and their understanding of their place in the world and of civic history. Tourism has been used throughout the whole of the UK as an economic catalyst to grow jobs but also communities. However, despite its economic size and significance, just two years ago at the general election not one political party mentioned tourism in its general election manifesto, and still there is a minority of LEPs that have tourism representation on their boards. Given the size and the economic potential and possibility of tourism, that is staggering. One thing I would love to see is that LEPs are encouraged not only to have



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tourism representation on their boards but to see tourism as a genuinely viable, useful economic catalyst for regeneration.

The second point is your casino point.

Lord Knight of Weymouth: Before you move to casinos, how do you see the relative attraction of the urban areas that you know so well, in London and Manchester, and a coastal location? Why would you suggest that anyone should invest in a coastal location as opposed to an urban one?

Bernard Donoghue: They are almost blank sheets and everything is to play for. One of the narratives we have often talked about in relation to coastal communities and regeneration is the narrative of decline. I would like to flip that and talk about the narrative of possibility and opportunity, because the ambition within coastal communities to use tourism as an economic driver is absolutely enormous. We know that, particularly in the two instances of staycation over the last eight years, largely brought on by recession, when more Brits take holidays at home the number one place they go to is seaside resorts and coastal communities. Why? Very often the parents, 35, 40 or 45 year-olds, want their children to have the same memories that they had when they were kids. You do not necessarily get that on the Andalusian coast, but you get it in Cornwall, Portsmouth, Blackpool, Fylde or Morecambe.

One narrative is ambition, and there is a lot to play for, because everyone is up to change the game, I suppose. Also, there is potential to use things such as economic enterprise zones more creatively perhaps than in urban communities. In Blackpool, for example, there is an enterprise zone at the north of the town and one in the south of the town. Actually, were I looking at an enterprise strategy for Blackpool, I would make the entire town an enterprise zone, so you join up those pockets of ambition and make it into a much more coherent strategy. That is my short, or not so short, answer.

On casinos, I will be perfectly honest: although we, as Manchester, put in the bid to host the casino, neither I as the chair nor the chief executive of the tourist board had put in our diaries that we would be available for media interviews that day, because we did not expect to win it. We expected Blackpool to win it, for all the reasons everybody else expected Blackpool to win it: because it would have made a much more substantial impact on the prosperity of Blackpool than on Manchester's. It would have been great for Manchester, but not as great as for Blackpool.

Lord Smith of Hindhead: I did not get a chance to hear your answer and whether you think your own town would have benefited from that casino.

Kate Shane: As Bernard was in Manchester at some other meeting because he did not expect to have to give a comment, I was in an office in Blackpool, waiting for the decision: "It's coming to Blackpool". Press were there, the champagne was on ice and then I saw it on Sky along the bottom of my monitor: "It's gone to Manchester". There was a complete and utter disbelief. We famously said, "We do not have a plan B". Do I think it would



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have made a difference? Absolutely, of course it would, if it had come off. It would have been an injection into the local economy and into changing the route of Blackpool's future. It would have happened at that point. It did not happen.

Lord Smith of Hindhead: If it was looked at again, would Blackpool be up for that?

Kate Shane: I believe it would, absolutely, but it is an option. There are other options. The site that was indicated for the resort casino is part of a development area. The council is talking to developers about that site right now and is, we hope, on the cusp of making an announcement about that.

For me, the resort casino and the buzz behind it would have changed the shape and the future of Blackpool. Something now needs to come in to do that again. The pleasure beach has continually invested. Merlin coming to town was big news. We are ready now for something new to happen. There has been a lot of marketing to change perceptions and open Blackpool up to the family market. That is probably slightly off with the resort casino, but they can both happen. The development of this space needs to happen. We need that fork in the road and Blackpool needs to take that journey, absolutely.

The Chairman: We have about 15 minutes or so. I want to canter through the remaining topics.

Q47 **Baroness Wyld:** I wanted to ask a bit more about skills and employment. Kate, you touched on the barriers in Blackpool in getting people into employment. We also met some really inspiring young people at the tower who had quite a good story to tell and a real sense of civic pride. I wonder if you could say a bit more about what you do and what more you can do in the town that other towns could learn from. Equally, Bernard, perhaps you could say what, from your perspective, can be done to further skills and employment opportunities more widely.

Kate Shane: At the Merlin cluster, at the height of the season we employ between 350 and 400 local people. The majority of those are young people and we invest heavily in their training and development and in identifying those who want to continue to develop within the visitor economy, within tourism. There are lots of opportunities within Merlin as a global business. Those are the guys who have had the initiative, applied for the role and are there in front of us. There are far too many who do not consider that a career in tourism exists. They do not see that as an opportunity in the way other industries are perceived by young people.

There are two things for me. We almost need to rebrand tourism as a career and the opportunities that it can have for young people. It all goes back to this whole civic pride issue, which I repeat a lot. Getting the young people to be proud of their town and what they can do, and be part of its future, is a massive step in the right direction, as is being able to talk to



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those children now. This is not just about tourism. This is about all industries, and I am talking on behalf of Blackpool.

Again, I refer to the Pride of Place. We relaunched the Responsible Business Network last week and over 150 businesses were represented, all of them declaring that they wanted to be involved, if they were not already involved in some way. I mentor a child who has just started senior school, as do 10 of the senior leadership team in Merlin. We are going to sponsor those people right the way through until they finish their senior school term, for the next five years. Other businesses want to do that, want to be involved in that.

We need to expose them to the workplace, but we also need to badge a job in tourism as not minimum wage. We pay above the national living wage in Blackpool at the Merlin attractions. It is not cheap labour and it is not the dead end job that you do while you are studying. It is a job that has great opportunities. If you speak to the pleasure beach, they are desperate for engineers. What a great thing if you are an engineer and you are working on rollercoasters. There can be nothing much better than that. Marketers, finance, you name it: we cut across all spectrums of opportunity, yet it is not perceived as a career path in tourism.

Baroness Wyld: Bernard, is that also your perspective?

Bernard Donoghue: It would be entirely. It is about making jobs in tourism and hospitality as attractive as possible, not least because it is one of the most accessible areas of employment. You can go in with soft or low skills right the way through to very high qualifications, and this will only increase. People First, which is the sector skills agency for tourism and hospitality, predicts that by 2020 we will have 933,000 vacancies in the sector. Given that we arguably have a 5% unemployment rate at the moment and are losing workers from the tourism and hospitality sector because of Brexit, ensuring that we have people of sufficient skills, including language skills, coming into this industry so that we remain globally significant is an enormous challenge.

Baroness Wyld: If you think about this culture change that Kate touched on, people believing that this is a career and that these places are somewhere you want to be long term, rather than seeing a skills drain, where are the main barriers and where could there be a shift? Is it in schools? Is it in homes?

Bernard Donoghue: It is partly in schools and partly in homes. My colleagues at the British Beer and Pub Association have conducted a number of surveys. Actually, 16 or 17 year-olds think it would be really interesting, for apparent reasons, to work in a pub, but their parents are saying, "No, you don't want to do that as a long-term career. That's an in-between job". Promoting the idea that working in tourism and hospitality is a career, not just a series of jobs, is really important. You can be 26 and earn £65,000 a year as a pub manager. That does not get broadcast much.



The Chairman: That is a good point.

Q48 **Lord Shutt of Greetland:** I doubt you can stand still in the trade you are both involved in. What is the trick when it comes to continuing to develop what you are doing and increase the offer? Will people come back? Will they come back for the same thing, time and time again? How do you get new customers? Is there any impediment to you trying to change things?

Kate Shane: It is about reinvesting in the product annually, always giving them new reasons to visit, making those compelling reasons, marketing in the right channels to people. Our bookings are 50% online. Five years ago, we were probably between 15% and 20%. Repeatability for us is between 35% and 40%. We are talking to people in the way they want to talk there. We are giving them the opportunity to book in the way they want to book. Then, when they arrive at our door, we are delivering great experiences to make them want to come back and be advocates for our businesses. It is about that constant investment in the product.

Personally, for Merlin in Blackpool, we are going down more of an intellectual property route. We have introduced Marvel into Madame Tussauds this year and the visit volume growth has been absolutely phenomenal. People want to see that. They want to engage with that. It is about identifying what people want to do with their leisure time and satisfying that need, or rather that desire.

Bernard Donoghue: I would just reinforce two points. One is continually improving and investing in the attractiveness of your product. When a new attraction opens, whether it is from the first day or a refreshment, visitor numbers go through the roof for the first 18 months and then fall away. Then you reinvest and it goes in a cyclical form.

The second point is making it easy to book. Visit Cornwall, for example, undertook a survey of its members last year about broadband speeds. It is thought that 10 megabytes per second is about adequate for most SMEs, but in Cornwall only 55% of SMEs had that speed. You are talking about impediments. If one of the impediments to growing SMEs in this sector is that you are not able to book online, or to have an attractive website or one that works, that is probably your greatest impediment to market.

Q49 **Lord Knight of Weymouth:** What are the greatest opportunities for your industries, looking forward?

Kate Shane: I am talking about Blackpool. Our international visitors are less than 2%, so there is a huge market coming to the UK that Blackpool is not on the map for.

On the point about our offer and its diverse nature, from fun right the way through to culture and the listed buildings, we need to have that message out to that international market, working more closely with Visit Britain. As for what the Government can do for us in making Blackpool a tourism zone, focusing investment and really getting behind tourism as an offer and a form of employment, that will be a definite game changer for Blackpool.



Bernard Donoghue: Tourism is a continually resilient industry, but it requires investment and political support at times of crisis or challenge. I would argue that Brexit is both a crisis and a challenge for the tourism industry. I suppose one of the greatest opportunities would be for an open-minded Government to look at things such as reducing VAT on accommodation and attractions to 5%, so that we are competitive with our European competitors, and possibly even doing that in a pilot product such as just Blackpool or one resort constituency.

A second opportunity is to be open to representations about reducing or removing VAT on listed buildings, so that you can improve in the fabric of the historic stock that you have, which makes our coastal towns and communities attractive in the first place.

The third is the opportunity to say that tourism and hospitality have careers within them, not a succession of short, part-time jobs, and looking again at what tourism and hospitality can do, not just as a job creator but also as a community catalyst.

Lord Smith of Hindhead: I am surprised you did not mention business rates in there.

Bernard Donoghue: That is a whole different Select Committee, but I would absolutely love—

Lord Smith of Hindhead: If it applies to seaside towns, we are interested. If you are going to be investing in your properties in seaside towns, when they improve you pay more business rates. It puts you off wanting to invest.

Bernard Donoghue: You are absolutely right, and a wholesale root and branch analysis of business rates is long overdue, not just for coastal communities but for high street towns and cities. Business rates is often the greatest economic impediment to growth because there is no incentive to reinvest.

Lord Knight of Weymouth: Would tourism as an industry be better off under BEIS rather than DCMS?

Bernard Donoghue: I am agnostic. I have been at ALVA now for seven years, and prior to that I worked at Visit Britain. Tourism is the fifth biggest industry in the UK and third largest employer. We are a big fish in a small pond at DCMS. We would be a small fish in a big pond at BEIS. Actually, we know that the real departments that make a difference to our daily survival, growth and sustainability are Treasury and Home Office. I love the fact that DCMS sponsors and advocates for us at the moment. We get a great deal of support and synergy from the rest of the DCMS portfolio. It is more about political leadership than it is about departmental allocation.

Q50 **Lord Lucas:** You have already covered a bit of Brexit, i.e. what you would like the Government to do. What do you think your industries need to do to make the best of Brexit? I was struck, for instance, by the British tourist



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board evidence to us a few weeks ago. They seem to be missing out on a lot of things they might be doing to support tourism. They have not, for instance, followed the Australians in producing a more patriotic alternative to Booking.com. They are not collating all the mobile phone data to produce useful information for you about how tourists use the country and where the opportunities might lie. It seems to me they are not being as proactive as they might to support the industry. What might be done to make the best of Brexit?

Bernard Donoghue: I should declare from the outset that ALVA campaigned to remain in the EU. We got that mandate from the 70 members we have, which represent over 2,000 sites and host over 330 million visits in the UK per year. That is about 54% of all day trips. We did that because of our dependence on EU migrant workers. For example, 44% of the Victoria and Albert Museum's front of house staff are EU migrant workers. We cannot replace that number, with those language skills in particular, any time soon.

Secondly, we are a multicultural and internationalist sector. We believe in dialogue between nations and celebrating the diversity of cultural impact in the UK.

The third is the challenge to our relative attractiveness as a country to the rest of the world. For example, on any one day 42% of all day trippers in Northern Ireland come from Dublin. Any sense of a hard border or a customs check would absolutely demolish the 20-year successful Northern Ireland tourism economy that has been built up since the Good Friday agreement.

As a country, we have had enormous benefit from EU cultural funds, directly supporting infrastructure and cultural activities over the last 40 to 50 years, and we would lose access to those funds. Any sense that we would require a visa or even an ESTA type arrangement of people coming from the EU into the UK would also be a great challenge to our economic prosperity. Every time the UK has required a visa or an ESTA-type situation, leisure visitors and business visitors to the UK have fallen off a cliff. Every time we have reversed that, for example with Taiwan, where we no longer require a visa or an ESTA-type system, visitor numbers have gone up dramatically. Any sense that we would be jeopardising the way in which people come to the UK would be an enormous challenge to us, as Britain's fifth biggest industry.

There are undoubtedly opportunities that flow from that. One of them is tapping into markets that perhaps national tourist boards have not really prioritised before, and certainly taking an opportunity to look at the way in which we are engaging with the domestic audience. How are we promoting London to Londoners? How are we promoting England to people in the whole of the UK? Is our domestic promotion as aggressive, as assertive, with a sufficient appetite as our desire to get overseas visitors into the UK? UK tourism is worth about £157 billion in any one year, but about 70% of



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that comes from the domestic market. We do not want to neglect that, accidentally or by default.

Kate Shane: For Blackpool, the EU migrant worker issue is not as significant a percentage, so I do not think that is necessarily an issue for us.

One issue, referring back to what I said before, is that the numbers of international visitors to Blackpool are not significant. We have a two-week period in May when it is full of beautiful international visitors at our world dance festival. Outside that, they are few and far between. We need to do everything to encourage them to come to Blackpool and not the reverse.

The Chairman: I suppose you need sort of wakes weeks for overseas visitors.

Kate Shane: Yes, absolutely. Between November and February would be good.

Lord Smith of Hindhead: There is just one direct train from London to Blackpool. You have three train stations, but not one to London, and an airport with no planes.

Kate Shane: We have direct trains now, but unfortunately they are marketed as a route from Blackpool to London and not the reverse. They were introduced this year.

Lord McNally: I have one little fact on foreign visitors. I was sitting next to a Chinese lady at a dinner, who told me that an entrepreneur friend of hers had brought 50 Chinese visitors to the Blackpool Dance Festival. It was so successful that next year she was planning to bring 200. The major dance festival in China is called the Blackpool Dance Festival. I just thought you would like to know, Steve.

The Chairman: I cannot match that from Brighton, I have to confess.

Kate Shane: On the point of dance, there was a real opportunity there, because one resort has two world-famous ballrooms, one is the centre of competitive dance and another is the centre of recreational dance, the home of "Strictly Come Dancing", if I am allowed to say that. That is multifunctional for us. We sell 40,000 afternoon teas in our ballroom every year, so we are exposing that to a big market. To give Blackpool a nice badge, as one of its badges, the world centre of dance is something that we can certainly deliver on.

The Chairman: You have done a very good job of selling Blackpool to this Committee this afternoon, so I congratulate you on that, Kate.

Lord Smith of Hindhead: Could I just ask one last thing? It is the question we all wanted to have an answer to. Where is the ice cream farm? It is on our list here that 805,000 people visited it last year.



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Kate Shane: It is called Notarianni's. It is just off the promenade, near South Pier, and it is the most amazing ice cream. Next time you are in Blackpool I will take you on one of our amazing trams. We will get off and I will take you for an ice cream at Notarianni's.

The Chairman: Thank you for that. Thank you generally for your presentations this afternoon. They have been really very helpful, very insightful and very clear.



Paul Kelly, Tim Wardley and John White – oral evidence (QQ 51-60)

Tuesday 16 October 2018

4.10 pm

Watch the meeting

Members present: Lord Bassam of Brighton (Chairman); Baroness Bakewell; Lord Knight of Weymouth; Lord Lucas; Lord McNally; Lord Shutt of Greetland; Lord Smith of Hindhead; Baroness Valentine; Baroness Wyld.

Evidence Session No. 7

Heard in Public

Questions 51 - 60

Witnesses

I: Paul Kelly, Chief Executive, British Association of Leisure Parks; Tim Wardley, Chairman, National Piers Society; John White, Chief Executive, British Amusement Catering Trade Association.



Examination of Witnesses

Paul Kelly, Tim Wardley and John White.

Q51 **The Chairman:** Welcome to our session this afternoon. I am looking forward to your presentations and comments. This is the evidence session of the Select Committee on Regenerating Seaside Towns and Communities. You should have in front of you a list of interests that have been declared by members of the Committee. The meeting is being broadcast live via the parliamentary website, and a transcript will be taken and published on the Committee website. You will have the opportunity to make corrections to that transcript where necessary.

Baroness Bakewell has an interest to declare. I ought perhaps to advise you, as I did earlier, that we are sitting at a time when there is divisible business in the Chamber and it is perfectly possible that all or some of us will rush out with a strong desire to go and vote. I certainly have a strong desire to go and vote because I am asked to periodically, so I shall have to vacate the Chair, and we will simply adjourn the session for as long as it takes to return. Baroness Bakewell, you need to declare your interest.

Baroness Bakewell: Yes, indeed. As Tim Wardley will know, I am a patron of the National Piers Society. I am very proud to be so and delighted to hear you speaking up for the piers of this country, which are one of its great gems. I take great pleasure in it and I hope others do too.

Lord Smith of Hindhead: I have to declare that I know John White, the chief executive of BACTA, through my role as the chief executive of the Association of Conservative Clubs.

The Chairman: Thank you very much for that. I will kick off our questions. We have seven themed questions for you this afternoon and about an hour, or maybe not quite so long, in which to press them. Perhaps you could just start us off by describing the role the attractions and amusement industry plays in supporting seaside economies. Perhaps give us a feel for what the industry does.

John White: You have seen seaside towns. You have been visiting them, I know, and you cannot fail, I am sure, to be impressed by the quality and passion with which my members, in the amusement machine sector, deliver their offer to members of the public. If there is a key theme I want to get across today in all my answers, it is probably this: the industry needs some TLC. The sector needs some TLC. It is probably true for many of the businesses at the seaside. The reason for that is that they have a tremendous economic importance; we listened to some evidence on that point earlier.

Every pound spent generates further pounds in other businesses throughout the town. For many of our smaller resorts up and down the country, the amusement machine sector, the seaside amusement arcade, is one of the primary economic activities that take place, if not the only one, in particularly poor towns up and down the country. It is really



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important that we think about and look after these businesses. I am sure we will come to some of these challenges, but if we can overcome those challenges, provide the TLC for these businesses through a number of initiatives and in a number of ways, I am sure regeneration of the seaside will follow.

Paul Kelly: From my perspective, I would certainly back everything John has said. My members, which I share with both these gentlemen, although we have perhaps slightly larger businesses in certain places, are multigenerational family businesses. Going right back to the beginnings of our association in 1936, from the Thompson family in Blackpool, to Great Yarmouth, to Billy Butlin, they put this together. It was all coastal towns originally that put this together. They formed together. Their role in these places has continued for several decades, and they support and develop them.

I think we will come to this in the questions we have, but I have been in the business some 32 years, and they have not been supported by government for a great deal of that time. We are now reaping what was sown then. We will get on to the opportunities and what we think should be done, but these are very self-sufficient businesses. They are family businesses.

I also declare that I have worked for some of the big companies—the Tussauds Group and in business development for Merlin—both in this country and abroad. This is all I have ever done, so I have seen it happen in many different countries and many different places. What has not happened here is what we need to solve now, and we need to support these businesses. The members I have who have coastal attractions are thinking about their children and their children’s children. They are not necessarily thinking about shareholders. They are a very different type of business from that, and there are more of those, coastally, than there are the Merlins and the Tussauds, et cetera.

The Chairman: I wonder whether you think collectively, the three of you, you are responding deftly enough to changes in the amusements and attractions market. Are you sufficiently fleet of foot? What could be done to help you go down new avenues and so on?

Paul Kelly: From my perspective, absolutely not, we have not responded. If you ask members why they have not responded, they will give you a list of impediments that have been put in the way of doing that. It is about creating destinations now. It is not good enough just to say, “We have a beach. Why don’t you all come along?” Those days have gone. We create resorts in every other major attraction around the country. Resort is a definition of when people have the opportunity to stay for more than one night. That was not something that happened when I was working in theme parks in the 1980s and 1990s, until Alton Towers built a hotel. Then there was a huge gap, and now if you go anywhere you will be able to glamp, stay in a treehouse, get a pod, get a hotel—all those things. They have caught up with that. Traditionally, the place you went to stay was at the



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seaside, but, as you heard earlier, houses of multiple occupation and poor stock that has been there and been neglected, have meant it is not as attractive to stay in those areas as it is at some of the major attractions round the country.

Tim Wardley: Seaside piers certainly are responding to the challenges and changes in the tourist coastal economy, and the demands and expectations of visitors and service users, by diversifying the products, the amusements and what they offer to the visitor. I will come along and quote some examples to you later on, if you wish. Seaside piers have constantly developed and adapted over the century and a half that they have been in existence.

They started off as a means of getting people to the seaside by paddle steamers and by shipping services. They then evolved into places of entertainment and have now become the catalysts for regeneration and inward investment in various ways, not only by drawing people from town centres of seaside resorts, which have received significant funding and regeneration. They draw people down to the beach, to the larger areas of seaside resorts. They also play a valuable community role, in that they provide social cohesion, both for residents and indeed for visitors. In some instances, they can provide social amenity that has otherwise been lost in certain seaside towns. It is very much a continual change and evolution of seaside piers.

Q52 **Lord Shutt of Greetland:** I would just like to follow this up with Mr Wardley. There is one paddle steamer plying the seas at the moment, the "Waverley".

Tim Wardley: There is indeed, sir.

Lord Shutt of Greetland: The motor vessel "Balmoral", which was going to piers, has now been grounded, so there is one vessel. Is the pier not doing its proper job when vessels can tie up and take people to enjoy the sea? It is almost redundant, surely, is it not? What ought to be done about this? Is this not very disturbing for people who are concerned about piers?

Tim Wardley: It is exceedingly disturbing, and perhaps I should make everyone aware that for 20 years I was the chairman of the London chapter of the Paddle Steamer Preservation Society, which owns Paddle Steamer "Waverley". I was involved with the commercial side of running Waverley and "Balmoral" when they were run by Waverley Excursions Limited. It is a great tragedy that we no longer have "Balmoral". It is a huge personal tragedy to me that "Waverley" does less and less every year, around the coast. There is a whole complex situation of reasons behind this, not least of which is that changing regulations mean that ships cannot operate in the way that they used to when I was involved 20-odd years ago.

This is another reason that there has been a large diversification of the offering that seaside piers give to the public. As you rightly say, the



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opportunity to travel, see the coast, arrive at a destination by steamer is now exceedingly limited.

Baroness Bakewell: I would like to support Lord Shutt in what he says. It seems to me that we are an island nation. When did we know that less? The idea that in some way, whatever the limited regulations are, we are not able to overcome the difficulties and establish a sea route between piers, using the old traditions for which they were created, seems to me a huge opportunity waiting to happen. It is a problem waiting to be solved, rather than simply conceded. A trip from, say, Scarborough to Filey down the coast would be a wonderful outing, and I am sure there is a way of marketing it. It needs a huge initiative, but I think it is waiting to happen.

Tim Wardley: I entirely agree with you. It is about finding the initiative and the marketing tool to achieve that aim.

Baroness Bakewell: Do you think some mad initiative, by someone like Richard Branson, could seize hold of that industry and make it into something? I do not wish you to comment on Richard Branson.

Tim Wardley: No, indeed.

The Chairman: That might be unwise, actually.

Tim Wardley: Yes, it needs significant investment. It needs imaginative tourist potential. It needs to be marketed to a much wider audience than it is being marketed to at the moment. That is a snapshot reflection, I suppose, of what I discover when I talk to foreign visitors, as I did on coming in today, when I talk to people around the coast all the time, in so far as, still, far too small a percentage of people, be they our own people living here or, indeed, foreign visitors, are aware of what the seaside has to offer.

Q53 **Lord Smith of Hindhead:** This is a question for Mr Kelly and Mr White. What are the most significant challenges for your members that operate in seaside towns and communities? What changes might be required to address those challenges?

John White: If I may, I will address the Chairman's question as well, about being fleet of foot. For the arcade sector, the offer is very much based on the nostalgia of the seaside. That is what draws people there. Some 27% of the population visited a seaside arcade in the last 12 months. In terms of the offer, it is very good, it is sound, people clearly enjoy it and people come back. As Bernard was saying, parents often want to recreate the memories that they enjoyed with their parents, by returning when they have their own children.

I think we are there. The barriers are not about the business itself responding to the consumer. It is the stuff you are alluding to, Lord Smith. There are probably four or five things I would point to. Aesthetics are often overlooked as one of the key barriers. We go to seaside towns and look around, and the litter is not picked up. The investment in the roundabout



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on the road into town was fantastic in year one, but it has not been maintained. It leaves a very poor impression for the visitor to the town, and dissuades them from coming back.

That leads to the fundamental question about investment, which you focused on a lot, the lack of investment and where that comes from. There is clearly a role for the private sector, and I am sure that in your visit to Clacton you saw what had been done on the seafront, largely through the amusement arcade and pier's investment in an old local authority business there, which simply was not working. That is a great example, but we need some public investment too, clearly.

Social problems, I am sure, have been alluded to as well. This is tied in, potentially, with how a town feels and looks. Where those towns have lots of people who have been housed there who have social problems, it does not help in marketing the town in the way that you would want to.

Something that has been mentioned to me, up and down the country, is parking. Getting the parking right, getting people in and out, getting them set down in an affordable and reasonable way is crucial to making the town or resort work.

It is a very particular thing for my business, but we need to be able to invest in our machine offer, because that is what we are all about. About two-thirds of the machines you find in seaside arcades are regulated. They are regulated as gambling machines. With all the toxicity around fixed-odds betting terminals—thankfully the Government are addressing that—there has been a bit of a backlash, we believe, against all types of machines regulated under the Gambling Act. Even the 2p pusher and the crane-grab machine, which make up probably 50% of an arcade's income, somehow get thought of as gambling machines. I do not think most people, if you asked them on the street, would ever say that. They are just a bit of fun.

This has meant there has been less sympathy for our applications to the Secretary of State—I think we are the only industry that has the price we can charge determined by government—for the changes in stakes and prizes, and in technical standards, that would allow us to innovate and bring new products forward for the consumer.

Lord Smith of Hindhead: Do you have difficulty under the Act with local licensing officers or anything like that?

John White: In that respect, there are always complaints about local authority inspections. Some are valid and some are not. I repeat my point that there is a predisposition, due to the toxicity around gambling generally at the moment, to see amusement arcades—because machines are regulated—with a negative eye. I hope that will change as we move forward, but at the moment it certainly exists and is inhibiting our ability to develop.

Lord Smith of Hindhead: It can on piers, as well, can it not? Some local



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councils allow the pier to be divided into separate areas, which allows a number of machines, but down the coast another will not, so that pier will have a limited number of machines because the council will not allow the division.

John White: There are different approaches from different councils in all sorts of areas, which can confine the way you might want to run your business. We know—I am sure Tim will echo this—that our piers need some economic activity around them. Hastings has a fabulous pier, but nothing is happening there, and it has gone into administration. It needs something economic to be going on, and very often the funfair, the amusement arcade, the doughnuts, the ice cream and all those things are generating income.

Lord Smith of Hindhead: If there was more consistency in how the law was applied, it would be easier to get investment, would it not?

John White: It would help those who have interests in different authority areas, for sure.

Paul Kelly: We would support a co-ordinated investment strategy between the public and private sectors, which John has alluded to. The only other thing of significance in these areas is the deregulation of school holidays. If you imagine that most of the coastal businesses take 80% of their money and therefore their profit in a six or seven-week period, if you take out one or two of those weeks and put them into October or February, that has a huge effect on what they do.

The argument will come back: "It must be better to spread it out over the year". If you are running a coastal business, it is not. People do not go to the beach in October or February, and all being well they will in August or July, depending on the weather. It is only companies that have, theoretically, a capacity, such as hotels, that want it spread out. If you have an operation where you do not have a capacity, all you are doing is spreading cost over a greater period.

There is a real challenge if, as happened two or three years ago, there was a proposal to cut holidays down to just August. You are risking a significant number of businesses. This year, August was hot. Last year, for the first three weeks it rained. If that were to happen and you only had three weeks, the majority of your business would be gone.

Q54 **Baroness Valentine:** How successful have initiatives that seek to promote tourism and the visitor economy in seaside towns proven?

Tim Wardley: There has certainly been an element of success in the initiatives we have seen so far. But there is a long way to go, and there needs to be a far more cohesive message about what the British seaside has to offer both the overseas and the British visitor. I was quite shocked reading through the National Coastal Tourism Academy report, which came out about six months ago. According to their statistics, when they interviewed people, only 15% of all international visitors to the United



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Kingdom include a trip to the coast, and only 22% were aware that Britain had a coast.

The perception—I cannot say the problem—appears to be that Great Britain as a destination is largely here: London. The marketing largely appears to be centred on the message: “Come to our great capital”. It is a wonderful capital. I am certainly not knocking it; I think it is the best capital in the world. But we have myriad other attractions that deserve equal prominence through VisitBritain and through government. There is a whole opportunity there that appears to be being missed.

Among the people I speak to, there still appears to be what I call the age-old, traditional perception of the home-grown economy of people visiting seaside resorts, which we have to overcome somehow. The perception still seems to be that seaside resorts are a bit dowdy, stuck in the 1960s, a bit tacky. People have not ventured out to see exactly what is on offer.

John White: I would agree with that. There is definitely a role for VisitBritain in getting people to visit the coast. If we can get lots and lots of Chinese visitors to this country, to visit the Bicester shopping village, I do not think it is beyond the wit of man to encourage them to go and experience a slice of something you probably cannot get anywhere else in the world, which is that British resort: the sand and the sandwiches, kiss me quick, a stick of rock. It is a very important point that you have just made, Tim.

To the earlier points that you have heard, there are applications in the tourism sector bid for things such as tourism action zones and a 5% cut in VAT, which will all really, really help. On a more prosaic level, the partnership between the local council and the private sector, if it works well, will be one of the best ways to deliver relatively small and inexpensive, yet impactful, initiatives.

One of my members was telling me that South Ayrshire Council, for example, has a shopfront improvement scheme, where it contributes to the upgrading of shopfronts. To come back to my earlier point about aesthetics, it makes a real difference to how a place looks and how your visitors feel about their trip to the seaside, and it encourages them to come back. Likewise, I return to the car parking point; if you can get that right, people will come back. If you get it wrong and it costs you £36 a day to come and stay in a town, you will not come back. It is too expensive.

Q55 **Lord Lucas:** What lessons can we learn from the financial failure of Hastings Pier, in terms of both the conception of that idea and its execution?

Tim Wardley: The first and overriding lesson that has come from the failure of Hastings Pier is that the regulatory framework currently set up to deal with bankruptcies needs some changes to accommodate when that situation happens to a charitable trust, as opposed to a commercial business. This, I think, is why Hastings found itself in a situation whereby



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an asset with £12 million to £14 million of public funding was sold for a significantly lower price to a commercial entity, simply because the receiver at the time followed what I will call “best practice”, as you would do with any business. There would need to be, perhaps, a change in how that process is undertaken in relation to charitable trusts, if another example of a Hastings were ever to emerge in the future.

Lord Lucas: Was it well conceived? Were there things that we should not have done in terms of that conception?

Paul Kelly: If you do not mind me chipping in, my background is in business development: looking at sites, seeing what they could do and how to develop products. I did the operational opening of the London Eye, which was initially a design-led project by the late, great David Marks, but it had some flaws in it. There is always a battle between design and operation, and in my opinion that is what you faced at Hastings.

It was a beautiful design, but it was not designed to operate. You need that balance. You need to have the right people doing those roles, as we undertook elsewhere. For those who do not remember, the London Eye did not open successfully. It opened, unfortunately, under the cloud of the dome. Everyone was down at the dome, complaining about it, and it took us about eight months to get the London Eye operating. In all the pretty pictures of the year 2000, it was not operating; it just looked good. It took us eight months to fix that problem. The same problem happens elsewhere. If you are going to put money into things, make sure you have a balance between design and operation.

Baroness Bakewell: May I just say that I do not regard Hastings Pier as a failure? It is a beautiful institution. It is a failure as a business, because nobody seemed to have made any advanced plans about how it could be used. I think there are many ways that it could be used. It could be used for pop concerts. It could be used as a venue for young people. It could be a place for people to dance, to have competitions. It has a great future, and I do not think one should regard the Hastings prototype as a failure and never go there again. It could well be the shape of the future, because it offers people attractive space where many things can happen.

I agree with what you say, but I think there has been a failure of imaginative initiative, in planning what it could have been for when it was built.

Tim Wardley: I entirely agree with you. With regard to trustees on major projects such as this, it is only a personal thought, but greater emphasis perhaps needs to be placed in the future on ensuring that the correct trustees have the experience in the relevant departments required to ensure that the correct body of people is there to move the project forward, develop ideas and offer long-term resilience, which did not happen at Hastings.

Baroness Bakewell: You need Michael Grade.



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John White: You just have to look along the coast, to Brighton. Brighton Palace Pier has, I think, 4.6 million visitors a year.

The Chairman: It is a successful free-visit site, yes.

John White: There is no real difference between Hastings and Brighton. One is a bit bigger, but it is about making sure the business is viable. If it is, that pier will survive for centuries.

Lord McNally: Hastings has Shakespeare.

The Chairman: I think there are rather a few reasons for why Brighton does better than Hastings in pier visitors.

Lord McNally: May I make a comment to our clerks? I very much agree with Mr Wardley but would like to see evidence of this. Is it possible for us to ask the various tourism promoters to let us have examples of videos and posters that they used to promote Britain? I suspect they will have difficulty in providing us some that effectively promote the seaside. Can we see from VisitBritain, or whatever it is called these days, a video and a poster that positively promote the seaside?

The Chairman: Can we take that off the floor of the Committee and deal with it afterwards? We may be able to make an approach to one of the departments for that. DCMS may be able to help us on that.

Q56 **Lord Knight of Weymouth:** VisitBritain stats tell us that UK residents have increased their number of staycations by about 6%, and increased their spend by about 6%. What impact has that had on the businesses that you work with? Do we need to do more around the staycation? If so, what?

Paul Kelly: If you look back to 2008, which is where the staycation really kicked off, businesses started investing to keep people in the UK. Those that did so have been very successful at it. The style of the way it is done has been regenerative. I mentioned before the way people are using camping, glamping, pods, et cetera. You could look at what I consider a coastal attraction: Port Lympne on the Kent coast, an animal attraction. They have gone from nobody staying overnight, to 50,000 bed spaces. That has been done in a variety of ways, and they are now looking for the next generation of that.

The investment in the staycation, for my businesses, is really about having those marketing links to get people there, but then having the right accommodation and the right product when they are there. Then you have to test that. You spoke to Merlin. It tests absolutely everything with absolutely everybody. Those coastal businesses need to do that as well, and they need to be able to understand the answers. If things are not right, if it is not good value for money, if they do not like the product, it has to be changed. There are huge opportunities with that. People have been very impressed with the accommodation and the products, and we have to keep that going. We have to encourage it.



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John White: From my perspective, it is about businesses looking to understand their customer better than they currently do. Our consumers are much more fickle and varied these days, and you are getting a greater variety of expectations from people visiting the coast. One size fits all does not necessarily satisfy all those particular expectations.

By way of example, people would tend to think of the seaside arcade quite homogenously. Yet you can see in Southwold, on the Suffolk coast, a business that has understood that that coast is likely to have many more middle-class than working-class visitors. The nature of the pier and the amusements it provides is shaped around that particular demographic in a way you would not find elsewhere. In Scarborough, for example, I know an arcade with a catering facility tried to upgrade its catering offer, and nobody wanted to use it. They returned to Formica table tops, plastic cutlery and tomato sauce in a tomato.

Lord Lucas: There is clearly a market for those things, but you are basically saying you do not think the marketing for a lot of staycation locations is sufficiently attuned and sophisticated. Is that a fair summary?

John White: Yes, and I would not want to overplay it. As I said earlier, 29% of the population visited seaside amusement arcades in the past 12 months. We are clearly doing something right. But this is what I see and talk about with members up and down the country. That thinking is beginning to develop; let us put it that way.

Lord Knight of Weymouth: Before, you talked about the differences in accommodation. Is the accommodation offer the right mix? Do we need more investment there? What is the role of the second home in how that dynamic works around the staycation?

Paul Kelly: On the investment in accommodation, we had a traditional accommodation base, which has been in the coastal towns for many, many years. You heard earlier about the zombie houses, and the problem they cause is that it is very difficult to upgrade them. Other places have the opportunity to start again. A lot of the coastal areas do not. They have to use what is there, and what is there, with all respect, is not as good as something you build new.

There is an opportunity to take a real look at that. We are going back to the question: "What should we do with this? What should we allocate to it?" I am not sure hotels are the way forward. If you look now, the amount of investment in hotels for our industry is very small, but the investment in accommodation is huge. It is about the variety of accommodation.

Can you put that into coastal opportunities? That is the challenge. What you have is what is there, and you have to adapt it. It needs some real thought, and some real imagination as to how that is done.

Q57 **Baroness Wyld:** If you look at the overall picture of regeneration, we have touched on this in the discussion about piers, but how significant a role do



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you think heritage can play in the wider regeneration of some of these towns? We have had evidence from DCMS of a lot of HLF funding, although it does not have a specific coastal focus. I am somebody who thinks it worth investing in heritage for the sake of it, but equally we want to see evidence that it is linked to wider regeneration. Where are the examples of best practice there?

Paul Kelly: Do you class heritage as piers or attractions? Is it an age thing, or is it a style?

Baroness Wyld: It can be anything that you bid for, so seaports, piers, bandstands. We heard an example of a bandstand that had been very successful, but when they put the bid in they had not thought about what they were going to do with it.

The Chairman: We turned ours into a marriage location.

Baroness Wyld: Was that successful?

The Chairman: I think so. People get married.

Paul Kelly: My relatively quick view on it is that all these things are worth investing in, because these destinations need to be created. It is not just about saying, "We have a lovely beach. The water is here. Come down". If you look at Margate and the Turner Contemporary, the investment that Blackpool Council has made in the tower with Merlin, or Brighton's involvement with the i360, any involvement in anything needs to be done locally and needs to be done effectively, and that creates more reasons for people to visit. That is what all the transactions I have ever worked in have done: give people a good reason for visiting.

Tim Wardley: Yes, I entirely agree. Heritage has a significant role to play in both seaside and British tourism. It is worth noting that, since its inception in 1995, the Heritage Lottery Fund has awarded almost £24 million to pier-related projects, much of that money being to support piers of a significant historic nature. The Coastal Community Fund, for example, since its inception has awarded £170 million to 277 different organisations, which now supports 16,000 jobs and encourages £316 million of additional income via that investment.

Heritage is an exceedingly important part of Britain. It is an important part of what we stand for. It is especially important in coastal communities and seaside resorts, and it certainly has a significant role to play in the modern tourist economy. Yes, it is well worthy of investment.

Q58 **Baroness Bakewell:** I was going to pick up on the business of local industries, because heritage matters, but it is very important that the investment in heritage attractions, such as piers and museums, provides tangible benefits for residents and local businesses. They need to be engaged. It should not be "town and gown", as if the visitors are something else and the town is not involved.



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I wonder to what extent you feel the Margate example and the museum in Hastings—and there is a whole selection of art galleries and museums along the south coast—have been successful or whether people feel this has been imposed on them by middle-class people from London. What do you think?

John White: I do not know the answer. I can speculate. To the earlier question about heritage, it is about giving people reasons to visit, to be in the town and to stay in the town, converting them from a day to a weekend. All those things are going to bring money to the town. If I were a local towns person, I would be happy about that. I would be happy about that investment. I would be happy about that economic activity.

Baroness Bakewell: Do you sense that people are?

John White: I do. You cannot divorce some towns from their tourism. Blackpool is a case in point; it is a tourist resort par excellence, and the people there, when you speak to them, feel it is their town, it is what they do and they are very proud of it. You find that in many, many places, when you visit and talk to people about this. I take the point, and I can see why you might say it, but any rational approach to it would say, "Actually, this is a good thing for us".

Baroness Bakewell: Have you any comments about these small institutions, such as the Margate Contemporary and the Hastings gallery? Does this make a difference, or is it just a little injection from the Arts Council?

Paul Kelly: Margate is a very good example. The feeling from the people who operate down there is that it is a huge boost, and it is something they are proud to promote. If you get that locally, you have ticked the right boxes, especially if you can do it with some sort of local partnership. You heard earlier that it is not about competition; it is about getting a body of people to a certain area, and then, you hope, they will stay and visit everything. It is not about saying, "We want to do better than they are".

Baroness Bakewell: Maybe the councils would approve further initiatives of that kind.

Paul Kelly: Absolutely, yes. If you were doing this purely as a business, such as Merlin, you would be looking to cluster a number of attractions in one place, to maximise the advantage of people staying. This is just a different example of that. The fact that they are different businesses is irrelevant. It is about creating a cluster that people want to visit and then, as John says, visit for more than one night.

Tim Wardley: Specifically on seaside piers, in relation to this question, from my discussions around the coast, residents are exceedingly pleased and delighted that money is being put into their heritage pier, for several reasons.



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First, they see the tangible benefit in increased visitor numbers, increased footfall and greater wealth for the town as a whole. They also see that, when money is put into a pier, it encourages development and greater investment in the area around the pier. You get a whole kickback of tangible benefits. Once you invest in the pier, footfall increases, businesses come to the area on the foreshore, which otherwise may have been somewhat run down and underdeveloped, and you springboard from there.

In relation specifically to seaside piers as local community assets, they play a significant role, possibly more than a lot of people realise, in so far as many now hold festivals of local produce, artisans, artists, everything that is good and local to their area. They will hold fairs, trade fairs and special public events. I have been on seaside piers where local residents have turned round to me and said, "I did not realise we did this in our town".

Sitting suspended for a Division in the House.

On resuming—

Q59 **Lord Lucas:** What do your industries need to do to make the best of Brexit?

Paul Kelly: A very simple SWOT analysis from our industry gives a number of the answers you have heard previously. The only thing we absolutely know about is the labour force, because already perceived barriers are going up, and recruitment is getting more difficult. That has always been a challenge in our industry, which is why percentages of EU nationals working can be quite significant, but mainly in the larger cities. The regional areas do not have a problem with that. My own perception is that they will have a problem when the larger city operators start offering more money, those people from the regions start working there, and what is left behind is a lack of labour.

Therefore, you have to weaponise the local labour force with skills. We are very slow at doing that as a co-ordinated country at the moment. We are looking at apprenticeships and skills, those types of things. The question has to be, "Are we supporting the local regional areas in doing that?" That will be our challenge going forward.

As for regulations or anything else, Brexit-wise, we do not know enough. I refer to the earlier answers, which were all about enabling the labour force.

The Chairman: We heard from the manager of Butlins in Skegness the other week, and he was saying that a fifth of his workforce were EU nationals, that they are very industrious and are now becoming managers across the sector. He thought there would be significant difficulties in finding replacement recruits, not least because of the lack of a local younger workforce. I wondered whether you had picked that up from other parts of the country.

Paul Kelly: Yes, it is an age-old problem. I used to recruit in theme parks. We would need 1,000 people per year over a seasonal period, and we could



not find enough in the UK, so went initially to Ireland, then Scandinavia, then eastern Europe. That has carried on for many years. That is now a standard way that people recruit. If perceived or actual barriers are put up to prevent that easy flow, yes, a number of businesses will have difficulties.

Q60 Lord Knight of Weymouth: Given some of the indications from the Migration Advisory Committee, on high-skilled jobs it might be straightforward enough. Could you give us any indication around skills differentiation and how that problem might manifest itself with the proportions that might be regarded as lower-skilled?

Paul Kelly: The majority of seasonal jobs are entry-level, as I was. That does not mean there is not a career in it. It means it is the first job for which somebody decides, "I like the look of that; let me try that".

Lord Knight of Weymouth: It was the entry-level jobs you were going to eastern Europe for.

Paul Kelly: Yes, pretty much. There was some mention earlier of engineering, which is a different level, and that needs to attract people from different industries into the attractions industry. But the entry level is where you want the majority of people, and then your job as an operator—we do this bit very well—is to start to train people over a two or three-year period, if you can retain them for that long. The difficulty is that, if you get somebody in for just three, six or nine months, it is difficult to do the training process. That needs to be supported. But that is absolutely where the majority are.

Lord Knight of Weymouth: Finally, has there been any discussion with other sectors, such as the agricultural sector, around an agricultural seasonal workers dispensation, and a conversation with government about that?

Paul Kelly: Yes, certainly from our point of view. We would like our sector to be included in that process, along with the caring sector, the agricultural sector, the hospitality sector. They all have effectively the same problem. It needs to be acknowledged. There is a difficulty with this separation: saying something is high skilled or low skilled is a little disingenuous. It is entry level, but these tend to be hard-working, bright people, who then need to decide what they want to do in the future.

The Chairman: I think that is a fair point.

John White: BACTA stands foursquare behind the CBI's position on this, and we contributed to its debate. I echo everything that Paul has said.

For us, the impact of Brexit will be about workers. Where do we get our labour from? In some cases, it is a slightly different dynamic for the smaller, family enterprises that predominate in our sector. Family businesses pull in the family and they work a bit harder if they need to, to keep going.



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The impact on visitors is a big unknown, but if there is an impact on visitors that will be of great concern. All the things we have spoken about today will need to be done, to give us the tools to encourage more and more of our domestic population to visit the seaside and spend some money there.

Lord Lucas: Could there be a package for people who are employed for the season, and then dropped into education for the rest of the year?

John White: Yes, it is a good idea.

Paul Kelly: Yes, as long as you have the educational backing to do that. We are currently running an engineering apprenticeship standards scheme, and the issue is finding the locations to have the education, which has to be outside the majority of the busy times. You have to have a provider that can do that. It is about co-ordinating that, but that is exactly the route we are looking at.

Tim Wardley: Purely with regard to piers, on the question you asked, from speaking to pier owners and managers around the country, they are experiencing difficulties at the moment in recruiting and retaining staff. They have indicated to me that they anticipate the situation may—only may—become more difficult in a post-Brexit environment. A lot of the jobs are currently seasonal.

This is something we have not touched on in our discussions today with your Lordships: the whole question of seasonality in the seaside tourism sector. Individual components are starting to address seasonality. Piers are introducing all-weather, all-year-round attractions. Hotels are doing various promotions to sustain their input of customers throughout the year. If we could get a major boost in making the coastal community and coastal tourism an all-year-round economy, that will greatly boost the prospects for encouraging and, indeed, retaining staff in the future.

An awful lot does not seem to have been done to address the question of seasonality. Indeed, the figures I pulled from another report show that the situation has not changed, in terms of visitor number increases or decreases, outside the period of June, July and August since first being monitored in 2008.

The Chairman: That is quite interesting. I was rather worried for a moment that you might be suggesting our Committee does something about the weather. I am glad you have enlightened us further on that, Mr Wardley.

Thank you again for your attendance. As I said at the beginning, there will be a transcript and you will have the opportunity to look at that. You have probably taken the opportunity, or if not you may well do, to supply us with some written information as well. Thank you very much indeed.



Daniel Davies and Brigid Simmonds – oral evidence (QQ 61-74)

Tuesday 30 October 2018

3.25 pm

Watch the meeting

Members present: Lord Bassam of Brighton (The Chairman); Baroness Bakewell; The Lord Bishop of Lincoln; Lord Lucas; Lord McNally; Lord Mawson; Lord Shutt of Greetland; Lord Smith of Hindhead; Baroness Valentine; Baroness Whitaker; Baroness Wyld.

Evidence Session No. 8

Heard in Public

Questions 61 – 74

Witnesses

I: Daniel Davies, Chairman, Institute of Licensing; Brigid Simmonds OBE, Chief Executive, British Beer and Pub Association.



Examination of Witnesses

Daniel Davies and Brigid Simmonds.

Q61 **The Chairman:** Good afternoon. Thank you very much for joining us. Welcome to this evidence session of the Select Committee on Regenerating Seaside Towns and Communities. You should have in front of you a list of interests that have been declared already by members of the Committee. I should remind everybody that the meeting is being broadcast live via the parliamentary website and a transcript of the meeting will be taken and published on the Committee website. Of course, as witnesses, you will have the opportunity to make corrections to that transcript where necessary, and I am sure members of the Committee will as well.

Lord Smith of Hindhead: I need to declare an interest. First, as the chief executive of the Association of Conservative Clubs I know Brigid Simmonds as the CEO of the BBPA. But, then, I could say that everybody probably knows Brigid, so we probably all have to declare an interest there. But I also know Mr Davies, because the Association of Conservative Clubs is a member of the Institute of Licensing, as you would expect with 800 clubs.

Q62 **The Chairman:** Thank you very much for that. I am going to start off the session. I suppose it is really a question for both of you; you can choose who goes first. What is the role of the night-time economy, as you see it, in supporting economic activity in seaside towns and communities? In thinking about your responses, could you perhaps comment on how a balance might best be achieved between ensuring that seaside towns benefit from the night-time economy and managing the tensions between businesses and residents from some of the negative aspects sometimes associated with the trade, such as anti-social behaviour?

Brigid Simmonds: The Portman Group and the Local Government Information Unit have recently done research with local authorities, in which 74% of local authorities said that having a vibrant night-time economy is absolutely vital to the success of their town. I am a member of the Government's Future High Streets Forum. I have been a judge on the Great British High Street competition for the last four years. We have had finalists in all the categories that have been seaside towns. In all of them, it has been the balance between the night-time and daytime economies that made it work.

I can give you a couple of examples. Bognor Regis was a finalist last year. It was not only about regenerating its high street and shops, and getting people to go somewhere that has had a particularly poor reputation; it was also somewhere that had two nightclubs at the end of the street. They were encouraging students from Chichester University, which has a campus there, to visit that particular area. Nearer to your own hometown, London Road, Brighton, was a finalist one year. Again, they looked at the balance of retail and night-time economy there. They decided they had too many shops. They closed a Co-op and converted it as student accommodation. They have two very active pubs: one is a sort of music pub at one end of



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the high street and the other is food led. They had graffiti artists who came and put graffiti in, which was not defaced because it was well recognised.

But the key—I am sure Dan will say this, too—is about partnerships and leaders. I have never been to a successful high street that did not have leaders, whether from the local authority or from the private sector. I have never been to a local authority or a high street where it is not about partnerships. It is about partnerships that will make that high street more vibrant, sometimes through events. Some of the announcements that were made in the Budget yesterday will definitely help that.

Daniel Davies: I agree with what Brigid has said. You can rely too heavily on the late-night economy, and there can be an oversupply of things to do at night but not necessarily in the day. The most important thing is to have a mix and proper planning. One of the things that we massively fail on is that, over the years, planning and licensing have not consulted with each other properly in a lot of cases. You see a gradual change of use in an area that has not really been thought out.

I come from a seaside town called New Brighton. I am 45, and I have lived there all my life. I have seen a lot of things happen over those 45 years in the seaside town where I grew up. Although I have travelled extensively with work and had a look around the world, I have always lived in New Brighton. The first jobs I had were in the licence trade there in bars, restaurants and nightclubs. Over the years, you see it change. When all the later places and some of the decent drinking establishments go, that is when you start to see a lot of decline.

With planning, you will often see a mismatch or a lack of long-term vision. A premise might have been licensed for a long period of time, but then they will build flats immediately next door or behind. Then you have 10 to 15 years' worth of complaints and problems from the people who have bought flats right behind a series of late-night places. A lot of it can be dealt with at a local level by councils communicating better with each other. But it is absolutely essential, particularly for a seaside town, to have a variety of different places where you can eat, drink and socialise. People come to seaside towns to visit. Often, a seaside town has different attractions that will attract people to it rather than another town or city. It is essential that there is a good mix.

The Chairman: To paraphrase what both of you have said, do you think that the night-time economy is important but should not be the dominant feature of the offer in seaside towns and communities?

Brigid Simmonds: One cannot exist without the other. In any successful town, whether seaside or not, you have to have this balance. As Dan and I were discussing earlier, if you are going to get young people to come into your seaside towns—particularly, to be honest, because a lot of seaside towns have older people living in them—there have to be activities for them to do. Increasingly, as retail is leaving—we were talking about Marks & Spencer closing down in your particular town—leisure has been moving in.



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It is a bit of a balance, but it has to be the right balance, and the local authority has to work on this. Dan is absolutely right: licensing and planning have to work well together, and they have to be sympathetic to the operators and what they are trying to operate, to make sure that you do not have all night clubs and you do not have all restaurants. You just have to have that balance.

Daniel Davies: There are various things you have to take into account. Often, problem families get moved to seaside towns. Often, large buildings get moved into multiple occupancy or bedsits. Then you will have a lot of elderly people moving into care facilities or sheltered accommodation. That means that younger people do not see opportunities. They see more and more retail areas shutting, and they see cheap thrift shops and pound shops coming about. There are no real jobs for them. They see it as a retirement village with some problem families. You get a rise in crime levels and anti-social behaviour, because there is nothing for the kids to do. There is nothing there as infrastructure.

Baroness Whitaker: Ms Simmonds mentioned closing the Co-op. With a bit of experience from the south-east, were there other supermarkets within walking distance? Did people then have to go in their cars to an out-of-town supermarket?

Brigid Simmonds: No, they regenerated a market, which has been opened. That created a lot of smaller stalls and a proper butcher with crafts above.

The Chairman: There is an Aldi and a Sainsbury's within walking distance. There is another superstore on the same road. It has plenty of retail outlets.

Brigid Simmonds: Yes.

Q63 **Lord McNally:** I remember when the Labour Government passed the legislation on licensing and the night-time economy. There were lots of rosy pictures of Britain being coaxed into a continental café society, et cetera, but it really has not happened, has it? What you get is a time movement; nothing starts happening before 9 pm or 10 pm, and you see young people assembling later and later, quite often having stocked up earlier in their drinking. You get a lot of dangerous and intimidating happenings late into the night, which make these areas no-go areas other than for those who are indulging in the behaviour. I think the night-time economy has been oversold in some places. Big cities seem to manage it better than smaller towns.

At the seaside, however, if you are going to retain your seaside offer to the broader community, you have to give local authorities pretty ruthless zoning powers to make sure what you are doing for the so-called seaside economy is done in an area that can be controlled for its anti-social aspects.

Brigid Simmonds: We have seen an element of what you describe as a café culture. We are very weather-dependent. We have just had a



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wonderful summer. Certainly, pubs have used their outside areas. Taking pubs as an example, since the smoking ban we now serve a billion meals a year in pubs. We have 50,000 bedrooms in pubs. They are about so much more than people going there to have a drink. Yes, beer is a really important part of that economy, in economic terms, but they do much more than that. There has been a change.

In town centres, we can look at Pubwatch or Best Bar None, which is a scheme about raising the standards in the night-time economy. Lots of towns and cities have a business improvement district, where you pay a proportion of your business rates towards that. Where it has worked well, there have been taxi marshals and street pastors, who go around giving out flip-flops and making sure girls who are vulnerable get home. We have Drinkaware, which has the Drinkaware crew. We have staff trained in the night-time economy, who again look after those who might be vulnerable. We have moved an awfully long way. As long as a local authority is open to them, those are the sorts of approaches that work really well. There is the Purple Flag standard, like the Blue Flag for beaches, but for the night-time economy.

The Chairman: Perhaps we should move on. I am looking at the clock here.

Q64 **Lord Smith of Hindhead:** This is a question particularly for Mr Davies. We have already had a lot of witnesses speaking about how they are managing public funds in coastal towns. I have found some of the responses quite frustrating. We also had as a witness a very wealthy philanthropist, who has invested money in a seaside town. While he does not want to lose money on it, he does not have to make any money on it.

Mr Davies, looking at your submission, you are investing in the town in which you were brought up; you are putting your own money into that. You are putting your money where your mouth is. Can you share with the Committee some of the key lessons that you have learned from your time working on the regeneration of the Victoria quarter in New Brighton. In particular—you have touched on this a little already—in your submission you spoke about the dialogue between stakeholders. That is probably vital to any successful business, but I wondered whether you could share any of your recent experiences with the Committee.

Daniel Davies: Yes, certainly. This came about probably as I was reaching the crescendo of my midlife crisis when I hit 45. I had sold some shares in CPL Training Group, which is a company I formed when I was 18. I have been lucky: I grew up in New Brighton, in a seaside town. I started off as a licensee at 18 and I started CPL then, training our own staff. We have now expanded; we train 2.2 million people a year in 28 countries. We did the Olympics training and various other things. The office where we started is in Birkenhead and we employ a couple of hundred people there.

The first job I had in New Brighton was as a paperboy. I used to walk around the streets of New Brighton delivering papers. This was really as a



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result of my frustration a number of months ago. I thought, "What the hell is happening in the world?" In the 1980s, when I grew up, at one point there was a real sense that we were getting it right. The Berlin Wall came down. There was an announcement the other week that the nuclear arms race could be back on. We had so many hopes and fears, and now I see Trump in power and the nonsense that is going on in the world. I thought, "It is hard, but how do you change things?" For me, it was about changing things in one postcode, on my doorstep.

Next door to me lives the founder of Revolution Bars Group, which is a £100 million company. Over the road, there is a guy who owns the biggest car-hire company in Europe, which is worth millions and millions of quid. The house over the road from me has just gone on the market for £1.2 million. Two minutes down the road, I have just bought an apartment for 41,000 quid and another for 48,000 quid. I saw the area I grew up in go through rough times in the 1980s and 1990s. I missed the boat in some ways in New Brighton.

New Brighton was modelled on Brighton. James Atherton came over in 1830, bought 170 acres of what was called Rock Point and converted it into what is now New Brighton. Lord Leverhulme built the open-air baths, which are the largest in the world. Lord Derby built the Derby Pool. We had two piers. We had a tower bigger than Blackpool's and rivalling the Eiffel Tower, with a 3,500 capacity ballroom underneath. The place was a vibrant town centre. Most people do not even know this now. If I am in the States or anywhere, I say I am from Liverpool because no one knows where New Brighton is, yet New Brighton used to be on the map.

I have seen the ups and downs of the town I have lived in all my life, with the heroin epidemic, the problems in the 1980s and the boarded-up places. There has been a bit of regeneration along the coastal front there. It took a long time to get through, but they have put up a number of mid-brand restaurants, a cinema and various other things. That is good, but it is not enough, and it will not last. A couple of the units have now started to fail there, with the wider expansion of casual dining and the overreach of that.

The Chairman: To pin you down a bit, what is the key?

Daniel Davies: There is a lot there. I have basically looked at the street. I have bought up virtually every boarded-up or leased shop, and a couple of ex-pubs, restaurants, banks and things like that. I have engaged with the local council. I have the council's chamber of commerce on board, along with planning, licensing and the police. In the summer, we paid for all the local kids who were causing low-level nuisance to put on Day-Glo jackets and clean the streets. We hired skips to fill and clear all the entries out. I have opened a drop-in centre where we are sharing all the plans. We have been inundated by residents coming along.

If you look at a town like New Brighton, we have lost a lot of big infrastructure. That is gone now, and there are lessons to be learned from that. But there are still lots of unique selling points that can be built on.



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We are engaging with the community. We are employing about 250 people who are all local, both young and old people. We have people dropping in. A 76 year-old came in the other day and said, "I have just finished a master's degree in planning. I want to give my time and help you out".

I am planning to make it stand out from any other high street. One of the issues is that we could all be parachuted into virtually any town or high street in the UK blindfolded, and if you took the blindfold off you would not know where you were, because every one of them looks the same. They have the same shops and the same offer. Down here, we are going to use some of the natural attractions that are left: the architecture, the cave system, the view of Liverpool and various other things that are there. We will then look at engaging, as we are doing at the moment, and building lots of small businesses. This is going to be led by small businesses. The bigger ones are on the seafront. This area is going to be led by small businesses with locally employed people and new-start businesses. We are investing in a mix of retail, leisure and hospitality. I want it to be a destination where people can come from 8 o'clock in the morning until 12 o'clock at night.

The Chairman: Just to focus on this, you seem to be saying that this is about leadership, getting people to work together in partnership and building on your heritage.

Daniel Davies: It is about planning, zoning and having a long-term plan. It needs a 10 or 15-year plan, not a sticking plaster.

The Chairman: That has to work with the local authority and local businesses. But, primarily, you are placing a lot of emphasis on the smaller and medium-sized enterprises.

Daniel Davies: Yes, that is right.

Q65 **Baroness Wyld:** There was a huge amount there, for which I thank you. By the way, I have very happy memories of New Brighton as a child, so people do know where it is.

Can we open it out slightly? Ms Simmonds, perhaps you could start. When a local authority engages in a regeneration exercise, what should the role of businesses be? How should they be brought in? What more can be done to ensure there is definitely a long-term economic impact when those projects take place.

Brigid Simmonds: Often, it is businesses that have the skills. They have the marketing skills. Let us take Bognor Regis; Butlins provided the training for all the retailers in the town centre. But, where you have regeneration, it is really important that local authorities are prepared to consult with businesses, which they do not have to do, because they are not necessarily the electorate who are voting with them. Then they look at how they can work in partnership. I have seen examples where it is just a small chamber of commerce doing this.



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Yesterday, in the Budget, some help was given to small businesses. There was some help for pubs but also businesses with a rateable value of up to £51,000. That will encourage more independent small businesses. I went somewhere this year for the high streets competition that was built on great-quality charity shops. People went to that particular place because it had the right mix of charity shops and it attracted people to go there.

I have also been to places where the local authority will not engage and does not necessarily have the skills. I have talked to Members of Parliament who have said that they are desperate for their local authority to do something, but they will not pick it up because they are too risk averse. It is a matter of finding wonderful leaders, as Dan is in New Brighton, but then making sure that all those businesses will work together. I went somewhere last week where the local authority wanted to impose parking charges on the high street. The businesses were absolutely clear that this was going to close them down. There has to be communication between both parties. That will make this work.

The Chairman: That was very helpful. Mr Davies, do you want to add something to that?

Daniel Davies: To be honest, I do not want to monopolise the whole thing.

Lord McNally: Is your local authority Wirral?

Daniel Davies: Yes, it is. It is Wirral Borough Council.

Lord McNally: The reason for the question is that seaside towns are sometimes in an authority with a much wider remit. They have said to us that they are not the highest priority within that local authority. Does Wirral give you and what you are trying to do the priority it deserves?

Daniel Davies: They do now, I think for a couple of reasons. First, I am not asking them for any money. I am doing a lot of the things they should have done. I have had kids cleaning up the kids, replacing and painting lampposts, sanding down benches. We spent 5,000 quid on flower pots and things like that, so that might contribute. Seaside towns have had a lot of false dawns. The front page of your local paper says, "This is going to happen, and this is going to happen". Nothing ever does, or, if it does, it takes ages to do it.

I have been surprised at the engagement from the local authority. They have been very good. It probably helps being the chairman of the Institute of Licensing, but I have been pleasantly surprised, particularly by the chamber of commerce. In New Brighton, a lot of the big facilities that were so fantastic went, and they were under local authority control. When you have big assets under local authority control, the local authority cannot afford to maintain them if you have something like austerity. They could not afford to maintain the buildings—the New Brighton baths and various other things—over decades, over multiple different councils and multiple



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different MPs. That is when it starts to decline. You need a mix of public and private investment.

Brigid Simmonds: You are absolutely right. I have been to plenty of places—Falmouth is another—where there is a town council but it is not the ultimate local authority. You have to make the two work together; otherwise you will not be successful.

The Chairman: There are some important lessons in all that.

Q66 **Lord Lucas:** Mr Davies, have you had support from the LEP or an equivalent organisation in helping people set up new small businesses?

Daniel Davies: One of our offices at CPL is based in a council building, where there is various support for new-start businesses. I have my own view on that, because most of the people who are teaching them have never run a business in their life. The first shop to trade is opening in two weeks' time. It has three businesses. Each one of them started 12 months ago, and I gave each one between £5,000 and £15,000 to start in their bedrooms, online. They have all now reached the stage where they are ready to have a retail shop. You can do a lot to support small business, but you need people who know how to run a business.

Brigid Simmonds: But it is true that very few local enterprise partners are particularly interested in the tourism side. They can be in particular areas. I can give you examples of that—Adnams is very involved in its LEP—but there are very few that see tourism as a priority. Unfortunately, unlike their predecessor organisations, tourism is not really part of their remit; it is about inward investment.

Q67 **Baroness Wyld:** I wanted to follow up on your very good point about leadership and individual leaders coming forward. We have taken a huge amount of evidence from some really impressive people in different coastal towns who have delivered good stuff. But, from my point of view, it seems there is no real mechanism to share best practice or to learn lessons, given that we are looking at all coastal towns. I wondered whether you might like to reflect on that and how we might think about a mechanism to share that best practice.

Brigid Simmonds: Funnily enough, one of the discussions we had at the Future High Streets Forum the other day was about whether you could have an academy that did exactly that. Sir John Timpson is leading an expert group to look at high streets at the moment. Yesterday in the Budget they announced a fund that will hopefully help to share this best practice. Some of the best practice has been available from the high streets competition, but until this year, when Visa took on the sponsorship, it was all done on a relatively small scale, in-house with DCLG and with a number of organisations such as ours, which supported it. It has now become a bigger organisation, and I hope that as we go forward there will be more best practice, because if we do not do that our town centres will not survive.



Q68 **Baroness Valentine:** This is a question to you, Brigid; it is about VAT. We have heard that cutting the rate of tourism VAT would help to support the tourism and hospitality industries in the UK. We have heard a range of opinions as to where that cut should be applied, for instance in attractions or accommodation. Do you have a view on this?

Brigid Simmonds: I do. Attractions and accommodation is one, but in our case you could also do it on food. To us, it is a real disincentive. If you go to a supermarket and you buy a meal that you can heat up at home, you do not pay VAT on it. To me, that is a disincentive to go out and visit a pub. We are the only country in Europe except Denmark that does not offer a reduction for the hospitality sector. The Government have recently looked at this specifically with Northern Ireland, because in the Republic of Ireland they offer a lower rate of VAT. It is currently on accommodation, food, cinema and theatre tickets. It is a rate of 9%, but it is going to go to 13.5%.

Baroness Valentine: Is this in southern Ireland?

Brigid Simmonds: This is in southern Ireland. It is 9% now; it is going to go up to 13.5% from January next year, but of course that is still a 6.5% differential with Northern Ireland. To cut a long story short, the Government have announced that they cannot have a different rate for a part of the United Kingdom of Great Britain and Northern Ireland so they are not going to be taking it forward.

Baroness Valentine: I am sorry. That is under EU rules.

Brigid Simmonds: That is under EU regulations. There has been an argument on food that you would have to give it to every fast food takeaway. If you could do something that was specific to pubs after we left the European Union, there might be an opportunity to do that. We have looked at this and done some economic studies. The biggest problem is that the Treasury would have to take a real leap of faith as the cost in the first year would be £1.5 billion. That is if you made a reduction down to 15%. If you went lower than that, the cost would be considerably higher. A bit like beer duty in pubs, you have to make the assumption that this will increase the number of people working in the industry and create jobs, which will give them more money in other areas. But they have not been prepared to do that.

I am in favour of doing something specifically for the pub industry around food, because pubs are something people really care about and we need to protect them.

Baroness Valentine: Is there any guidance you can give us? We are going to get lobbied by different interests about cuts in VAT: accommodation, heritage buildings, food. If everybody says they want a different cut in VAT, we will not be able to recommend anything.

Brigid Simmonds: There are different economic outcomes. On accommodation, for example, you would not employ as many people through a cut as you would in food. If more people go to a pub, you need



more people to serve them. That is not necessarily true if you are going to a hotel. On the other hand, it costs less when you first introduce it than a food-led one. The Treasury should look at this again once we leave the European Union, because there are opportunities for doing it and you could do it for specific sectors.

Q69 Baroness Whitaker: Your businesses have some problems with the business rates. The question here is this: what impact is the current system of business rates having on the businesses you represent, particularly those operating in coastal areas? I would be generally interested in business rates and small businesses in these coastal towns, particularly on the high street.

Brigid Simmonds: Let me start off by giving you the story on the pub side. Pubs pay 2.8% of the total business rates bill, but we equate to only 0.5% of turnover. We reckon we are overpaying by £500 million. We are rated by turnover, because if you have a bad summer in a beer garden you do not want your pub to be included in square footage, which is the mechanism by which most other businesses pay their business rates. The problem with business rates is that they raise £25 billion for the Treasury. We believe they need reform, because we cannot be online; we cannot be virtual. There is no such thing as a virtual pub. Businesses that benefit from online sales, in our view, are not paying enough for that benefit.

Baroness Whitaker: Do they not pay any business rates?

Brigid Simmonds: Yes, they pay business rates, but if you are Amazon you are only paying it on where you have the warehouse. You are not paying it on overall sales, which is why the Government have been looking at a digital tax. In our view, yes, a digital tax is a good thing, but it needs to go to reduce the business rates bill of other businesses. The changes that were made yesterday in the Budget are really helpful to small businesses. Businesses that have a rateable value of less than £51,000 will get a third reduction for the next two years. That is worth £60 million a year to the pub sector. That is good.

Baroness Whitaker: It will help pubs, obviously, but it will also help lots of businesses.

Brigid Simmonds: It will help lots of small businesses. Where we are talking about independent small businesses, those are the businesses that will benefit most. I would still argue that the business rates bill is too big. We have been arguing about this in Scotland. There was a recommendation from the Barclay review that you should not be penalising any business that makes a capital investment by putting up its business rates immediately when that capital investment is finished. They recommended that it should be at least a year; we would like it to be at least two years because you are not getting the benefit of that investment until you have made money out of it.



We also have a problem, because in the rateable guide specifically for pubs there is something about what a reasonably efficient operator would do. Unfortunately, because of lack of expertise in the valuation office—we have a huge problem with appeals and backlogs in appeals—we find that pubs that should be getting reductions are not getting them and it takes far too long to get those appeals heard and go forward.

Overall, we would like to see a root and branch look at business rates. It would help high streets enormously, but it will not work unless you have the combination of all the other things we have talked about: leadership, partnership at a local level and a clear understanding of what you want to offer as a high street that is going to make the difference between you and the one up the road.

Baroness Whitaker: What would your ideal system for business rates be? There has to be one.

Brigid Simmonds: There has to be one. It is really difficult to move away from a property-based tax and come up with viable alternatives. There has to be an element of turnover in it, more so than there is now, and there has to be an element of a digital sales tax or a digital tax in some form or other, to help reduce the bill. We need to reduce the bill, because otherwise we have a property-based tax that was designed in the 1950s and 1960s that is just not suitable for the high streets and seaside towns of today.

The Chairman: That is really helpful.

Daniel Davies: I would echo what Brigid has said. The announcement yesterday was a good one, because it certainly helps small businesses. There is one particular property I am negotiating on at the moment. The business rate is more expensive than the rent on the place. It has a really big square footage; it is an ex-supermarket. This harks back to why it has been empty for 18 months. At the moment, the high street is getting very badly affected by the likes of online sales and various other things.

Baroness Whitaker: I feel a recommendation coming on.

Q70 **Lord Mawson:** We have heard evidence that the tourism and hospitality industry is looking to develop a tourism sector deal as part of the Government's industrial strategy. How could seaside towns and economies benefit from such a deal?

Brigid Simmonds: I do not believe that industrial strategies can all be about automotive and high-tech. We have been working with VisitBritain, the Department for Digital, Culture, Media and Sport and BEIS for at least 18 months on trying to promote a sector deal for tourism. It has three or four main elements. It is about connectivity, trying to get tourists to move away from just visiting London and to go outside. It is about tourism action zones. You can look at some of those around seaside resorts.

But the specific area I want to put forward is skills. We have a particular problem—it may be in one of your other questions—when we leave the



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United Kingdom. Some 24% of the people who work in our industry are from overseas. We need to encourage more UK nationals to work in our industry. The BBPA, the British Beer and Pub Association, has offered to put £100,000 into an industrial strategy for tourism and specifically the skills part. I am chairing a group looking at retention; there is another one looking at recruitment at the moment, which will be part of that.

I do not know where the blockage is, but it is taking far too long. This is something that the Government obviously prioritise, because they put £1.6 billion into it in yesterday's Budget. I know we have a lot of support from Ministers across all those particular areas. I hope they will get on and support it. Anything the Committee can do to recommend that we have a sector deal for tourism would be enormously helpful.

Q71 Lord McNally: Instead of bemoaning the fact that we are going to lose foreigners with language skills, is there not a case for addressing the collapse of foreign language teaching in our education system? We go abroad and we expect these foreigners to speak English; the foreigners who come here should at least have somebody somewhere who speaks their language.

Brigid Simmonds: I agree. If I could give another example, Falmouth, as a seaside resort, sends out volunteers on to the cruise ships who speak foreign languages, to try to help them and move them forward.

We have an issue that, as a student, you can work for 20 hours a week when you are here on a full-time course. It is ridiculous that you cannot do that if you are a part-time student here and you are learning a language. What is the point of coming here and learning English if you cannot work while you are doing that? That is one of the changes we would like to see.

Q72 The Lord Bishop of Lincoln: You began to answer this question already, but this is about the impact on the workforce of our leaving the European community. What do you see as the challenges? What can we do to reassure the members of your organisation about the supply of labour in this situation?

Brigid Simmonds: It is a huge issue for us. In some metropolitan areas, overseas staff can be 80% of staff, particularly kitchen staff. In London, you are not going to replace those with people who are living here and would be entitled to work here. It was reassuring to see what the Government have done about people who want to stay and can apply for settled status; that has been helpful. But the Migration Advisory Committee's interim report was particularly unhelpful. It talked about the hospitality industry taking on overseas people who were better qualified and paying them less. That is not the case at all. For example, 46% of people who work in pubs are under the age of 25. Inevitably, it is something that young people want to come here to work in.

We need some changes to tier 2. The final report of the Migration Advisory Committee was helpful in that it suggested that tier 2 should be widened. Pub chefs would not have been covered by that; they will be under the



recommendations that have been made. It was also all about qualifications. Most chefs do not necessarily have qualifications; what they have is experience. It should be based on CVs, which is what they recommended. The big problem I have is that the ceiling they are suggesting is 30k as a minimum. The average pub chef earns £22,000, so would not meet that criteria. Are there things we could do around accommodation—most of them would be accommodated—that could go towards making up that total?

The other thing that I absolutely welcome is the Youth Mobility Scheme, which works mainly with Commonwealth countries. If you are under the age of 30, you can come here and work for two years and not count against the migration figures. We would like that to be extended to the whole of Europe. There is some mention of it in the proposal for the Chequers agreement, but if it was across the whole of Europe and for a longer time, taking into account the amount of training the industry would have to do while they were here, that would be one way of helping us as an industry.

But I am also clear that people voted to leave the European Union, and one of the things they were worried about is migration. We are not going to get everything we asked for, but soft skills are still really important to so many of our hospitality businesses. Our service sector is huge in this country. Whether you are looking after somebody in a football club or you are working in a hotel or a pub, we have to do that, and we cannot close our borders entirely. We need to make sure the migration system still works for our industry going forward.

The Lord Bishop of Lincoln: What about the local workforce? We picked up on our visits and from evidence here that the hospitality industry is not held in high regard by some local young people. There is no career path there, as there is in other industries. How do you feel about that?

Brigid Simmonds: There is a career path, but as part of this sector deal that is something we may need to do more on. There is no website you can go to. I go into schools occasionally and talk about what I have done, to inspire people. You can ask someone if they want to work in our industry, but where would you find the information?

Daniel Davies: There is information available.

Brigid Simmonds: Some of it is available, but we need to do more work in that area. We know we have a perception issue. We have to try to solve it and to have hospitality seen in the same regard as it would be in other places.

The Chairman: That last point is a very good one.

Q73 **Lord Mawson:** To your point about the importance of SMEs in these economies and the need to have a long-term view, it takes quite a while to build small businesses up and enable them to flourish. My experience in a lot of these areas is that they are littered with three-year government



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programmes that come and go. There is no long-term memory and no sense of consistency, which you need to build economies.

I was just interested in your experience on the ground. I am responsible for some SMEs. We were looking at one recently that had one full-time member of staff and two part-time members of staff. When we drilled into the detail, we found that there are 42 different pieces of government legislation that they are meant to be dealing with, as an SME, before they even start to run the business.

Government and the Civil Service—this is an ongoing problem, I fear—get big things but they really do not understand small things. Small things need very different behaviours. This might just be me. I wonder what your experience is. If it is so important to the regeneration of our seaside towns, we need our government infrastructure and the colleagues running it to understand what SMEs are about.

Daniel Davies: There is a difference. What do you want an SME to do? Some of them are lifestyle businesses, where people want to work for themselves and do something that is really a job, but they are self-employed. Looking at the schemes that help people, there is a patchwork quilt around the country. If you want to start a business, you can get a small amount of funding, maybe £500 here and there, to help write a business plan or something like that.

With the online side of things, people can now start businesses from their bedrooms virtually. When I started CPL, you had to spend money to advertise: in the local paper, on the radio, through marketing material. Now you can start a business, advertise it on Instagram, Twitter and Facebook, and get revenue in. The three businesses that I have backed have done that. The jump is in taking it from the bedroom and the house to an establishment, somewhere they can run it. You treat the business differently then.

There are things we can do. They often have to be on a local level. If I look at the question we have just been discussing, where I am in New Brighton the number of foreign people who come over and work is minimal. It is absolutely minimal where we are. We are not having an issue there. But it means that those people who are there are not as integrated. A lot of the kids who grow up around there do not leave a couple of postcodes. I went to a comprehensive school of 1,200 people. There were a handful of people from different ethnic backgrounds.

There is a much wider thing here. Where I am in the world, we will not particularly be impacted by losing staff from abroad. I have put in place something where I will take some of my staff and put them to work in different bars abroad, and have some of their staff coming here, regardless of Brexit. A couple of friends of mine have bar companies in every single capital city in Europe, and I am going to be doing exchanges, because it is important to integrate. A lot of the people in this area just do not integrate.

The Chairman: That is very helpful. Just hold that thought. I would quite



like to draw this to a close, but somebody had a follow-up question.

Brigid Simmonds: Can I just commend something, which is the approach of Cornwall Council? For SMEs, on licensing in particular, Cornwall Council has a one-stop shop for licensing. If you are small business and you want to work in any form of licensed trade, the problem is that you need so many different licences. It is something that other local authorities could adopt.

The Chairman: That is a very helpful point, actually.

Q74 **Lord Lucas:** I am very surprised by what you say about not being able to use Brits in your business and needing to import people. I have a niece who is a pub manager. I am not aware of any characteristic of our people that prevents you, given a bit of training and decent pay, from hiring British people.

Brigid Simmonds: Absolutely, and we are doing a very good scheme at the moment that links colleges and schools with their local pubs, and targeting those who want to be entrepreneurs, because you can be running a small business, such as a pub, at the age of 25. We have plenty of British people working in them, but we are an industry that supports almost 900,000 jobs in this country.

Daniel Davies: In CPL, we engaged not just with universities and colleges; we went to a couple of local schools and we did talks. Careers advice is generally not particularly good in most schools. We took a number of people on. One of them is now a business partner of mine, who is 22 years old. He is an accountant and he works for Stobart. He joined CPL at 16 and we paid for him to go through his accountancy exams. He is now at Stobart; he lives in New Brighton and he is on the team here. You get some real success stories if you give people proper advice, help and guidance.

The Chairman: That is undoubtedly the case.

Lord Smith of Hindhead: I have one point of clarification. Is the business rate reduction for pubs only for independent pubs?

Brigid Simmonds: No. There are state aid rules that apply. Some managed pubs—of which there are only 8,000, out of the 50,000—will not be able to get it because of the state aid rules. You do not have to be an independent pub. It is for any small business that has a rateable value of under £51,000.

The Chairman: Would that include chains such as Harvester? I cannot remember what the others are.

Brigid Simmonds: You would probably find that quite a lot of them have an RV bigger than that. The state aid rules will mean that some of them will not be able to apply. I have never understood this. Are you going to export your pub to France?



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Lord McNally: Before you close, Chair, I just want to say that it is 65 years since I went to New Brighton, and you have inspired me to go and take a second look.

Daniel Davies: Thank you.

The Chairman: Do not leave it that long again. That is all I am prepared to say. Thanks very much indeed. That was a very good session.



Gordon Marsden MP and Steve Double MP – oral evidence (QQ 75-85)

Tuesday 30 October 2018

4.15 pm

Watch the meeting

Members present: Lord Bassam of Brighton (The Chairman); Baroness Bakewell; The Lord Bishop of Lincoln; Lord Lucas; Lord McNally; Lord Mawson; Lord Shutt of Greetland; Lord Smith of Hindhead; Baroness Valentine; Baroness Whitaker; Baroness Wyld.

Evidence Session No. 9

Heard in Public

Questions 75 – 85

Witnesses

I: Mr Gordon Marsden MP, Chair, All-Party Parliamentary Group for Tourism, Leisure and the Hospitality Industry; Steve Double MP, Chair, All-Party Parliamentary Group for the Visitors' Economy.



Examination of Witnesses

Gordon Marsden MP and Steve Double MP.

Q75 **The Chairman:** Can I welcome you to our evidence session? We are very grateful to you for coming along. This is the Select Committee on Regenerating Seaside Towns and Communities. You should have in front of you a list of interests that have been declared by Members of the Committee. The meeting is, as you will expect, being broadcast live via the parliamentary website. A transcript of the meeting will be taken and published on the Committee website, and you will have the opportunity to make corrections to that transcript where necessary.

I am not sure it is an interest, but I ought to declare that I am a friend and close colleague of Gordon Marsden; we live in the same fine city.

Baroness Valentine: I should declare that I work in Blackpool.

The Chairman: Jolly good, that should not trouble us too much. I am going to ask the first question, which is to both of you. What do you see as the one key challenge faced by seaside towns and communities in your constituencies?

Steve Double: Thank you for this opportunity. I also thank the Members of the Committee who came to visit Newquay.

The Chairman: We greatly enjoyed it.

Steve Double: It has been all over the local media that you were there, which is very good. I thought long and hard about this question, because it is incredibly difficult to name one key thing. Particularly for the seaside and coastal towns in my community, the combination of a number of issues creates the real challenge we face. To tie it down to one single thing is incredibly difficult. It is about low pay and seasonal pay. It is about low aspiration among our young people. It is about house prices being out of the reach of the vast majority of local people. That is exacerbated by the second home issue. It is about the challenges of recruiting good public sector staff and retaining them in these areas. It is about the remoteness and the lack of a good transport network.

It is the combination of all those things that creates what I believe are the unique challenges faced by our coastal towns, particularly in places like Cornwall. I found it very difficult to sit down and think about what the one key thing is. I would say to you that it is the unique combination of all those factors that creates that challenge.

Mr Gordon Marsden: It is a great pleasure to be here. I am very grateful that a number of you will also have been on the visit to Blackpool.

I probably have the same issue as Steve in terms of trying to hone this down. Perhaps I can give a slightly conceptual answer. I believe that seaside towns and communities, in most but not all cases, have more in



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common with each other, even if they are 50, 100 or 200 miles apart, than with towns 15, 20 or 25 miles inland. I am not claiming any particular exceptionalism for Blackpool, but, because we have been for nearly 100 years the biggest and, in terms of numbers and many other things, most intensive seaside and coastal town, some of the issues have been at their most acute in Blackpool.

These are issues that could be summed up for all seaside towns in the words of Dean Acheson. After the Suez crisis he said, "Great Britain has lost an empire and not yet found a role". If you take that in its broadest sense, referring to seaside towns and their loss of the "empire" of the secure two or three-week holidays over the last 20, 30 or 40 years, that has been the challenge, certainly for us in Blackpool: to find new roles and new types of economic activity that maintain the visitor base, while having to cope, alongside that, with a wave of deprivations in terms of housing, low skills and social cohesion. There are also issues of transience and the continued impact, not of visitors, but of people coming to live in the town and sometimes moving very rapidly within it.

It is about how you strike the balance between transforming the strengths that have made a town like Blackpool distinguished and famous, and addressing these continuing waves of deprivation and the stuttering economic activity we have had for the last 30 years at least.

The Chairman: That is interesting. You have both provided us with a very valuable general overview of some of the difficulties you face. Now I would like to move in on one of those areas.

Q76 **Baroness Wyld:** Picking up on your point about continuing waves of deprivation, I was on the Blackpool trip, and one of the themes that came through, which has come through in a lot of the evidence we have taken, is around what happens to young people in the school system, particularly in the transition from primary to secondary school. Blackpool Council—and it is not alone—said that gains made from pupil progress in primary school often fall away as they go into secondary school.

I wondered whether you might both reflect on that from your different experiences of your constituencies. From your point of view, are there national policy interventions needed to address this?

Mr Gordon Marsden: It is a big question. I should also declare an interest—it is not an interest in the narrow sense—in that I am shadow Skills, Further Education and Higher Education Minister as well. I am looking at this from a Front-Bench perspective but also very strongly as a local MP.

Yes, what you have picked up on is spot on. The transition, particularly from primary to secondary, is always difficult. Having sat on Education Select Committees in the 2000s and taken part in inquiries, I have seen that very strongly. Many of the issues in Blackpool with the education and skills system are historic but, through my casework over 20 years and people coming into my surgeries, I have seen a particular pinch point



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between primary and secondary. I have to relate it, however briefly, to what I said about transience. Transience brings all sorts of people into the town and it results in a skewed demography in Blackpool. That is possibly true of a number of other seaside and coastal towns, although I do not have the stats to demonstrate it here and now. That means we have a larger-than-average number of older people; we have a larger than average number of younger people, and a smaller than average number of people in the middle. That has all sorts of economic consequences in the local economy. We are part of one of the Government's new opportunity areas, and I welcome that strongly, although it is still early days. But that puts peculiar pressures on the school system. If I think of three or four of the primaries in the centre of the town, for example—and this has not really changed over the last 20 years, while I have been an MP there—the turnover on the roll, the transience turnover, can be anything between 30% and 60%.

On top of that, many of the families that have lived in the town historically, sandgrown'uns, as people born in Blackpool are called, have a number of children with special educational needs. Many of the families that come into Blackpool, possibly with very little wherewithal, money and the rest of it, bring children with those issues as well. It is no accident, therefore, that we have three very good special needs schools in the town, but that puts a great pressure on the local authority.

You always have to remember that Blackpool is a unitary authority, but a relatively small unitary authority. The funding changes there have been for the council, and indeed the educational changes, such as stripping away the council's ability to look at schools projects as a whole, in strategic ways—I am not making a party-political point here, just an administrative one—have made that job more difficult. That is at the school level.

Over and above that, there are the issues of transfer at 16 and beyond. We have a very good sixth form college, Blackpool Sixth Form College, and an excellent FE college, Blackpool and The Fylde College, which now has university status. We have some really good schools and educational institutions in the town, but they are challenged by both resources and the peculiar issues around transience. It is, for many, like pushing the stone up the hill. You get so far and then it comes back again.

The Chairman: Is it the same with Cornwall?

Steve Double: We face many similar challenges. We probably have a less transient population in Cornwall. A lot of people come in, but they tend to stay, and a lot of people are very proud to have been born and raised there. One of the biggest challenges we have among school-aged children in Cornwall is that of aspiration. Often, it is not about the aspiration of the children themselves. When I go and talk to headteachers, they talk about the lack of aspiration in parents for their children as being part of the problem. I am a great believer that the greatest single impact on any child's education is their parents and the home they are brought up in. That often comes from a lack of opportunity that the parents experienced, and they



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therefore do not have any great aspirations that their children will be able to break out of that and achieve anything further.

I count myself incredibly lucky that I managed to stay in Cornwall and make a reasonable living and reasonable life for myself. Most of my contemporaries at school who wanted to really get on had to leave Cornwall in order to achieve that. They have started coming back later in life, but they had to leave to pursue the careers they wanted. For me, it is not just about having the right education environment to educate and give people the right skills; you have to then match that with the opportunities locally for young people to aspire to. If you do not do both, you do not really solve the problem. A lot of it is about aspiration. As I say, a lot of that is to do with parents and getting them to really have aspirations for their children.

Mr Gordon Marsden: Can I say how much I agree with Steve about the crucial role of family? One of the things I have been looking at, from a national but also a local perspective, is how we get that aspiration and that spark. There are some very good things going on in Blackpool, with Teach First and things such as that. But, if you want to reach young people from families who have not had high education attainment, it is essential to get the spark of enthusiasm, whether it is for going to university or for going into a decent apprenticeship much earlier—I speak now from a shadow Front-Bench point of view—than universities, employers or apprentice schemes have historically dealt with them.

Baroness Wylid: On your point about aspiration, I went to a comprehensive school in Newcastle. I came from a loving and supportive family who wanted me to do better than they had done but would not have known about the different routes that were available. My grandparents came from a coal mining background and told me I could be the best I could be, but would not have had the first idea about what business opportunities were available. I wonder whether that is the case in a lot of these households: it is not that the parents do not want better for their children; they just do not know how to open the world up to them. This is really my question: how can business be brought in; what more should business be doing? Teachers are obviously key to this. Can the Government do more to attract good teachers who can open that world up to those sorts of children?

Steve Double: The constituency I represent has a possibly unique environment: it is a coastal area, a heavily tourist area, but it also has historically been a big mining area, with English China Clays. That used to provide a great deal of employment and good career opportunities. It was one of those companies where, if you went in as a boy, you stayed, and there was a good chance your children would follow you. That has diminished. It used to provide a lot of the jobs that local people aspired to. There were engineering jobs; all sorts of jobs were created there. As that has diminished, those opportunities have been lost. There is this sense: other than tourism, working in food processing or whatever, what is there? Part of what I am passionate about is getting diverse opportunities into



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Cornwall so that young people can aspire, but you are right. Our local LEP has done some great work in trying to help with that and provide clear pathways for young people to get the skills and opportunities that are available. It is an ongoing challenge.

Q77 Lord Mawson: I was recently in St Annes, which is just up the road from Blackpool. I began to discover that lots of millionaires and very successful entrepreneurs live in St Annes, literally just up the road from Blackpool, with life stories and experience, and certainly very serious aspirations. One of the things I worry about a lot is that we become overreliant on government, processes, strategies and all that stuff that never quite cuts the mustard if it is about aspiration, because aspiration is about people and relationships.

Our experience in the East End of London for many years was that, while those things might have a role to play, it was not so much about those structures, which often did not quite work for this kind of stuff but about building our own relationships with business and individuals, and being purposeful about that over time. I cannot speak for Cornwall because I do not know about that, but it seemed to me that, in the Blackpool and St Annes world, there is a whole set of people already there. I just wonder how much energy is being put into building relationships with people who are clearly aspirational and have masses of entrepreneurial knowledge in life. I worry that, if we simply follow these processes too much and do not get into the people business, what we want to happen will not actually happen.

Mr Gordon Marsden: If I could respond to that briefly, I am sure my constituency neighbour Mark Menzies will not mind me saying this, but you are absolutely right about St Annes, or possibly more right about Lytham than St Annes, although the two sort of merge into each other. If you go into the centre of St Annes, you have the same issues with things such as houses in multiple occupation, although not on the same scale as in Blackpool. The dividing line is not quite so sharp that, as soon as you get to the end of the tramlines and the illuminations, the whole thing changes.

Historically, Blackpool has had both very well-established business communities with connections and people who come in from outside. That is the history of Blackpool. There is sometimes conflict, sometimes competition and sometimes collaboration. However, on the key issues, you are right to say that we need to get away from the idea of government departments simply as processors of money that comes down and is minted out of the bottom, like Willy Wonka's chocolate factory. That is something that has been difficult over the years with a lot of these initiatives.

We need to have a much more horizontal set of co-operations locally. This is true not just of seaside and coastal towns, but it is particularly important for them. I also believe—and this is probably a bigger area than we can talk about today—that the world we are moving into in the 21st century, particularly post Brexit, is going to mean that many of those solutions have



to be done at the sub-regional and regional levels, not simply processed through central government. If we do not give people the opportunity to work together—as they have in Blackpool with the opportunities area and the group that was set up to look at Blackpool in 2030, Business in the Community, whose excellent report has just come out—and if we do not look at it from both ends, making the case to government but also doing these things and using this collaboration locally, we will miss a trick.

This comes back to education, but could equally be applied to the NHS. One always has to remember—this sounds like a silly and self-evident thing to say—that seaside towns have only 180-degree land access. That is very important, because it means that we are always out on a limb of some sort or other. It might be a very attractive limb, but attracting young teachers and young NHS professionals can be extremely difficult.

The Chairman: We touched on that in some of our earlier presentations.

Steve Double: That also applies to the opportunities that people living in those areas have. I have often made the point that, if you live in the middle of the country, you have 360 degrees. If you are prepared to travel an hour to find a job, you have literally hundreds of thousands of job opportunities. If you live in Penzance, the land available to you in an hour's journey is only a few degrees wide. Therefore, physically, your opportunity of employment is probably about an eighth of what it is in other parts of the country. That challenge is not recognised enough in government policy.

The Chairman: That is a very helpful point.

Q78 **Lord Lucas:** Do we need further education courses where the staff and students work in the hospitality industry in the season and then study in the off season?

Steve Double: We need to raise the bar of the skills part of tourism and hospitality. I am very pleased that the Government are looking to bring forward a T-level in hospitality; I am disappointed that it is being kicked down the road a bit, particularly with the challenges we are going to have around leaving the EU and staffing the hospitality sector. We need to bring that T-level forward. We really need to present the hospitality sector not as a fill-in job but as a great career opportunity. There are huge career opportunities for young people starting out in the hospitality sector. Just a few weeks ago, I was having dinner with—I will not name him—the chief executive of one of the biggest pub companies in the country, who started as a teenager, working in a bar in one of those pubs, and has taken on training, risen through the ranks and is now the chief exec.

We need to tell those stories more often, to show that going to work in a bar in Newquay is not a dead-end, fill-in job; it is the first step on the ladder of a potentially very good career. It is about raising the bar. Having people who really understand the tourism sector educating our young people in further education would be helpful in doing that.

The Chairman: That is an issue we will feel obliged to comment on,



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because you are right and there is an issue about aspiration within that part of business.

Mr Gordon Marsden: Could I extend your question slightly, Lord Lucas? I entirely agree with what Steve has just said. This is a really important issue in terms of the future of skills, period, speaking in my Front-Bench role, but also as an MP for Blackpool. In my constituency, I still have 400 to 450 operating B&Bs, and, when you add in the rest of the tourism industry, the people factor there is probably 10% or 15% across the entire constituency. The real thing that we need to remember, looking to the future beyond Brexit or beyond automation, is that there are two areas where we are going to need more and more skills in the next 10 to 15 years, although I suppose robots could do some of it. One is the hospitality area, because we hope and expect that people internally will still have some leisure time that they want to expend and use, and we will still have lots and lots of visitors. The other area is health and social care.

Both of those are service sectors where you need that range of skills and where you need to get the right balance, coming back, Lord Lucas, to your particular point, between formal skills and the informal experience. How you do that, perhaps through apprenticeships, is a big challenge. One of the issues to do with T-levels at the moment is how you get the work placements into them. I am in no doubt that sector skills and qualifications in service areas such as the visitor economy but also health and social care will be crucial generally, but very specifically in seaside and coastal towns.

The Chairman: We have about half an hour left of this session, so we will have to make progress pretty quickly. Let us keep our questions and answers sharp.

Q79 **Baroness Whitaker:** I would like to ask for a little more detail about local schemes in your constituencies that have been successful exactly in raising aspiration and promoting the enhancement of skills training. I would be particularly interested in whether there is a gap between local business needs and the higher skills that will really lift the economy and raise expectations.

Steve Double: I can give you one example where we are starting to see some good progress on that, which is with the Eden Project. I am very fortunate to have the Eden Project in my constituency. They are running an apprenticeship programme in that iconic setting, which in itself is inspiring, for people in horticulture, for chefs, and for those doing front of house in hospitality. They are really doing well in recruiting young people and giving them the skills and a great combination of experiencing working at the Eden Project while being trained in hospitality. We have a huge shortage of good trained chefs in Cornwall and other parts of the country. They have identified this area and provided the inspiring setting of the Eden Project to give people the training and develop the skills they need to go on. That is one place, although there are others, where good work has been done.



Baroness Whitaker: Do environmental skills come into it?

Steve Double: Yes, they run those as well. I was particularly talking about the hospitality sector. They are really starting to do some good work in this area. There are examples of it beginning to happen.

Mr Gordon Marsden: In terms of the local council, I can give you three examples, two tied very specifically into internships and apprenticeships, and one with small businesses. The council has had a very successful Get Started scheme since about 2008. It was originally done on the back of the funding scheme that Alistair Darling brought forward, and they have taken it over. That has helped over 1,200 businesses to start since 2007. Using local advisers, they bring people along and give them the skills to maintain their businesses, with financial packages and the rest of it. I have been to many small businesses, on Small Business Saturday and other times, that have benefited from that. The absolutely inspirational figure of Geoff Reeves has so much enthusiasm for that.

The council is not able to do the things with apprenticeships that it was three to four years ago, and I am afraid, again, this is due to funding. There are two particular things I would like to speak about, one of which I have visited personally. HeadStart is a five-year lottery-funded programme that gives full-time apprenticeships to 16 to 25 year-olds. They are covering a range of different areas: business administrative, working with children, young people and families. They are dropped into schools, youth clubs and the rest of it. They are helping develop resilience, particularly on issues to do with mental health. The second one, which has just started for the fifth year, is a supported internship for young adults with learning disabilities. I talked earlier on about the large number of young people with special educational needs. Those are two council things.

In the broad scheme of things, there are masses of small businesses that could benefit from an apprentice. We have the Federation of Small Businesses just next door. They and I, alongside various other groups in the town, including the council, try to encourage those small businesses to take them on. It is not just about money holding people back; it is about back-room administration, and there are things in that area that need to be addressed. Then we have the traditional areas, because you have to remember that, in terms of high-tech or traditional engineering, and the supply chain across Lancashire, a lot of people go to work in the defence and aerospace industry. Hundreds of people in Blackpool are employed and get very good apprenticeships through BAE Systems. Even more of them work in the supply chains of the small businesses that fuel the aerospace economy.

The Chairman: Shall we move on? I think we are going to talk about housing at this point.

Q80 **Baroness Bakewell:** We have often heard, from you and others, that seaside towns experience a distinct set of challenges around housing. Former tourist accommodation has often been converted to poor-quality



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housing stock with a prevalence of HMOs, attracting a transient population. Do local authorities have sufficient powers and resources to address this issue? Can we start with Blackpool? The statistics we have here for Blackpool are absolutely hair-raising: 58% of the private rented stock is made up of one-bedroom flats and bedsits, and over 80% of private tenants in inner Blackpool receive housing-related benefits. How can you break this circle?

Mr Gordon Marsden: Again, it is a long-standing issue. I remember when I was first selected as a candidate in Blackpool in the early 1990s, and I went to a hospitality area with two redundant hotels in the middle. The owners in the area were not happy with that. They had been turned into unlicensed HMOs. I went in the front door, and the first thing I saw was a child's tricycle and some needles in a corner. That was 25 years ago now, but nevertheless some of the same issues still need to be addressed although I am not suggesting they are as bad as they were then. There are a number of things causing this. It is historic.

If I can refer again to the Business in the Community report that was produced recently, they have some very sharp words to say in this area. I shall simply quote what they say: "With little alternative market for these flats", which are converting for rent to maximise their returns, "rents reflect the housing benefit levels set and paid by government through the local housing allowance regulations. These are set based on rents". The rents "are not linked to the quality of the accommodation, nor to its real market value, but the artificially high rental yields make it expensive" for the public. That is part of the failing economic model in those areas.

Baroness Bakewell: Housing stock needs investment and money. Does the council have the resources to do anything?

Mr Gordon Marsden: At the moment, the council does not, for the reasons I have explained, have the resources to do those major things. They have been able to do things with the new homes bonus and other such things. Indeed, there are two new and rather good areas of housing right in the centre of the town, which historically is a partly tourist area. They are doing what they can. The truth of the matter is that, given the economic model of this area at the moment, government has not done anywhere near enough to support the selective licensing schemes that places such as Blackpool have introduced. In fact, in some cases they have been relatively obstructive, I have to say.

There is a new development. I do not think this is particular to Blackpool, but it is a particular threat. Blackpool is full of "Coronation Street" houses, if I can put it that way: little terraces. You will know them too well. The historic model has been of people who have lived there; their families have lived there all their lives; maybe they have died and maybe they have been passed on. These are owner-occupied.

Now, house prices in Blackpool are low—there has only been an 8% rise in house prices there since 2008—but this is accompanied by low salaries,



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meaning that people in Blackpool cannot get on the ladder to buy those houses. Many of the houses in those terraced streets, which were wall-to-wall owner-occupied five or 10 years ago, are now being bought for let. The Chancellor's incentives in 2014 and 2015 have accentuated that, to some extent. That is bringing some of the same issues with HMOs, although I am not saying that everybody who goes into a buy-to-let is in this position. If you had asked me 10 or 15 years ago a question about the biggest problem with housing in Blackpool, I would have talked about HMOs. I would now say that buy-to-let is beginning to come into that area as well.

Baroness Bakewell: I do not know Newquay nearly as well as I know Blackpool, but you must face some of these things.

Steve Double: I do not think we have quite the same scale of problem with HMOs in Newquay. In Newquay, we see a lot of former hotel sites—hotels going out of business—being taken over, being demolished and apartments being built on them. A lot of housing development is going on, on the outside of Newquay. Those of you who visited probably saw that there. There are potentially over 3,000 houses to be built on the edge of the town, which will almost double the size of Newquay. That housing is needed in Cornwall. But the big challenge is, as Gordon highlights, the pressure that buy-to-let puts on the housing stock, which then drives up prices so that it is out of the reach of local people.

Baroness Bakewell: When you say buy-to-let, would you include in those numbers the second home?

Steve Double: Yes. There are two things, which in some ways have the same impact on house prices. One is people buying homes to be a holiday home. That tends to be not in the major housing developments, but in the more coastal villages and smaller communities. In places like Newquay and St Austell, the other major town in my constituency, we see a lot of homes being built for buy-to-let purposes on all new developments. That keeps prices high and keeps them out of the reach of local people.

Baroness Bakewell: Are there any checks on that?

Steve Double: First, the Government have tried to put some checks on it. They have taken various steps. You cannot count your interest on a second home buy-to-let mortgage against tax, which has certainly helped. The 3% stamp duty premium on second homes has gone some way. Some communities in Cornwall, including one in my constituency, Mevagissey, which has a real problem with housing for local people, have taken the step in their neighbourhood plan to say that all new builds can only be bought by owner-occupiers.

Baroness Bakewell: Do they have the authority to do that?

Steve Double: They have been able to do it. It has been challenged in the court and it has gone through. I understand why communities want to do



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that, because they want to feel that they have some control and that new-build properties have to be available for people to live in, not used as either buy-to-let or holiday homes. Time will tell whether it works. I am concerned, and there is evidence to suggest this, that it stops new development happening, because you have limited the market. Then it increases the value of the existing housing stock that is available for purchase for second homes, so you put the existing housing stock even further out of the reach of local people to buy it.

Baroness Bakewell: You increase the divide.

Steve Double: The jury is still out on how effective this measure is. But I absolutely understand why some local parishes have wanted to put this restriction on, to feel that they have some control over new residential development.

Mr Gordon Marsden: In all fairness to Blackpool Council, I should add that it has tried to intervene strongly in the housing market, using things such as the new homes bonus, but now by establishing a Blackpool housing company. There has been a process of buying strategic properties in strategic areas and doing them up, for want of a better word. Sometimes it works; sometimes it does not. Previous attempts, four, five or six years ago, were sometimes not as successful in intervening in the centre of the town as we would have liked. Now it has the Blackpool housing company, it is working very strongly in that area, but capital is always the issue.

Baroness Bakewell: Why would it not work?

The Chairman: We have had evidence on this. We visited a couple of the locations and they were very impressive interventions, I thought. The model they were using was of value, so we will be able to reflect on that.

Lord McNally: I do not know whether it is an urban myth that Blackpool in particular, but other seaside towns, has been forced to accept the problems of the big cities. So in Salford, Manchester, Liverpool or Birmingham, they say, "Here is your ticket. Go to Blackpool. They will house you".

Mr Gordon Marsden: I am not sure it is entirely an urban myth.

Lord McNally: No further questions.

Mr Gordon Marsden: I am not saying that is the responsibility of the councils, but it is true that lots of people come to Blackpool, and I suppose to other seaside towns, to get away from family problems and other sorts of problems. Whether they were put on the train by a council or anybody else, this is the continuing pressure. People often arrive in Blackpool with lots of complex needs. The council has a very difficult balance to strike between how far you welcome those people and how far you focus on the existing residents. We have a very, very good youth charity, Streetlife, which is particularly good in dealing with some of the young people coming to town, but it is very difficult.



Steve Double: It is a myth in Cornwall.

Q81 **Lord Shutt of Greetland:** Can we come to the Coastal Communities Fund? Do you have projects in either of your constituencies that have benefited from funding from the Coastal Communities Fund? What is your assessment of them and the adequacy of the funding provided? Are there any gems of projects in your consistencies that you think ought to have benefited and for some reason just did not?

The Chairman: I am going to ask Janet to ask a question as well, because they run together and that will help us speed up.

Baroness Whitaker: It is going to come to an end, as you know, in 2020-21. Do you have a thought on what should happen then? Should it be continued, amended or replaced?

Steve Double: I have had two awards dished out from the very recent coastal communities grants. One was just under £1 million—£800,000—to Kneehigh Theatre Trust, which is a local theatre trust in my constituency, and one was just over £1 million to the St Austell Bay Economic Forum, specifically to carry out work to revitalise the St Austell town area. I have to say Cornwall did very well. Other areas in Cornwall also got awards; Cornwall got about a third of the overall awards nationally in the last round, rightly so, because we have the biggest part of the coast for a single area in the country. It is too early to tell from those about the impact of it. We wait and see. Previous awards have been much smaller. These are the first, as far as I am aware, of what you would call the substantial awards.

It is very important that the Government continue to support coastal towns. As for how that happens, I am open. We clearly have the potential of the shared prosperity fund coming forward, which is primarily designed to replace European funding. As for whether the Coastal Communities Fund is rolled into that going forward, I am very open to that, as long as there continues to be a specific, focused pot of money to support coastal towns within it. That is the crucial thing. A lot of good can be done by having a programme that is much more flexible and less bureaucratic than we have had with the European programme, and administered much more locally, in order to spend it on the things we really need to spend it on. As long as there is a programme, what we call it I am not that worried about.

Mr Gordon Marsden: To the first point, in the first two or three years of the Coastal Communities Fund we did not fare terribly well. One has to remember that it is a successor fund to the Sea Change fund that the Labour Government introduced in 2008. The fact that there was a gap of two or three years was not terribly helpful. However, having said that, in the last two years we have had four awards, all in different areas. We had a significant award of £2 million for a transformation of the Blackpool illuminations. That included new light shows, new digital events and features. Anyone who has been to the lights this year—and we have Lightpool on at the moment, which is a moving thing around the town—will have seen some of the fruits of that. We are developing a new modern



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conference centre within the town's iconic Winter Gardens. We got £2 million for that back in March 2017.

Literally in the last month—this is really important because it makes the point about the balance between tourism and particular needs in the town—nearly £1 million went to Disability First. That is a partnership I know extremely well, which has been run for about 25 years. It has an inspirational leader called Alan Reid. That operates in Blackpool, Fylde and Wyre—Fylde includes St Annes and Lytham, and Wyre goes further up the road to Fleetwood—to give training courses for businesses and for volunteer guides. Again, the large number of people with disabilities in and around the Blackpool area makes that particularly valuable and useful for local communities.

What happens to CCF? Personally, having had experience of what happens to big funds that do not have particular things attached to them, I would like to see CCF continue as such, not least because at the moment, to put it at its kindest, the shared prosperity fund is a vision rather than being detailed. It is really important, and CCF has had some issues in this area, that it has more streaming between different types of funding. It is a bit of a smorgasbord. Any process like this is going to throw up anomalies, but a more strategic approach would involve government making funding available on a more strategic, long-term and medium-term basis. Although it is important that DCMS continues to be strongly involved, this is not simply a DCMS issue. It is an issue for other departments as well.

Baroness Whitaker: It could have subdivisions, such as for the high street.

Mr Gordon Marsden: Yes. It is a relatively modest fund in terms of funding, so I would not want to see too much of it swallowed up in administration, but I would like to see perhaps a little more internal structure and definition.

Lord Shutt of Greetland: Neither of you has disappointments. You are happy that you have got your money.

Steve Double: I would always like more money.

Lord Shutt of Greetland: It is all right saying that, but are there any things where you think, "They really ought of have done this", "They had some silly criteria and it did not work", or whatever? Are you happy that those that put in a decent bid got it?

Steve Double: Yes, as far as I am aware.

Mr Gordon Marsden: We took a big punt in the 2000s on something called a casino. We did not get the casino but, on the back of continued and wearisome lobbying, we got money for our tramway. Sometimes you get things but not in the way that you expect.

The Chairman: We will probably keep clear of the grief on the casino.



Q82 **Lord Smith of Hindhead:** I was going to ask why there is an APPG on the visitors' economy and an APPG on tourism, because it seems to me that the two are exactly the same and you might want to think about combining. That is probably too difficult a question to ask.

Steve Double: One of us would be out of a job.

Lord Smith of Hindhead: You could have a vice-chair or something. Instead, I would like to ask Steve the question about Newquay Safe. On the Committee's recent trip to Newquay, they heard about the project that is being run there. I am interested in this, because I am the chairman of Best Bar None, which is the Home Office-backed scheme that promotes responsible alcohol consumption and higher professional licensing standards throughout the UK. What is your assessment of this initiative? Should it be replicated elsewhere? I think we all have concerns about people overindulging with alcohol, particularly with the latest news of the poor young chap in Newcastle who died following a vodka binge at his university.

Steve Double: The Newquay Safe partnership came about because Newquay had some real problems, five or six years ago, around underage drinking, with a lot of school leavers coming for a weekend in Newquay, as it is a destination for stag and hen parties, and the impact that was having. We had a few unfortunate deaths in Newquay as well, related to drinking. A partnership of local businesses, particularly the local licensed premises businesses, the police, the local council, both Cornwall council and the town council, and the community came together to address Newquay's issues. It has been hugely successful. It has been a great example of collaborative working and partnership working across different sectors to really focus on addressing the issues and changing the unfortunate image that Newquay had developed as a destination for underage drinking and stag dos. Newquay has traditionally been very much a family holiday destination and people wanted to maintain that. The police were incredibly proactive, working with hotel owners and other businesses.

Famously, the mankini was banned in public in Newquay. I had to go on Radio 5 and talk about why it had been banned. It was in one sense comical, but it was a very serious issue about what image we want to present and, when families come to Newquay, what we want them to experience in the town. What they do not want is drunken stag parties walking through the town inappropriately dressed. For instance, local hotel owners and managers will say, if people come down inappropriately dressed, "You cannot go out in Newquay dressed like that. You need to go and get changed, because the police will pick you up and bring you back here". Huge credit, I have to say, goes to our local police, who do incredible work, but also the council and the licensees, who really worked together. It is best practice. It has had national recognition and a lot of places could learn a lot from what Newquay Safe has achieved.

Lord Smith of Hindhead: All the stakeholders work together.



Steve Double: Absolutely, and that is the crucial thing.

The Chairman: That seemed to be the message we got when we were there last week. It was a very impressive response from the police, I thought.

Lord McNally: I do not think we have had the mankini in Blackpool yet.

Mr Gordon Marsden: If so, it has passed me by.

Q83 **Lord McNally:** In its latest report, your APPG made a set of conclusions and recommendations with regards to the sharing economy and tourism. What implications does the report's findings have for seaside towns and communities? What special messages from that report would you like this Committee to take away with it?

Mr Gordon Marsden: It is an interesting question. We were prompted to do this by the Tourism Alliance and ABTA. We chose to look only at the sharing economy in terms of short-term accommodation, not at the bigger gig economy issues in terms of Booking.com and various other things. I might say in passing, because I have had this complaint from hoteliers in Blackpool, that the cut some of the sharing economy takes from hotels, particularly those on a very, very narrow margin, is a really big issue. In that report, we tried to say that we are not opposed to this new development. It is addressing a market out there, but you have to look at the problems on the ground in terms of displaced hoteliers, if that is indeed the case. More important, perhaps, are issues of health and safety, and if you look at the report you will see we are very concerned about some aspects of that. As for how it would actually pan out in general terms across seaside and coastal towns, I am not that sure.

In Blackpool, for example, given that we have a very, very broad range, the sharing economy, in the sense that it has mushroomed elsewhere in city and town centres, is not going to be a particularly strong issue. In the area where my office is and where I live in South Shore, for example, where there are lots of small hotels and a very big range of accommodation, it is not going to be so big. We took some evidence that this is potentially an issue for some smaller seaside towns on the coast.

From memory the evidence we took from the south-west accommodation organisation was about the sheer mushrooming of Airbnb-type things there, which is completely impossible for the local councils and fire brigades, because of their resources, to address. Those are really big issues. As I say, they are not just seaside and coastal towns; they relate to internal tourism as well. Blackpool is a small unitary, but many of the other seaside towns where this is taking place are second-tier seaside towns. We were given evidence that they simply cannot cope with trying to investigate or register these people.

Lord McNally: Steve, when we were in the south-west, we got some hint that that was beginning to be a problem.



Steve Double: There are two issues. In Cornwall in the peak season, where everything is full, the Airbnb-type arrangement is in one sense a very positive thing, because it provides additional accommodation so more tourists can come. At other times of year, there is a concern over the impact it has on the established providers. There are the online booking companies, which, as Gordon says, take a huge commission. Then there are other issues, in terms of the discounts offered that are not real discounts. I know of one hotel owner at the cheaper end, who provides very basic accommodation for surfers. One of the online companies—I will not name it—advertised his rooms at twice the price that he normally charges, but at a 50% discount. The problem is that people turn up expecting a £150 per night room. It is not; it was only ever a £75 per night room, but they expect that. Therefore, he gets a lot of complaints because of that. The impact is significant.

Then there is the commission. They literally take millions of pounds per year out of Newquay's economy by the commission that they charge. It is one of the challenges we need to continually look at, as to how we can have a level playing field. That is what everyone wants: a level playing field. We do not want to limit free-market practice, but we want a level playing field for everyone to compete in.

Q84 **Lord Lucas:** Could the tourism authorities in this country do what they are doing in Australia and get some control over these organisations? Could they benefit seaside towns in other ways, more than they do at the moment?

Mr Gordon Marsden: There are a number of strategies. I do not want to drag us too much into the detail of the APPG report, but a number of strategies are being employed, such as the 90-day rule in London. Karen Buck is pursuing that. If you look overseas at what has happened in the Balearics, Berlin and elsewhere, there are various strategies to do that. Like Steve, I want to be judicious about not cracking down on these new arrangements simply because they are new arrangements. We need to have a level playing field.

But, as far as I am concerned, and certainly as far as I would be concerned in Blackpool, where over the years we have had in existing hotels some very, very dicey health and safety issues such as fires and things of that nature, I would be very resistant to any relaxation of that enforcement. I am afraid that comes at a price, and the price is that local councils need to be given more resources for their public protection officers to do it.

Q85 **Baroness Valentine:** We have touched a little on the shared prosperity fund. What should the key priorities be for the shared prosperity fund and how can we ensure that it will benefit seaside towns?

Mr Gordon Marsden: I will park my concern/cynicism about the shared prosperity fund for the moment, because—it is a serious point—until we see just how much this money is going to be and how it is going to be administered, it is rather more difficult to talk about what the priorities



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should be. However—and I do not want to trespass too much into Brexit territory—whatever happens as a result of Brexit, smaller towns, particularly seaside and coastal towns, will face particular challenges. Some of those may be exaggerated or disputed. I heard in the previous session some issues around the replacement of skills and the rest of it. I am certainly concerned in my own area, where I have a very good FE college and very good local universities, one post-1992 university, UCLan, and Lancaster, a more traditional university. The funding processes that come through the EU to benefit education, largely from European structural funds, at the moment come through the LEPs, growth schemes and regional growth schemes.

Any Government inheriting a post-Brexit settlement must put their cards on the table, but they must look, with very strong priorities, both at smaller towns, and at seaside and coastal towns and communities, because they will be, in my view, particularly at risk, for the reasons I have described. I would not want to see a shared prosperity fund that simply got everything out to the cities. What has happened in this country in the last 20 years? A lot of our big cities have done extremely well; a lot of our smaller towns have not. It has not been a deliberate process; it is just an unintended consequence. Seaside towns and communities by and large, whether they are large or small, are in a difficult position. Therefore, they should be given particular attention in any subsequent government funding that is supposed to replace European funding.

Steve Double: This is a big issue in Cornwall, which has been pretty much the biggest recipient of EU structural funding through ERDF and ESF. I have a very clear list, which I have presented to numerous Ministers, of what I want. I want a dedicated pot of money for Cornwall, not a competitive process where Cornwall has to bid into a national pot. We want dedicated funds for Cornwall as we had in the European programme. It has to be less bureaucratic and more flexible than the European programme has been. There is no point in replacing one bureaucracy with another. It needs to be focused on the real issues that Cornwall faces. It needs to be focused on outcomes rather than inputs. That is what we really need to be focused on.

We need to relax the match-funding requirements, because that is a huge issue in rural areas. EU funding has often been able to be used as match funding against other pots of public sector money. If we are losing that, we need to relax the match-funding requirements. It needs to be locally administered, so we can apply it in the way we need to in Cornwall, to the meet the unique challenges Cornwall has.

The Chairman: You want one big dollop of dosh for Cornwall and then local determination as to where it goes.

Steve Double: Yes, within clear criteria and objectives, but with a degree of flexibility we have not had with the EU programme.

Mr Gordon Marsden: I will make one final comment on that. Cornwall has particular issues and is a particular case because of the level of funding it



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has had. However that money is arrived at, whether it is called a shared prosperity fund or whatever, I come back to the point I have been making all the way through. It is essential that it is administered, as much as possible, at whatever is the appropriate level for it to be administered locally, in various different parts of the country, and that it is asymmetrical in the same way as the Government's devolution programmes are asymmetrical. It is crucially important, given the other things I have said about Blackpool and the 180-degree effect, that there is a degree of local control and collaboration. However it is done with that funding, the idea that people in Whitehall are micromanaging our future in Blackpool post Brexit is not a pleasant one.

The Chairman: It sounds to me as though you are both saying pretty much the same thing. That is probably quite an interesting conclusion. That is all the time we have to ask questions. I am very grateful to both of you for giving up your afternoon and joining us. I am sure that it will make a valuable contribution to our final deliberation. Thank you very much.



Ros Kerslake and Dr David Tudor – oral evidence (QQ 86-91)

Tuesday 6 November 2018

3.20 pm

Watch the meeting

Members present: Lord Bassam of Brighton (Chairman); The Bishop of Lincoln; Lord Lucas; Lord McNally; Lord Shutt of Greetland; Lord Smith of Hindhead; Baroness Valentine; Baroness Whitaker.

Evidence Session No. 10

Heard in Public

Questions 86 - 91

Witnesses

[I:](#) Ros Kerslake, Chief Executive, Heritage Lottery Fund; Laura Dyer, Deputy Chief Executive, Arts Council England; Dr David Tudor, Marine Infrastructure Portfolio Manager, Crown Estate.



Examination of Witnesses

Ros Kerslake, Laura Dyer and Dr David Tudor.

Q86 **The Chairman:** Thank you very much for joining us this afternoon and making your time available. We welcome you to this evidence session of the Select Committee on Regenerating Seaside Towns and Communities. You should have in front of you a list of interests declared by members of the Committee. I remind you that the meeting is being broadcast live via the parliamentary website and that a transcript of the meeting will be published on the website. You will have the opportunity to make corrections to the transcript where necessary.

Let us move to the first question, which is directed towards the Arts Council. What role can investment in arts, culture and heritage play in the regeneration of seaside towns?

Laura Dyer: From an Arts Council point of view, we have three key types of investment that contribute to seaside communities. The first is the core funding that we give to organisations over four years. That creates stability and long-term investment and can often support organisations that may be the only year-round offer for residents in areas that otherwise have very seasonally driven facilities. They also offer value and skilled employment. We currently support 49 national portfolio organisations, as we call them, in seaside towns. That is a total investment of just over £64 million. They employ just over 1,200 people, who are often in higher-value paid jobs than many other jobs in the area, particularly tourism-driven jobs. Examples include the Stephen Joseph Theatre in Scarborough, More Music in Morecambe and the Focal Point Gallery in Southend, so there is a range of organisations.

We also have what we call our development fund, which is about filling gaps or funding particular initiatives and challenges. Through that, we fund things such as capital projects—for example, the Turner Contemporary in Margate, which I will return to when we talk about impact. Another area is called Creative People and Places, which is about how you engage with young people and people who are not currently engaged with the arts, giving them sustained ways of taking part in arts and culture. There are a number of seaside places involved in that, such as South Tyneside, Sunderland, Medway and Swale and South Northumberland, with a range of different opportunities to engage. We undertake the Great Place Scheme with our colleagues at the Heritage Lottery Fund and Historic England. That programme is, again, about how you integrate arts and culture into other social agendas and other key strategies for an area. We also have our lottery open access fund, to which anyone can apply. We encourage voluntary organisations, professional artists and community groups to apply to it, too. What that can help do is drive a kind of opportunity and create facilities and cultural experiences for people in those places.



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Ros Kerslake: It might be worth taking a second to explain how the Heritage Lottery Fund works and how it gives out its funding. We fund a hugely wide range of heritage. We made an early decision not to define “heritage”. We allow people to come to us and define why something is to them part of their heritage. We cover the full breadth, from national heritage to museums to buildings to churches to intangible heritage to community heritage—an enormously wide variety of projects. Interestingly, seaside towns have applied to us successfully across the full range of the funding streams that we have. We see that they are actively engaged with the Heritage Lottery Fund. In fact, since we were set up in 1994, we have funded £373 million into seaside towns in more than 2,000 projects.

That is using the definition of coastal towns that I know that this Committee has used. If you were to broaden it and cover areas that we might consider to fall within it, the sum would be much more significant, picking up areas such as Portsmouth and Bristol. Our experience is that there is a significant element of heritage in coastal places and seaside towns that can benefit and has benefited from our funding. We have had some great examples of being able to invest in a way that we think has had a long-term impact—we are coming on to impacts in a moment. Certainly, our statistics show that heritage-led tourism is a huge part of the economy. Our last piece of research—it is slightly out of date—showed that £26.4 billion was the contribution made by heritage tourism to the overall economy. We feel that our funding is a significant underpinner of that achievement.

The Chairman: This is a supplementary question for both of you. When you are making a capital allocation or rolling allocations, is part of the judgment around the wider impact that that will have on a locality? I am thinking about Margate and the Turner Contemporary, because there is evidence that it is changing the nature of part of the town. Is that part of the thinking process behind making an allocation?

Laura Dyer: Yes. We will have different elements linked to different programmes. Always at the heart of it for us is the strength of the creative idea and the ambition that sits within it. We recognise that there will always be wider benefits. In terms of capital, we often look at resilience and the contribution to the economy. In the past, many of our capital projects have had a range of funding, including ERDF, so they have often been linked to the creation of jobs and spillover impacts. All that will play in. In all our programmes, we nearly always have balancing criteria around geography. We always want to make sure that we have a spread of investment in types of place, with the sense of different communities and different needs.

Ros Kerslake: Similarly, we work on an outcomes-based model. We ask any organisation that applies to us to demonstrate how the project will reach the outcomes that we are trying to achieve. A number of those outcomes are about the place and community in which those investments take place. One of them is about the place being better to live in, work in or visit and about the economy being boosted. It is very much focused on



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how our investment has led to an impact in the wider area, as well as the benefit that the project itself brings locally to people.

The Chairman: What is the dialogue between your two organisations about funding?

Ros Kerlake: We work very closely together. We have a regular dialogue both at the strategic level on what we are trying to achieve and at the local level about particular projects, not least because there is sometimes an interplay between our two types of funding, so we need to ensure that we are aligned.

Lord Lucas: I know that is early days yet, but has what you have seen so far from the Cultural Development Fund applications encouraged you that maybe this is something that we should repeat and that might have a particular application to coastal communities, where cultural people love to live but where there is not much for them to do at the moment?

Laura Dyer: We are at the early stages. We have just had the full applications in and we are in the process of assessment. What was clear was the huge demand for a fund of this type. We had an early stage, which we call our expression of interest stage, where we asked people to outline without making a full application. We then advised those whom we thought we wanted to invite to make a full application, to save the time and energy of applicants. We had more than 90 expressions of interest for the fund—a huge demand—and coastal communities were part of that. It presents a real opportunity. We also see huge opportunities in the Shared Prosperity Fund. We want to make sure that culture is at the heart of that thinking, too. Obviously, we are playing a key role at the moment on how you ensure that arts and culture are at the heart of local industrial strategies, for example. There is a suite of opportunities moving forwards and we need to make sure that culture is part of that conversation.

Lord Lucas: Who gets to say if the Cultural Development Fund repeats?

Laura Dyer: I guess that it will be part of the spending review process. The Secretary of State has indicated that it is at the proof-of-concept stage, which is what we will be looking at in terms of the programme. I am sure that conversations will be ongoing in the next spending review.

Lord Shutt of Greetland: Where do both of you stand on what I would call “bread and butter” and what I would call innovation? Many people go to the seaside and find that it is the cuddly place they have been to regularly, and they want the same menu. Yet I know that arts people in particular think that innovation is a wonderful thing. Where do you stand on supporting the bread and butter?

Ros Kerlake: You can take two views. Much of what we do on investing in protecting heritage is about people protecting things that you could say is part of that bread and butter; it is about the things that make places distinctive. Some of the research that we have done with the RSA on the



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heritage index was specifically about what makes places special: what is their identity about? That ranged from locally well-known foods like the Cornish pasty through to buildings, through to famous people associated with a place. So we are taking into account a really wide range of factors regarding what heritage is about and what makes places distinctive. Absolutely, the work we do is about supporting that. Having said that—I am not sure that this is quite the point you were getting to—our experience is also that one of the reasons why some of these places are struggling is that they need to reinvent themselves and to appeal to new audiences. So we absolutely also support elements of heritage which are looking for ways to bring new people in and present themselves in a way that brings new audiences.

Laura Dyer: I would like to add to that. In my early career I worked at Southwold Summer Theatre and then at the Princess Theatre in Hunstanton, so I have a lot of experience of that kind of traditional seaside support. But you also have to be careful not to underestimate people's appetite for something different. If you look at Skegness and Mablethorpe, they did a very successful project called "Structures on the Edge", which was about inviting artists to reinvent the beach hut, and it got an extraordinary amount of interest from local people. There were some quite wacky and bizarre styles and some quite interesting and innovative ones, but the community responded to that, because it was a kind of style and vernacular that they understood; they were excited to see how that might be reinterpreted and invested. You can have both.

Q87 **Baroness Whitaker:** What role do you think the Crown Estate should play in supporting seaside towns and communities, and what more could it do to support regeneration in these areas?

Dr David Tudor: Thank you for the invitation to be here. I will explain briefly the role of the Crown Estate. We are an independent real estate business. Our role is defined in the Crown Estate Act, which is very precise in its clear commercial mandate to us: to maintain and enhance the value of the estate and to increase the income from it, under the due regard to good management. For us, it is important that we do that and are very clear on that, and it is important for you to realise that 100% of our profit goes to the Treasury.

When it comes to the coast or the seabed, it is also important to be clear on our role. Our responsibilities relate to the seabed, which is the area from no water out to the sea—seaward—and also the foreshore, which is that narrow strip from low water to high water. It is extremely rare that we have any ownership or role above that, on the back shore or in the towns beyond it.

The answer to your question about our role in the regeneration of seaside communities is very much in relation to that. Our role is to enable economic activity on the seabed, and we do that essentially through leases and licences for people who want to do those activities. We issue a permission once someone has got their statutory consent, whether that be planning



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permission, a marine licence or a development consent order from the Planning Inspectorate.

In essence, we enable economic activity—obviously, we return that profit to the Treasury—through that direct income to Treasury and through the indirect economic benefits that flow from those activities. A good example is renewable energy in the form of offshore wind. By opening up areas of seabed for offshore wind, the benefits from those developments flow through to local communities, whether that is the Port of Ramsgate, or with the Siemens blade factory in Hull—lots of benefits flow that way. We see our role in doing that well, and we are proud of our role in allowing access to land and to the seabed and the foreshore.

Baroness Whitaker: Do you think that you could do more? Would you like to do more?

Dr David Tudor: For us, it is about continuing to do that, and doing it well. As I said, the Act of Parliament says that our role is to maintain and enhance the value of the estate, so it is our job to increase our efforts, opening up new areas of seabed for leasing. We are driven by markets, so we do not operate any of these things, and so if the market is ready for more wind farms or cables, we are ready to play our role in that. We do that through all sorts of communication with government agencies, stakeholders and local authorities.

Baroness Whitaker: It just occurs to me that you might be being a little modest about the influence you could have. Obviously, you have a lot of expertise even if you do not operate all these marine-related industries yourselves in the whole of the non-tourist areas of seaside towns. Two further questions occur to me. First, how do you judge value for money? Secondly, when you are enabling further economic activity, what attention do you pay to the sense of place—to something that will enable a whole community to thrive, and which will be in keeping with what people themselves see as their kind of place? For example, that is perhaps not a huge aggregate plant, which will muck up the air in a residential area. Alternatively, such a plant could be positioned well away from the residential area. There are all sorts of options when it comes to big industrial development of the seaside.

Dr David Tudor: You are right that we do have a lot of in-house expertise. I am playing a very straight bat on that one.

Baroness Whitaker: A sense of place and value for money.

Dr David Tudor: We do not just take the biggest or the fastest buck. For example, the seabed is a national asset, so if an opportunity arises and multiple people want to do that, we do an assessment of the company, and assessment around competition law, and we look at what the return to the Treasury would be. It is a complex picture, and we look at the value they can bring to the Crown Estate, which ultimately goes to the Treasury. It is



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not about just anybody coming along; there is a rigorous assessment process, which is closely looked at.

On the sense of place, I can give you some examples of where we have essentially worked with others. We are a national body and we work on a strategic basis for what is a national asset. We work with local authorities. A good example on the sense of place is the work we have done in partnership around North Norfolk. We are working on a scheme there to allow access to the Crown minerals, to be used on a coastal protection scheme around Bacton and Walcott to protect those villages. For us, it is the local community that will decide; the planning authority will give the permit. We are never the ones who design the scheme, but of course we will play our role, which is, frankly, very narrow and clearly defined through Parliament.

The Chairman: That is very helpful. I have some supplementaries from Ralph, Joe and Tom. Perhaps you could keep them rapid-fire.

Lord Lucas: Looking at the Rampion wind farm, which I do rather too often, do you really feel that the relationship between the amount of money you are making out of that, and the amount that is going to the local communities that have to look at it, is really fair?

Dr David Tudor: I cannot comment on that. What I can comment on is that, for example, the Rampion was through our round three offshore wind leasing round, which was probably 10 years ago now, and which opened up the seabed for competitive interest. That went through a whole planning process, through the Planning Inspectorate, as I am sure you are aware, and it got its development consent order. We take a portion of the revenue from that and give it to the Treasury. That is our role.

The Chairman: So you have no role in directing where the money goes to that you have generated?

Dr David Tudor: We are very clear that we write one cheque and give it to the Treasury: 100%. There is no choice otherwise.

Q88 **Baroness Valentine:** I know you better from Regent Street and what you are doing there. It sounds to me, from what you are describing as your attitude to the coast, as if you have a very different approach there. You would enter into imaginative joint ventures in Regent Street, but from what I am hearing, you do not seem to think about entering into imaginative joint ventures to do a pier, or whatever, as a sort of development project. I understand all the Treasury stuff, but it sounds to me as though you think of yourselves more in a reactive mode when it comes to the foreshore and the seabed. Is that fair?

Dr David Tudor: We are a commercial business. Therefore, if there is an opportunity to work in partnership or on a joint venture, we will examine that. Everything we do, whether it is on Regent Street, at the coast or 50 miles offshore, is a commercial decision because of the Act of Parliament.



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We are open to talking to anybody about a good or interesting scheme and, if we were to invest, we would make the decision on that basis. You are right that we have not invested particularly in projects such as those you are talking about—it is a business decision at the time—but we are certainly open to talking to anybody about any kind of venture.

The Chairman: Do you have to consult the Treasury on this if you are going into a joint venture?

Dr David Tudor: I cannot be certain as, frankly, we have done very few joint ventures. We have done some very large ones on Regent Street. I am not sure. We are independent but obviously we return our money to the Treasury. I am sorry, I cannot answer.

Q89 **Lord McNally:** I am not particularly good at maths, but your rural and coastal portfolio has earned you something like £1.5 billion. It seems even from that sum that the amount of money that you give to the coastal fund is rather modest. I keep hearing that you are a commercial company and you are bound by Treasury rules and by your Act, but modern business has moved on and there are such things as corporate social responsibility and reputation.

It seems that the Crown Estate does not have any corporate social responsibility in the area of coastal management. It is there as an asset to be sweated and that is it. Yet you earn money from moorings, marinas and other activities. What the Committee is looking for—and we will help you with the Treasury to protect your reputation—is some sign that you are willing to take on more responsibility.

Every schoolboy and schoolgirl know that the Queen owns the bits between high and low tide and so on. These are areas with real problems where you are taking quite substantial amounts of money. If you were a totally private company, you would be under considerable pressure to show more corporate social responsibility in the areas where you operate.

Dr David Tudor: We are a very socially responsible business. We work with our partners, customers, communities and stakeholders, and with government, right across the board, whether it is offshore, in Regent Street, or wherever. We take pride in that work.

On the figures you mentioned, the capital value is around £1.6 billion at the seabed and foreshore. Last year, we returned £88 million in income profit to the Treasury. The portion of that that goes to the CCF is completely separate from us. We give our money to the Treasury and the CCF calculation is absolutely nothing to do with the Crown Estate.

For us, and to answer your point, we have a very clear remit. I do not apologise for coming back to that—it is what our Act says it is and we discharge that responsibility. We do that in a very responsible way. The best way we can add value for people around the coast is by doing what we do—unlocking value from offshore which comes back to the coast.



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Lord Smith of Hindhead: We have some very impressive figures here. We have seen that you will be spending £64 million over the next five years on 49 national portfolio organisations, up from £35 million in previous years and, Ms Kerlake, you mentioned £370 million on coastal towns. Can you expand slightly on that? I see that you are spending a bit of money on undertaking work-based training for 3,000 people on “heritage skills”. I would like to know what heritage skills are.

I also note that you are spending some £14 million supporting the development of “museum skills” and I am interested to know what museum skills are. Because of the amount of money spent, could you give us one example of an investment made by either of your two groups that has played a key role in a successful regeneration project with a lasting economic impact—not one that continues to have to be subsidised, but one that can stand alone following the investment you have made and can make money standing on its own two feet?

I should imagine—I would be happy for you to correct me if I am wrong—that the theatre project you mentioned and the Morecambe Music Festival exist because you subsidise them; you continue to give them money. And I know, Ms Dyer, that you wanted to sustain ways of taking part in seaside culture, which sounds great, but could I have an answer on those three points: heritage skills, museum skills and one example of where something stands alone?

Ros Kerlake: Heritage skills are quite wide-ranging. We ran a programme called Skills for the Future, which enabled organisations to apply to us for skills they felt were useful in their particular area. I am afraid that I cannot recollect which one might have been picked up here but we can certainly give you some examples of the sorts of skills we have funded.

Lord Smith of Hindhead: So you cannot give me an example now of what a heritage skill is?

Ros Kerlake: One organisation that applied to us was working on boat repair; that was a heritage skill using traditional techniques. Largely, it is about using traditional techniques in heritage. But, as we very much respond to organisations and the things they want to take forward, there is a diverse range of skills that we fund. It does not have to meet a narrow definition.

Lord Smith of Hindhead: You have mentioned training 3,000 people.

The Chairman: So could it be conservators, masons, designers?

Ros Kerlake: Yes, it could be designers, archaeologists—a wide range of people. It could be digital skills used on a heritage project; it is a very wide range of things.

If I could pick up your point about projects which are continuing to be sustainable, it is important to understand the differences between our



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respective organisations and how we operate. We are a capital funder, a project funder, and, by definition, our funding is time-limited. Either the project has to come to an end or, if it is something we have invested in, by the end of a fairly defined period—usually two to four years—it has to be sustainable. Part of what we look for at the beginning is something that is able to say it will continue to sustain itself.

Lord Smith of Hindhead: How many projects have been sustained following your £370 million investment?

Ros Kerslake: The vast majority of our projects are successful and sustainable.

Lord Smith of Hindhead: Do you have a number in mind?

Ros Kerslake: I cannot give you an exact number, but a very small proportion have to close because they are unsustainable. Most are able to build up strong, resilient plans that create an income stream from the activity they undertake.

Increasingly over recent years, we are very robust in talking to them about how that will work.

Lord Smith of Hindhead: Could we have some examples? You could perhaps write to us afterwards with some very specific examples.

Ros Kerslake: I will certainly do that. I was going to mention to you some of the investment that we have put into Great Yarmouth. It is one of those areas where we have been able to put investment in that has had a significant impact over a period of time. That investment is into different types of projects. Townscape heritage projects are capital projects invested into improving the town centre, which are match-funded by the owners of the properties involved.

The key thing there is that you improve the appearance and ask the project to make an investment at the same time in engaging more with local communities. That is a particular project. You go in, it would be implemented for a period of time and we hope it would have a sustained impact.

The other sorts of projects tend to be where we are investing in something that might have a much longer impact. For example, a museum refurbishment or creating something like the investment we put into Time and Tide: the Museum of Great Yarmouth Life. We were specifically investing to help the museum have a much longer period in which to attract visitors. It was finding it got visitors only for the summer holidays. The investment we put in enabled it to broaden that time period.

Lord Smith of Hindhead: So that is your “museum skills”, is it? Ms Dyer, what about your £64 million? What have you managed to do with that?



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Laura Dyer: The first point is that we would not call it a subsidy; we would call it an investment, because we expect something to be delivered for that resource. It is about how arts and culture are driving a different approach. In Margate, for example, we invested £4 million in Turner Contemporary, but we saw that, a year after opening, it was able to demonstrate that it had had a £13.8 million impact on the Kent economy, was supporting 130 full-time equivalent jobs in the county and had just over 500 visitors, which was triple what it had expected. We see that as a good return.

Lord Smith of Hindhead: So it does not get any more funding.

Laura Dyer: No, it does. It is now a regularly funded organisation; it is a national portfolio organisation.

Lord Smith of Hindhead: So you continue to fund it.

Laura Dyer: We do, because we see that good return on our investment.

Lord Smith of Hindhead: So it is not making a profit. If you still have to fund it, it is not standing alone.

Laura Dyer: We are investing in it to deliver certain outcomes. As a shareholder would invest in a company, we are investing because we see a very good return, be it in the type of shows and exhibitions that they can put on and the kind of work they are doing with young people, communities and artists supporting that wider network.

Recent reports that it has undertaken show how it is sustaining retail, with 73 new businesses having opened in Margate as a result of Turner Contemporary. So the impact is wide.

Lord Smith of Hindhead: So you measure your investment in a slightly wider way, rather than just in terms of this one outlet making some money.

Laura Dyer: Yes. As Ros said with heritage, we look at a range of outcomes. Our outcomes will include social, artistic and economic outcomes.

Lord Smith of Hindhead: Do you have another example apart from the very obvious one that you have given?

Laura Dyer: I can talk to you about festivals that we support, such as the SO Festival in Skegness. The relationship there developed over a long time. We worked with East Lindsey council, which wanted to increase the shoulder period for its tourism. Skegness has a very successful tourism economy, but the council recognised that it had a peak outside of which it was challenging for businesses. They have now been doing that festival since 2009. It has contributed on average more than £600,000 to the local economy and brought in more than 80,000 visitors who would otherwise have not attended.

Lord Smith of Hindhead: How much have you given?



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Laura Dyer: It ranged. It is now a national portfolio organisation. I do not have the exact figure in front of me—it is certainly under £100,000 a year. It is a smallish amount done through partnership working. They offer year-round activity, of which the festival is one peak.

The Chairman: Perhaps you could send us a note on that. I have a couple of supplementaries, but I remind colleagues that we need to press on.

Lord Lucas: Hastings Pier is wonderful, but it did not prove sustainable. What lessons should we learn from that project?

Ros Kerlake: Hastings Pier was a really interesting project. Our investment was to ensure that the pier was rescued and reopened for the public, and, indeed, that has happened. We knew when we invested in it that we were working with a community group and community projects, which are always relatively high risk and need a lot of additional support. Sadly, the original organisation that took the project forward was not financially successful and able to make itself sustainable, but we do not consider that to mean that the project was not successful, because the asset has been rescued and is still available for people to use and enjoy.

Lessons are about budgets. You will not be surprised to hear that we have done our own review of the pier project. One lesson for us is making sure that anticipation is not unduly optimistic and that people have robust plans going into the future. In fairness, one thing that is really hard for anybody doing any such project is budgeting for the weather. A lot of it can be about luck. Bad weather can have a hugely poor impact.

The Chairman: Was your methodology for evaluating the long-term sustainability of the pier successful or appropriate, or would you see it as a failure?

Ros Kerlake: No, I do not see it as a failure, because we understood when we undertook that project that it had an element of risk associated with it. Our evaluation of it identified the risk. We have taken a view as an organisation that we are not here just to do projects that are 100% guaranteed to happen, because that would drive us to working only with large organisations such as local authorities. We want to support communities to do exciting things and we thought this was a great thing to do. It has delivered, but not in the way we expected at the beginning.

Lord McNally: It is welcome that you are not risk averse. On our travels, we have heard that the Arts Council is deliberately getting out of central London and taking risks and action. With things like the Turner Contemporary, there is a halo effect that has to be taken into account when looking at that kind of investment.

The Chairman: A fair point.

Lord McNally: That was for somebody else's benefit and not just yours.

Lord Lucas: You touched on the evaluation that is done when you



undertake a project. How do you measure its impact on a local economy? What are your actual measures, of any kind?

Ros Kerlake: I think we work in a similar way. We invest in individual projects. We ask that the projects come back to us with an evaluation at the end of them. If they had set out to do something at the beginning—that is not the case with all projects—such as to have an economic impact, we would ask them to evaluate whether they had achieved it.

Historically, we have tended to look at that on a project-by-project or programme-by-programme basis. If we were, for example, investing in town centres through the Townscape Heritage Initiative, we would look at the impact of that programme, but we have not looked at the overall impact of our funding. In our new framework going forward, that is changing and we will look at the broader impact of the funding, but we do not have that information historically.

Laura Dyer: We always work with a range of partners—very often, local authorities and others. We will use approaches that are Green Book compliant, because we know that it is about making the case and demonstrating to the Treasury and others that that investment is giving a good return. Where there have been other funds that have to generate proof and evidence of jobs created, we will also use that kind of methodology.

As with the Heritage Lottery Fund, as Ros was saying, there will individual-project evaluations and then whole-programme evaluations. Again, like Heritage, we will measure a whole range of things. For example, we will often measure the impact of the creative idea and how people have responded to it, as well as some of the harder economic and jobs figures.

Q90 **Baroness Valentine:** This question is about partnership. I think you have touched on it already, but can you give examples of successful partnership working that your organisations have undertaken? The question is to all three of you. It would be helpful to know what works and what does not in working with other partners. There is a second part to that question which I will come on to later.

Dr David Tudor: I spoke earlier of our work in north Norfolk and trying to help there with access to minerals for coastal protection. What works well for us is offering expertise, our insights and our convening power. That is where we can really add value and make a difference. As in any partnership working, there are difficulties to do with different timelines and different priorities among organisations.

Another example that shows the value that can be brought is our work for a number of years with Canterbury council and Vattenfall, the offshore wind developer, on an internship and education programme for young people that tries to get them into companies to learn about how about they can get a career in the marine environment. That has been very successful; most of them have been placed in the year since. That kind of partnership-



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working with private sector and public sector organisations such as ours are really beneficial. That blend of skills shows benefits in the end.

Lord McNally: In the past, there have been occasions when you have had to balance two things: dredging for shale with changes to paths or loss sand cover. How do you deal with those kinds of dilemma, where you have a good business to dredge shale offshore, but doing so might cause environmental impacts elsewhere or in the immediate region?

Dr David Tudor: That is a good question. We have been very confined to our role. By that, I mean that we will land rights or mineral rights once an organisation or company has obtained their environmental permit from Natural England, the MMO or whoever it might be. We do not step into their space. If they have their permit or planning permission, we will provide the commercial rights. That is how we work and it is important to stick to what we know, what we are good at and what our role is.

Baroness Valentine: I will go on to the follow-on question, and you can continue to answer the previous question.

Examples of where you have worked in partnership with people outside the cultural sector is what the follow-on question is about. I want to ask you about a specific thing. Paragraph 6 of the Arts Council's evidence states, "As a member of Coastal Communities Alliance, we work with the UK Government" on the "standard of living in coastal communities". Given that the standard of living in coastal communities is pretty dire, I was not quite sure what that partnership is doing in that respect. That is an open question, but the general question is what works and what does not when working with other people?

Ros Kerslake: The vast majority of the applications that come forward to us are partnerships. There are some programmes where we effectively say that people can only come forward as a partnership. Landscape partnerships are absolutely about that, as you can tell from the name. They are about encouraging organisations from across a wide geographic area that might cover a number of towns or a significant coastal or inland area. We ask partners from different areas—people from the natural environment, the RSPB, local landowners and local authorities—to come together and come to us with what they want to do to address the issues in their place. We absolutely encourage partnerships of that kind. To touch on the great place scheme, which was mentioned earlier and is something that we are both involved in, it was, at its heart, about encouraging organisations to build partnerships at a local level and to build culture into the agenda. What I found interesting about that programme was that people told me that even though they had not been successful in getting the funding, the process of making the application enabled them to get around the table people who previously would not have engaged with them. The whole process of having to look at the role of culture within a local area and building that partnership is valuable.



Laura Dyer: The key thing that we have learned is that good partnership working takes time. Often it is about being on the journey for the long haul. As I said, our relationship with East Lindsey District Council and its developments and the things it wants to do started way back in the early 2000s, and we are still there. We are still talking, we are still evolving, we are still looking at new ways of working. Critical to that has been our teams on the ground, the local people who know the area and who understand the connections. More and more we are seeing the opportunity of working with different sorts of partnerships through our creative people and places fund. The one in Blackpool was led by the housing association. We worked very closely with it. It is the lead body and is looking at how it engages with communities in Blackpool. It is about being open to finding the best people to deliver on the areas of interest that you want to achieve in. You have to be open and broad. Another example is the creative people and places fund project in Lincolnshire. It has been working with a seed manufacturer and a big haulage company. It is about finding the right things that resonate in that place.

Q91 **Lord Shutt of Greetland:** I come back to Dr Tudor on the Crown Estate. As I understand it, your job is to raise a lot of money, then somebody else spends it. Is that a fair assessment of what you do?

Dr David Tudor: It is our job to create revenue from the estate and to give all that profit to the Treasury.

Lord Shutt of Greetland: Half of the money from your marine activities went to the Coastal Communities Fund. We have had evidence that it is now going to be one-third and it says one-third in the paper you sent us. Is that decision taken by somebody outside?

Dr David Tudor: The Crown Estate has no role in the Coastal Communities Fund. From the marine portfolio—the seabed and the half of the foreshore that we own around England, Wales and Northern Ireland—we give all our money to the Treasury and always have. The Treasury separately has a formula, an equivalence calculation. My understanding, like yours, is that it is 33% at the moment and that it was 50%.

Lord Shutt of Greetland: So you were nothing to do with this 50% or 33%?

Dr David Tudor: Absolutely nothing.

Lord Shutt of Greetland: Right. Where are you going to be in five years' time in terms of money raising? One-third of a lot more money could be more than 50% of what it is now. What is the position in five years' time? What are your projections?

Dr David Tudor: To reiterate, we have always given our money to the Treasury and we will continue to do that until we do it differently. Obviously I do not have the figures for our projections. They are commercially sensitive, but the Crown Estate Act is clear that we must maintain and enhance the value of the estate and the revenue from it. It



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is our job to increase the revenue from it. There are all sorts of potential new leasing in the future that we could do that the market wants, and we will provide that. As I said, it is our job to maintain and enhance the value of the estate and the return from it.

Lord Shutt of Greetland: You must have a clue as to whether it is a steady state or whether you are moving upwards or downwards. You must have some idea.

Dr David Tudor: Just in the past few days, we have made announcements about potential new offshore wind leasing. If that comes to fruition through the market, through government policy, obviously our income in the marine part will increase. However, there are the vagaries of the market and policy. Obviously we are not the ones developing these activities offshore.

The Chairman: Are there occasions when you would make a decision about the revenue stream that you might unlock that was not necessarily based 100% on what you could expect as a return? In other words, are there situations where you would forgo some of your profit because there was a wider social benefit?

Dr David Tudor: The Act says that we have to get best consideration; that is, value for the land in all circumstances.

The Chairman: So the answer to that question is no.

Dr David Tudor: We have to have due regard to good management as well as the Act. Basically, it is not just about taking the biggest cheque, as I said earlier, but we have a very clear role on what that is.

The Chairman: I am slightly confused now.

Lord McNally: Perhaps I should have declared that between 1987 and 1993 I was an adviser to the Crown Estate, so I know all about the Treasury and so on. You have an amazing bank of knowledge and experience in coastal management. It seems to me that you are being too defensive in refusing to tell us about a more positive role that you could play as regards some of the issues that we are identifying around the coast, where you take a great deal of money. There is a social responsibility in that and actually a national responsibility, which I think the Crown Estate should be willing to undertake and be proud of doing so.

Baroness Whitaker: I have a question that immediately bolts on to that. Would you like a wider social responsibility remit? Do you have the capacity to deliver better places around all your economic activities?

Lord Lucas: My supplementary question is for Ms Kerslake and in particular to Ms Dyer. The Arts Council has a reputation for thinking of partnership as meaning, "You do what we want", and we end up with some very strange exhibitions in coastal galleries. It is hard to think that they could have anything to do with the local community saying, "We would like



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some of that". Is that fair? If it is not, why are there no Turners in the Turner Contemporary?

The Chairman: It is because they think that they have a collection of their own.

Laura Dyer: The gallery has held an exhibition of Turners, but it does not have a collection of its own. No, I do not recognise that. Certainly, our stakeholder evidence and feedback along with the recent review by the DCMS demonstrate that we are good partners to work with. Again, I do not recognise that. On the artistic approach, we allow organisations to set their own artistic programme. We do not set artistic policy. They respond to local communities through boards that are made up of local people, so it is about them setting up something that provides opportunities to see new and different things as well as to reflect the local heritage.

Lord McNally: Just to go back to my question, I wonder whether Dr Tudor can tell us about any innovations in coastal management or infrastructure that the Crown Estate has played a positive role in.

Dr David Tudor: We take absolute pride in the work that we do and our staff take pride in the fact that all the revenue is going for the public good, back to the Treasury. The reason I am saying this is that it is important for us to focus on our role rather than try to do other people's jobs. The answer to your question is absolutely yes. Good examples of that are off the coast of Cornwall and Pembrokeshire. We have opened up areas of the seabed for wave and tidal demonstration zones, essentially putting those areas in the hands of local stakeholders and companies so that they can bring through the innovation that is needed in order that they can create their own local supply chains. We are not best placed to do that. That is where we see our role and how we can bring benefit to the communities of the UK. It is through doing what we do and doing it well, and continuing to do so.

Baroness Whitaker: My question is this: would you like a wider remit?

Dr David Tudor: I am from the south Wales coast and I understand the deprivation around coastal communities. The role of the Crown Estate is very clear on what we do and we do it really well. Frankly, it is a matter for the Government to change our role.

The Chairman: I think we are probably done. This has been a very good session with some really excellent responses. However, there are some unanswered questions and things on which you are going to come back to us. If you have missed anything in your responses, please feel free to add them. Thank you very much for joining us this afternoon.



Fernanda Balata and Scott Corfe – oral evidence (QQ 92-98)

Tuesday 6 November 2018

4.10 pm

Watch the meeting

Members present: Lord Bassam of Brighton (Chairman); The Bishop of Lincoln; Lord Lucas; Lord McNally; Lord Shutt of Greetland; Lord Smith of Hindhead; Baroness Valentine; Baroness Whitaker.

Evidence Session No. 11

Heard in Public

Questions 92 - 98

Witnesses

[I:](#) Fernanda Balata, Senior Programme Manager, New Economics Foundation; Scott Corfe, Chief Economist, Social Market Foundation.



Examination of Witnesses

Fernanda Balata and Scott Corfe.

Q92 **The Chairman:** Good afternoon. I welcome you both to this afternoon's session. In welcoming you, I shall repeat something I have already said but which you will not have heard. We welcome you to the evidence session of the Select Committee on Regenerating Seaside Towns and Communities. You should have in front of you a list of interests that have been declared by the various members of our Committee. I remind you that the meeting is being broadcast live via the parliamentary website. A transcript of the meeting will be published on the website, and you will have the opportunity to make corrections to that transcript where necessary if you feel it does not accurately reflect what you said. We have a number of questions and we will try to be swift and brief in putting them to you. I will start, if I may.

It is clear to us that seaside towns often suffer from common and persistent sets of issues relating to social and economic deprivation. From your work on coastal areas, what do you think the priority area ought to be for policy intervention? I have read at least one of the contributions on this, which I thought provided some insight, so perhaps you could elaborate on that.

Scott Corfe: If I had to give one key priority area, I would say infrastructure. It came out quite strongly in our research that one of the big barriers to economic growth in coastal communities is relatively poor infrastructure. If you look at some of the most deprived coastal communities that we looked at in our research, you will see that the rail and road links are relatively poor. That means two things: one, it is hard for people to get to better jobs elsewhere if there are no well-paying jobs in the region; and two, it is a disincentive to business investment in these areas. Infrastructure is probably the key priority area, although there is a wide range of other problems.

Beyond the economic problems, our research also identified health problems and relatively low educational attainment in some of these communities. There are areas beyond infrastructure but if I were to give a priority, it would be that one.

Fernanda Balata: I certainly agree that infrastructure is a key challenge for coastal communities for all the reasons just highlighted. However, it is not about one priority. It has been acknowledged that it is about a common and persistent set of issues relating to social and economic deprivation on the coast. Therefore, a solution would be a range of policies in areas that we need to focus on.

On one hand, the challenges faced by these communities are not unique to the coast. Better policy-making that benefits wider communities in the country would also benefit coastal communities, in areas such as housing, education, health and so on. On the other hand, what makes coastal communities different is their unique asset: the coastal and marine environment that surrounds them. That creates particular challenges.



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Normally, when I go to communities on the coast, they tell me that they live in a 180-degree context. If policies could acknowledge this one priority for coastal areas—the challenges and opportunities presented by the coastal and marine environment—it would go a long way to creating better policy-making and support for coastal communities.

Q93 Lord McNally: We are told that various pots of money are available to help regeneration in seaside towns. We have heard that the pots of money are often very short-term—three years—which does not really give developments a chance to bed in. The other common issue is that the application process is often time-consuming and expensive to undertake, and the funding available fairly limited given the effort to get it. That criticism relates not just to seaside towns. Is that a fair criticism of funding streams? How would you better channel the funds that are available?

Fernanda Balata: I certainly agree that the current financial support to coastal areas mainly supports small, often disconnected initiatives and projects. These are very important, but they are not able to add up to the scale of the change that is needed on the coast. The first problem with the funding streams is that they are not based on acknowledging that there is greater deprivation on the coast and a greater lack of resources, and, therefore, even when communities are able to find opportunities, they might not be able to tap into them, as you highlighted.

One way to start solving that challenge is to look at how funding to particular projects is accompanied by the creation of capacity and resources at a local level to create more transformative change, so that communities are able to tap into opportunities now but do not have to rely on grant funding for the long term. That is really what is happening; that dependency is not changing because of the short-term conditions and the lack of understanding of the resources needed locally so that communities can tap into those opportunities.

I also think, based on a lot of research that the New Economics Foundation has done on the financial system in the UK, that government is heavily focused on supporting bits of areas of the country—it concentrates on London, for example—and coastal communities are part of the wider problem that the UK economy is not well balanced in opportunities for financing.

There should be support to create a more diverse set of local regional banks, for example, that could look at the particular needs of an area, understand those needs better and therefore be able to provide better solutions to deal with those issues around access. Our Blue New Deal research—I have shared the report—also looked for some sort of coastal transformation fund or a concerted effort from national government to invest in the coast that would then deal with those issues that coastal communities cannot deal with on their own, such as wider transport infrastructure, broadband, refurbishing and investing in future-proofed, climate-resilient local infrastructure.



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Lord McNally: You have been doing some research, I see, into the likely impact of the fourth industrial revolution and the new technologies. When we were in Cornwall, the people there were very proud that they had invested early and well in broadband. Is that one area where the coastal towns, if given a bit of help, could get into new gains and other forms of communication? But that is tomorrow's communication—is that an area we should be looking at?

Fernanda Balata: You will see the impact and benefits of many of the things we are talking about in the long term. But the UK could roll out that kind of fast, suitable broadband across the country, not just to the coast. But because the coastal areas are more remote and more disconnected in many ways—geographically and politically—that would certainly be a really good way to create that balance in the short term.

The Chairman: Are you thinking of that as a way of compensating for a current lack of connectivity?

Fernanda Balata: Yes; again, we cannot look at these things in isolation, but certainly that is one thing that must happen.

Lord Lucas: Ms Balata, in your written submission, you focus on the Eastbourne fishermen's project. What particular resources would you like to have been available locally to take that forward? It is a very interesting proposition but seems not to have gone anywhere. What precisely would have made the difference to enable that to have gone forward?

Fernanda Balata: The Eastbourne project is still ongoing. The fishing community that we continue to work with has secured quite a lot of funding. Now it is waiting for a final round of funding. It will be announced in early December and then it can start development of new facilities for the fishing community in early January. The main challenge in Eastbourne is one that I see often in coastal communities: locally led initiatives, normally the ones that are trying to rebalance certain sections of the community that are not accounted for in local economic plans—as it was with the fishing community in Eastbourne—are competing with large, well-established, very powerful investors and the growth imperative that lies in any area of the country in terms of local economic development. That creates a huge barrier that, again, one community cannot deal with on its own. In Eastbourne we know that there is a large inward-investment housing development challenging the space that the fishers need to develop their business in the area. To solve that requires a lot more effort on different levels.

What we could do locally with the Eastbourne fishers and what we would like to see happening—again, this that can happen in the short term—is that kind of investment supporting those groups and smaller businesses with how to develop a local economic plan, how to challenge and put their case forward; how to demonstrate the value, really, of their business, which was one of the things we did in Eastbourne and recently in Poole as well with fishing communities. They do not have the resources or the



expertise to do that. In Eastbourne, we heard from the fishers that if the NEF was unable to support them, they would not have got this far. That should not be the case and they should have those resources available to them—it should not be just because the NEF happens to know some people there. They needed that support and it should be available more widely for community groups.

The Chairman: That is very helpful. Mr Corfe, is there anything you want to add on this question?

Scott Corfe: No.

Q94 **Lord Shutt of Greetland:** The unique feature of the coast is the presence of the sea, and it is not always friendly. There can be problems of coastal erosion and flooding. In view of your research, what do you think of the resources that are available to combat these issues? Indeed, is there any sense in which in combating these issues, a seaside town can have a real benefit from some of the work that has to take place? Is there fraternity in terms of the funding that is available, and is it sufficient?

Scott Corfe: There will have to be increased levels of funding in the future, given climate change. There will need to be an expansion of current levels of funding to deal with those future risks. There are some economic opportunities for the communities in these areas because investment will be required to deal with coastal erosion prevention and flooding prevention. So there are some investment opportunities here and some job opportunities that go with that. So, yes, there will need to be more investment than current levels but there are also some potential economic gains.

Lord Shutt of Greetland: Is it some work you have done that has come up with this?

Scott Corfe: We have not put any numbers on these jobs, no.

The Chairman: I think your organisation has, Ms Balata?

Fernanda Balata: We have looked at coastal management challenges: flood protection and coastal erosion. We have not looked at it at great length but we are starting a new piece of work looking specifically at that. What I have found over the years, talking to people about those challenges and issues, is that the funding is not sufficient in relation to the scale of the problem and the change that is needed. There is also a question about decision-making and where that lies. One example that I have been looking at on the east coast is a local partnership of businesses, water companies and local authorities looking at alternative, more natural solutions to coastal management. You can restore coastal habitats and support more cost-effective, long-term flood alleviation in areas. The current policies and financing mechanisms for flood protection do not really cater for these types of alternative measures, which we will increasingly see as no longer being alternatives but what is needed to solve the challenges that we are facing.



Policy does need to change but it would certainly go a long way towards solving the problem if more powers were devolved to local areas in terms of how funding is used and there was an adaptation of national policy to local contexts. Sometimes, initiatives might not get off the ground because they do not tick a particular Environment Agency box regarding the protection of homes, when they still protect homes but are actually creating much wider benefits in the area, such as economic opportunities and protection more widely for communities. Those things are not really being captured by policy. You can go into things that are highlighted in the Defra 25-year environment plan, such as how we need to support more biodiverse, healthier coastal habitats. Another challenge is that the department's goals—environment, social, flood protection—are not yet integrated in a way that needs to happen for those solutions to be viable on the ground.

Q95 **Baroness Valentine:** Scott, you suggested that the Government need to do more to track and address economic problems in our coastal towns. Can you give us a bit more detail on what more could be done to quantify and evaluate the social and economic problems, and how you would use that information to benefit the areas?

Scott Corfe: One really simple thing policymakers could do is to track key economic data for coastal communities as a whole. The official statisticians do not regularly publish data on what is happening in the economies of the UK's coastal communities. It would be good to get some regular statistics on what is happening in job creation, deprivation and health outcomes so that we can really understand what is going on in our coastal towns and whether the economic gap between them and the rest of the UK is widening or narrowing. Our research paper, which we released last year, showed that the economic gap was widening. That is of course deeply worrying. We need the official statisticians to produce their own measures of what is happening in the UK's coastal economy and update that on a regular basis, maybe quarterly or annually.

Baroness Valentine: There are two issues that relate to that. One is transience: what is going on with people leaving one community and going to another? Somewhat connected to that, if they bring in complex problems with them, is mental health and what is going on with that in coastal towns. Is there any good data on either of those subjects anywhere?

Scott Corfe: We have data on internal migration within the UK, so we know how many people are moving into and out of its different regions. We do not know so much about the characteristics of those people. We have a lot of data on the age profile of those moving in and out of regions but not necessarily so much about whether they have health problems, including mental health problems, and whether they are moving into or out of the UK's coastal communities. A lot of the evidence base there is anecdotal, rather than based on official statistics. It would be good if statisticians could get more of a feel for these kinds of things.

Lord McNally: How do we do that? Whether this is an urban myth or a



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fact is one thing that we have to decide, but is transience moving problem families and problem individuals to seaside towns, which are then left overburdened with them? They would be burdens in themselves and quite counterintuitive to providing a holiday destination that anybody would desire. Nobody seems to be able to say whether that is an urban myth or whether this movement, offloading problem individuals and problem families, is actually happening.

Scott Corfe: Some of the requirements in gathering that data would lay with local authorities rather than national statisticians. It is not going to be possible to get this kind of granular information from a nationwide survey, for example, so perhaps more responsibility needs to be given to local authorities to collect statistics and show what is happening in their areas. We are not going to get that from the national statistics.

The Chairman: Do you think there are some definitional issues behind the criteria for data?

Scott Corfe: There are definitely some challenges. Do you look at local authorities which border the coast or do you want to go at a more granular level than local authorities? Our work looked at all local authorities with a coastal border but, clearly, some of those authorities are quite large and the inland areas of some authorities are very different from the areas by the coast. It would be good to get some more granular statistics, if at all possible. Part of the reason that these statistics are not tracked on a regular basis is because of some of these issues with the data, but those could be overcome and there is no reason why statisticians cannot track these things going forward.

The Chairman: Okay. Perhaps it would help us if you sent us a note on that point, which is quite interesting.

Q96 **Baroness Whitaker:** We have had a lot of evidence about challenges all across the education and skills system in seaside towns, particularly at secondary level. Are changes needed at national level to address this and, if so, what should those changes be?

Fernanda Balata: I have not really looked in my research at the education challenge. The only thing I found is that there is definitely a case for saying that coastal areas are suffering slightly more than other areas from educational underachievement. Certainly, education is a big issue and it links to issues around infrastructure as well.

Baroness Whitaker: You would think that it is an important area for regeneration.

Fernanda Balata: It is a very important area for regeneration, yes.

Scott Corfe: I echo that. I am not sure whether this is a policy best dealt with at local level. There are national problems with the education system that need to be dealt with, including having better vocational education. One thing that came up in some of the interviews that we did as part of



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our research is whether there might be a particular issue with aspiration in coastal communities.

Baroness Whitaker: Poverty of aspiration is a characteristic feature of secondary education in deprived areas. Arguably, it is the most important lowering factor in attainment.

Scott Corfe: That can definitely be an issue in coastal communities, because of some of the connectivity products we have already talked about. If it is harder for people to travel out of coastal communities, they might not be aware of the job opportunities that lie elsewhere. That can rein in aspirations at a quite young age.

Baroness Whitaker: So employability comes into it, then.

Scott Corfe: Employability and making people aware of what is going on elsewhere in the country helps people to broaden their horizons and make them aware of—

Baroness Whitaker: So what ought to be done about it? Should there be easier or subsidised travel?

Scott Corfe: Travel and connectivity is part of the issue. It is also about career advice in schools and making people in schools aware that there is an economy outside the local community, with a wide range of career options.

Baroness Whitaker: Who should do this?

Scott Corfe: I think the role is with schools in providing that career advice.

The Chairman: Someone has to provide some leadership, though, to pull this off, have they not? We have visited some smaller towns where there does not seem to be much leadership given in trying to encourage people, particularly younger employees, to stay and make a more dynamic contribution to the local economy.

Scott Corfe: There is a challenge in encouraging younger people to stay in some of these coastal communities because of the economic mix in the area. If your economy revolves around tourism, retail and—increasingly—care for the older population in those areas, none of those sectors are particularly well paying. There is very little incentive for younger people to stay within the area once they reach a certain skill level. If what you look to pursue is not just about getting these people into better jobs, which could be achieved through them relocating to other areas, it has to be about economic diversification in these areas—broadening the economy so that they contain employers who pay well and well-paying sectors of the economy.

The Chairman: Would you argue for an interventionist strategy in some of these areas? Would you propose that or is it something you would look at?



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Scott Corfe: What we need across the UK is a clear strategy for what we are going to do with coastal communities. It just is not there yet. There is no coastal community infrastructure strategy, nor a clear strategy for diversifying the economy of the UK's coastal communities.

Baroness Whitaker: Do you think that if opportunities were held out for more diversified economies, either in the form of enterprise zones or other gadgets, there would be scope for engaging local employers to widen the horizons of the students, or is that a job just for the local education authority?

Scott Corfe: There is potentially a role for local businesses, working in partnership with education authorities as well, yes.

Lord McNally: Let us go back to the care sector. If you were looking ahead, you would almost inevitably say that one of the big challenges is in how we are going to look after a population, a large proportion of whom will be over 80 and suffering from the frailties of old age. You cannot put them all in the House of Lords, so there is a real challenge coming down the track to us. Where do people dream of spending those last years? Most people would say, "The seaside". How do we get that obvious coming need to fit in with the seaside economy being able to take on some of that burden, which will relieve housing in the inner cities and give people a healthier place to spend their final years? How do we do that kind of economic planning, or do we just wait for the disaster to happen with the later stages of social care?

Lord Lucas: We heard from local authorities last week, and there were a couple of suggestions that we ought to offer seasonal education so that young people can work in the tourism and hospitality industry for the season and then be educated in the off-season. Is that something that you have seen or would support?

Fernanda Balata: I have also heard about that and I think I know which local authority you are referring to. That is a perfect example of how national policies need to allow flexibility so that local areas and regions can adapt a national framework for local needs. I have heard about seasonal education before and I think it is a great idea. I do not know that much about areas that have tested it or how it has worked, but it certainly sounds like a way to go about dealing with the issue. I think local authorities should be encouraged to look at those kinds of solutions and supported in trying them. The worst thing that can happen is that it does not go exactly to plan but you can then adapt. However, doing things in the way we do them now certainly does not work.

Regarding the challenge of how to deal with an older population and the economic development required to cater for that, again, I go back to saying that there is never one solution—there cannot be. We know that public services are ever shorter of funding and resources; they have been cut everywhere. That places a greater burden on communities and areas that



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are already suffering in the areas of care, health provision, education and so forth, so cutting public spending will certainly not help in the long term.

At the same time, there are many initiatives out there that work alongside public sector provision. I do not know much about this work but I can put you in touch with my colleague who has been looking at childcare co-operatives, which have been working quite well. This is about local parents and people in an area coming together to divide up that burden and create solutions that work for them. Through that process you create greater social cohesion and strengthen relationships in an area, which again goes back to education and aspirations, and communities working better together to solve those complex challenges.

Lord McNally: I am surprised that this is not part of the Blue New Deal, given that it is an inevitable problem. Should seaside towns be looking at retirement villages as part of their future and servicing those villages?

The Chairman: Like a British version of Florida.

Lord Lucas: Without the alligators.

Lord McNally: Absolutely. That is the kind of blue-sky thinking that should perhaps be going on.

Fernanda Balata: I did not want to speak until you mentioned the Blue New Deal, which is the project that I have been developing. The Blue New Deal very much uses the coastal marine environment—the unique asset of the coast—as a catalyst for economic regeneration. There are many things that we could have looked at and we will continue with that work, but obviously we could not look at everything all at once.

In relation to retirement spots, I think that that is already happening on the coast, although maybe not in the way that it could. I think that one challenge for coastal communities is that many areas already cater for the retired community, so that creates a lack of diversity in demographics, age and the different opportunities locally. If you created greater diversity, obviously an area would be more resilient economically and socially, and there would be support for older people. The burden of running an area and everything connected with providing services and infrastructure and supporting businesses would be divided up.

Q97 **Lord Smith of Hindhead:** I want to ask you about partnerships involving local communities, businesses and public sector bodies and how they work together, which seems to us integral to a successful outcome. We have had evidence of a council spending £1 million on a bandstand but having absolutely no idea what to do with it once built. However, it all worked out well because local entrepreneurs got involved. Equally, we have had evidence about the families involved in the oyster beds at Whitstable going ahead and doing things without planning consent and having to get it retrospectively, with things perhaps not working out as smoothly as they might have done. What are the barriers preventing this type of collective



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partnership approach and how might they be overcome?

Fernanda Balata: The barriers include the lack of power and resources of different sections of a community. Normally, you have community groups, voluntary organisations or locally based initiatives, then you have the business sector, from small to large businesses, and then you have the local authority and public sector. Those different sections of the community do not usually hold the same amount of resources and power, so that is the first challenge for partnership working. If you are a small community group and you do not normally get heard, it will be a challenge for you to get to that conversation in the first place. If you do get heard, how much of what you say and the proposals you put forward will be taken seriously? I am just giving some examples of how the imbalance of power and resources can shape up locally.

Communities also include NGOs and other organisations working at a local level. When they do manage to create a partnership—because they develop relationships and there is an appetite to do so—quite often because, as we have said, funding is not readily available or is not sufficient to support projects—

Lord Smith of Hindhead: Or perhaps it is just not being used wisely.

Fernanda Balata: That is true as well and it is an additional challenge. But to complete that thought, there is quite a lot of competition for funding. In my view, trying to make your organisation or community group survive is another key challenge for partnership working. It is hard to work in partnership when you are all competing for the same amount of funding.

Finally, on your point about how the money is spent once it is secured, I would argue that there is a lack of holistic thinking on projects that try to deliver change locally, be it social change or economic change. Certainly from the point of view of the New Economics Foundation, we feel that at all levels we must always try to deliver social, economic and environmental goals simultaneously, and more work needs to be done to support local authorities and communities in understanding how that can be delivered.

Lord Smith of Hindhead: Having looked at this and being a senior economist, can you give one example of where you think the use of public funding has been really successful?

Fernanda Balata: You have put me on the spot.

Lord Smith of Hindhead: Mr Corfe, would you be able to give an example?

Scott Corfe: No.

Lord McNally: What kind of public funding are you talking about? I would mention Blackpool—that is the first time I have mentioned Blackpool today. How do you do calculate the cost benefit of 10 miles of brilliant sea wall?



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Lord Smith of Hindhead: We are here to ask questions, Tom, not answer them. We have two experts here who are economists. They have spent time looking at this and I simply want to ask them whether they can, off the top of their head, give me one example of where the use of public funds for a coastal town project has been massively successful in implementing a sustainable economic change that has had a real impact on the community.

The Chairman: Let us be a bit more real. Would either of you say that public funding invested in the Turner Contemporary at Margate was money well spent?

Scott Corfe: As someone who grew up in that area, I think it has clearly had some benefits in the area, but it has not tackled the deep underlying economic problems in Margate or Ramsgate.

Fernanda Balata: I will add to that answer. It is not a bad project; it is not about that. Certainly I have been doing some research into increased cultural investment in coastal areas. The problem is not with the initiative per se, but again I go back to previous issues. You can put one good initiative for a place that is suffering from a complex range of challenges.

The Chairman: But it has to be part of a strategy.

Fernanda Balata: Yes, it has to be part of a strategy. What happened was that house prices increased and some local people who used to live in certain areas had to be moved out and there was no plan to account for the consequences. So the initiative was good in itself but it created other problems.

The Chairman: I am going to ask Jo to ask a supplementary. Perhaps you could provide us with a note of projects where you think that broader consideration has been made—and where it has not, because that is equally instructive.

Baroness Valentine: Scott, you argued that infrastructure was the most important challenge. Logically, you must have an example of where investment in infrastructure has had a good economic impact. There is no need to answer that now.

The Chairman: Tom might say that money was well spent in Blackpool on renewing a heritage tram line. We could argue about that.

Lord Smith of Hindhead: It was money well spent.

The Chairman: Okay, fine. That brings us to Ralph's question.

Q98 **Lord Lucas:** To the extent that seaside towns and communities have a common set of issues, does the UK require a specific strategy for coastal communities? If so, what should that strategy look like and how should it be developed?



Scott Corfe: I answered that question earlier. Yes, there definitely does need to be a coastal community strategy, a key plank of which must be an infrastructure strategy which would improve connectivity to coastal communities—including road and rail—as well as increasing the digital infrastructure. One way of offsetting the effects of more limited transport links is to have better digital connectivity. So a digital strategy and an infrastructure strategy are needed, along with health and education. We have identified these as clear challenges in a number of coastal communities. But yes, I completely agree that there has to be a national coastal community strategy.

Lord McNally: Is there anything we can learn from the revitalisation of our cities? Some of us are old enough to have been involved in cities during the 1980s and 1990s when there was just as much depression about the future of those cities as there is now about our coastal communities. Now we see those cities prospering and booming. Can any lessons be learned from what we have done with our cities?

Scott Corfe: The success of our city economies shows the benefits that can arise when there is a strong will to do something and there are strategies in place, along with the right level of investment to deal with the problems in these areas. But the problems facing coastal communities and cities are in some ways very different. There is the very challenging problem of the age dynamics in coastal communities versus cities. The fact is that across the UK the population in small towns and coastal communities is getting older. Young people have been migrating to the cities and the increasing age segregation of our economy and our society is a major challenge. There is also a real challenge around economic diversification in coastal communities. How do we move our coastal communities away from economies that revolve around retail, hospitality, tourism and care to some well-paying sectors?

The Chairman: Is it that we are undervaluing that sector itself?

Baroness Whitaker: Could we use the Crown Estate?

Lord Shutt of Greetland: You both run think tanks. So far as our work is concerned, give us your best thoughts.

The Chairman: One point each. That is a good idea

Fernanda Balata: This is in answer as well to the previous question about the specific strategies for coastal communities. The coast is suffering from coastal-specific and non-coastal specific challenges. National approaches, strategies and policies that would benefit most of the country will also benefit coastal communities, and that is a good thing. If the national infrastructure strategy, the skills strategy and the industrial strategy all had a coastal element to them in order to respond to the needs of the coast, it would already go a long way towards solving many of the challenges.



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However, I would add something to that. We have done a project of work that was very much about going around the coastal regions and understanding that coastal towns are not all the same. Not every coastal strip can be dealt with in the same way. In some places flood protection is important while others are at greater risk of erosion. Some places along the west coast and in Wales are actually gaining coastlines. So the idea that you can have a national framework to guide local areas and regional approaches is a good thing, but those decision-making powers need to sit at a local and regional level so that they can cater for those differences.

The Blue New Deal we would offer as a starting point to look at coastal communities and the challenge to support a healthier coastal marine environment. That is a challenge for the whole of the UK and would benefit the whole of the UK. If we started by looking at how a healthier coastal and marine environment could be an asset for economic regeneration, it would go a long way towards solving many of these problems.

The Chairman: That is a very good point. Scott, do you have anything to offer on this?

Scott Corfe: I do not want to add much to what I have said already.

The Chairman: Very good. Ralph, your last point, please.

Lord Lucas: A number of people have picked up on the issue of the way funding is provided. Perhaps I may list three such issues. One is that if you are regenerating housing but the house values are low, the cost of buying dilapidated property and then doing it up is more than you can sell it for. Should there be a state subsidy for that process so that an area can be lifted even though it is not economic?

Secondly, there appear to be a number of LEPS that have a big area to cover and do not pay much attention to small developments on the coast. Is there a way in which that structure to be modified in order to change the way LEPS fund small coastal communities and give them more responsibility? The bids under some funds are just for a one-off thing. You put a lot of effort into competing for them. There is then is a long timescale and you are disappointed, or you have something but it does not connect. Is that satisfactory or would you rather have what has been talked about as regards some of the follow-on funds? Eastbourne is going to get £100,000, but it is a question of what it gets the money for. Are there some alternatives? Do you have any reaction to these things which have been said to us?

Fernanda Balata: I have been hearing quite a lot about local enterprise partnerships. What you have heard has been my experience as well. We are starting discussions with some LEPS, especially in the south-east. An LEP in the East Riding of Yorkshire and some in the south-east have been looking in particular at coastal groups within their partnerships. That is quite promising, but more needs to be done. However, there are LEPS that could start off by paying closer attention to the coast.



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The Chairman: Do you think that there is a need for some reconfiguration of LEP areas? Is that what you are saying?

Fernanda Balata: Yes, we could talk about structural change. That is a little harder to do and would take more time, but straightaway LEPs could be doing something more by creating a coastal group looking in particular at the coastal economy in their region. In relation to the housing question, we have housing experts at NEF. I would look at that more from the point of view of making sure that there is affordable housing that is available to everyone.

Scott Corfe: I have not heard about similar policies in relation to the point just made about housing. What is a potentially interesting proposition is that when you look at the data on housing quality in some coastal communities, you can see the problem of underinvestment in the existing housing stock. Some of that stock has been allowed to fall into a very poor condition. So channelling some funding into housing through renovation and then selling it on could be good for these areas. It could raise revenue for the local community.

The Chairman: Okay, I think we are done. Thank you very much for joining us today. It has been very interesting. If you feel that you have not fully answered some of our questions, you are welcome to send us a supplementary note.



Geoff Barton, Professor Ian Fribbance and Steve Frampton – oral evidence (QQ 99-115)

Tuesday 13 November 2018

4 pm

Watch the meeting

Members present: Lord Bassam of Brighton (The Chairman); Lord Knight of Weymouth; The Lord Bishop of Lincoln; Lord Lucas; Lord Mawson; Lord McNally; Lord Shutt of Greetland; Lord Smith of Hindhead; Baroness Valentine; Baroness Whitaker.

Evidence Session No. 12

Heard in Public

Questions 99 - 115

Witnesses

I: Geoff Barton, General Secretary, Association of School and College Leaders; Professor Ian Fribbance, Executive Dean, Faculty of Arts and Social Sciences, Open University; Steve Frampton MBE, President, Association of Colleges.



Examination of witnesses

Geoff Barton, Professor Ian Fribbance and Steve Frampton.

Q99 **The Chairman:** Gentlemen, thank you very much for joining us this afternoon. I apologise for any delay you might have suffered getting into the building. Security has improved over the last few years, so it sometimes takes a bit longer, or at least that is what we are told.

In welcoming you, I need to draw your attention to the fact that you should have in front of you a list of interests that have been declared by Members of the Committee. I also remind you that the meeting is being broadcast live via the parliamentary website. A transcript of the meeting will be taken and published on our Committee's website, and of course you will have the opportunity to make corrections to that transcript where necessary. I anticipate that this session will take about an hour, so do think about that when you are framing your replies.

Lord Knight of Weymouth: For clarity's sake, in respect of interests, given the subject matter I should remind the Committee and others of my interest in respect of *TES*, in particular around teacher recruitment, which we will be talking about.

Q100 **The Chairman:** Thank you very much. That is very helpful. The first question to start off this session is mine, and it is a fairly obvious one, given some of the evidence we have received, in particular from the Open University. It is this. Why is low educational attainment a common feature in many of our coastal communities? What is the driver of that?

Professor Ian Fribbance: As I am the representative of the Open University, perhaps I will pick that one up initially. The issue for us is around the big decline of higher education in coastal communities. Obviously, many coastal communities do not have bricks-and-mortar, conventional, full-time universities. They are reliant on part-time distance learning. The Open University has traditionally recruited very well in coastal communities. We have had a big reduction in the number of students coming to the OU to do part-time study since the change in the fees regime in 2012. As you will see in the evidence we submitted, that has resulted in a more than proportionate decline of people studying higher education in those communities. From our angle, that is a particularly big question that we wanted to draw to your attention.

Geoff Barton: I would probably start at the other end of things. In order to prepare myself for today, I spoke to a number of members. I represent 19,000 head teachers, deputy head teachers and assistant heads across the UK. I spoke to some of them who work in coastal areas in the north-west, the north-east and the south-east. First, they said that nobody will be surprised that there appears to be a link between deprivation and low educational attainment. That is not to say it is inevitable, but we know that link will be there.



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They then described the fact that in primary school you are inheriting children who may not—and we have to be really careful not to caricature people who live in these areas—have the same habits of learning that we might expect of our own children and may not therefore have reading as an integral part of that. The primary school is then trying to catch up with that. That may lead them to narrow the curriculum and give more attention to numeracy and literacy, partly because they will be judged by that as a school when they get to the end of the primary years. In some cases, you therefore have youngsters who have had a narrowed curriculum moving into secondary. Suddenly they have 15 or 20 teachers looking after them, and maybe they have been alienated to some extent from the curriculum, but they will then have a pretty academic curriculum through key stage 4.

The leaders said to me that they have to work incredibly hard to compensate for a sense of aspiration about what education can do in communities that too often, for a generation, have thought that education was part of the problem, rather than part of the answer.

Steven Frampton: As somebody who grew up in Jim's constituency, I have lived and worked my entire life in a community in Gosport in Portsmouth as well. I am really going to reinforce that. I represent the middle, the FE sector, the bit between what both of you chaps have been talking about, the 300 colleges that are there. There are similar themes here: the lack of aspiration, the low pay, the seasonality, the lack of major employers, the lack of STEM employers in particular in some of these communities.

We have some outstanding colleges in these communities; I think you have visited some in Blackpool. They show that it is possible to narrow that gap with sufficient investment in the FE sector, which would also increase participation in the HE sector. That is one of the issues. We find increasingly, though, that many colleges in these communities have to do a lot more work on English and maths GCSE resits because of government policy. To deliver that costs the sector money, which cannot be spent on the broader skills agenda that I am sure you would want it to be spent on.

The Chairman: Professor Fribbance, do you want to add anything to that?

Professor Ian Fribbance: The linkages across the sectors are key here. It is about schools; it is about progression to FE, and from FE to HE. One of the key themes I would stress is about thinking through it as a whole and the partnership arrangements that can often be delivered, for example between the OU or another university and FE colleges, progression, apprenticeships and all these kinds of things. Working in partnership is probably a key thing to think about in this space.

The Chairman: The OU evidence suggests that the change in the funding regime is the driver of all this, but surely it cannot be the case that people in coastal areas are completely bereft of wanting to be involved in the educational process. The second point is a sort of corollary to it. It seems to me that, in a way, the OU itself has rather brilliantly stepped in to fill a



gap that is there. Do you see this as a trend that is likely to continue?

Professor Ian Fribbance: Do you mean the downturn in part time?

The Chairman: Yes.

Professor Ian Fribbance: The Committee has to bear in mind that, in one sense, the OU is a living experiment of different funding regimes, because we operate across the four nations of the UK. We see very clearly now that the different funding regimes are having consequential different effects on students who want to study. In Scotland, where effectively things are free, numbers have held steady. In Wales, where they are implementing the outcomes of the Diamond review, our numbers are rising. It is the same in Northern Ireland. But in England they have plunged very significantly since 2012. Notwithstanding all the issues about schools and so on, at HE level specifically there is clear evidence that the part-time market in England has shrunk for adults who want to do lifelong learning, second-chance learning or whatever.

As you will have seen from the paperwork we presented, there has been a 27% overall decline of HE study in coastal communities. Among part-time students, that is nearer 60%. That is a catastrophic drop, and that is primarily down to the change in the funding arrangements, because older people are more debt averse, essentially.

Baroness Valentine: I have a follow-on to that. It was very interesting evidence from the OU. I did not see anywhere any evidence on increase in earning power as a result of studying through the OU. Do you have that sort of data?

Professor Ian Fribbance: We do. It is obviously more complicated at the OU, because about three-quarters of our students are already in employment when they start with us, so it is not necessarily a straight comparison with 18 to 21 year-olds. Even so, we have that data and we can supply it. Typically, we are in the top quarter for impact on student earnings.

Baroness Valentine: I would be very interested to see that.

Professor Ian Fribbance: It is mainly through people getting promotions or changing jobs when they are already in work.

Q101 **Lord Smith of Hindhead:** I have a question for Mr Frampton. You mentioned that some children get to an age where perhaps they are leaving to go on to sixth form or university, and they have to be retested or get extra help for English and maths, because they have got to that stage and have not quite learned that. Do you have any idea why that is? They have been at school since they were five and they have been there from 9 o'clock in the morning to 3 o'clock in the afternoon. It is not entirely the parents' or parent's responsibility, is it? Is it difficult to get really good-quality, motivated teachers to work in seaside towns because of the other difficulties there?



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Steven Frampton: There are two or three questions in there. We will come to the teachers afterwards, but my colleagues in the primary and secondary sector are working incredibly hard in these communities. We look to work in partnership with our primary and secondary colleagues to support the work they are doing. But there are some young people who do not, at first chance, get their maths and English GCSEs. They seem to be a priority for government, and we are required to deliver that in order that they should get it. It costs about £700 per student for our sector. That is a cost we are not fully funded for, so that is a resource that we have to spend, which is not perhaps the core purpose of the FE sector.

Lord Smith of Hindhead: Could that be seen a little earlier than by the time they get to 16? Could it not be spotted earlier so they do not have to pay to be taught again? They could be taught when they are supposed to be taught.

Steven Frampton: That is the case, but I am sure you would like to speak on behalf of your members, Geoff.

Geoff Barton: It is something my members feel very strongly about. The import of your question is really important. After 11 or probably 12 years of being taught by a succession of early-years, primary and secondary teachers, we had this year about 190,000 children who got a grade 3, 2 or 1 in the new marking system. That is deemed nationally to be not a pass. What message does that give to those children? After 12 years of being taught, we do not give them the dignity of a qualification that says, "In your own language, you can do the basics".

They would not be able to, because we also have a system called comparable outcomes. That, quite rightly in a sense, makes sure the grades do not bounce up from one year to the next so that we get newspapers talking about grade inflation. Essentially, from one year to the next we keep the same number of children who pass and the same number of children who do not. There is a collateral damage to this, is there not? The price we pay as a nation is that we have those 190,000 children who do not have their maths or English.

If they get a grade 3, when they go to an FE college they have to—it is mandatory—do a resit. We are saying they should be able to do a resit, but why not give them a different functional skills qualification that employers would probably value and the business community would certainly back? If they want to do a GCSE, with its pre-20th century literature and so on, that is fine. But it might be, when they are in technical education, that something else would be more appropriate and better.

Lord Smith of Hindhead: Okay, but we are interested in seaside towns. Is there a disproportionately higher problem with this in seaside towns?

Geoff Barton: In seaside towns, because you will get more young people very early on who do not have the habits of learning, it is more likely that you are going to see underachievement later on. If you look at the national



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statistics, you will find that particularly white working-class communities will get lower grades for all kinds of reasons, and that is usually at the heart of what you are seeing in coastal communities.

Lord Smith of Hindhead: Do you have a problem recruiting really good teachers into these communities?

Geoff Barton: This takes us to your second point.

Lord Smith of Hindhead: A good teacher can make a difference.

Geoff Barton: Interestingly, the head teachers I spoke to yesterday had all been in these coastal communities for about 20 years. They all said, "We could have moved to somewhere easier. We could have moved to somewhere that, whether through Ofsted or whether through judgment, our schools would be seen to do better. But we are on a mission here". Their problem is how to get more teachers to want to do it.

A head in Clacton said to me yesterday, "We have never in our community seen someone who has been trained in London or Cambridge who then comes and does their placement with us in a seaside area". We need a sense of national mission. These people who feel on the margins need to be part of what we are all doing as we build our skills in becoming teachers and head teachers.

The Chairman: That is really interesting. That is very interesting indeed. I went to school in Clacton. In my school days, there was a sense of mission and purpose behind the teaching profession, I would think and argue.

Q102 **Baroness Whitaker:** It is good to hear from Professor Fribbance about the shrinkage in part-time take-up, part time of course being crucial to regeneration, upskilling and all that. I wondered whether there were financial disincentives. Have you tagged it at all to the costs of the course? Is this a problem for take-up?

Professor Ian Fribbance: The simple answer is yes. That is the point I was making about the comparison between the financial regimes in England, Scotland, Wales and Northern Ireland. Where the financial regime, i.e. the cost to students and learners themselves, is lower because of the more generous regime in Wales, Scotland and Northern Ireland, the number of part-time HE students has held or even increased. In England, where we have put in a fee and loan-based system for part-time students as per the full-time 18 to 21-year-old market, we have seen a very large drop in the number of part-time higher education students in England, because older students are more likely to be more debt averse, i.e. they do not want to take on the loan. It is almost wholly attributable to that.

The Chairman: Is that working to the advantage of the OU?

Professor Ian Fribbance: No.

Baroness Whitaker: Is there a chance that if you were to drop your fees



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you would get that many more people to make up the shortfall, if you see what I mean?

Professor Ian Fribbance: No, the university itself would be worse off, because in the change in 2012 we have lost the government grant. It was meant to be compensated for by the same number of students taking out a loan and then paying the university, but in fact we have seen in England approximately a 40% reduction in the number of people able to study, because of the taking out of the loan, simply put.

The Chairman: Mr Barton, you look like you want to add something.

Geoff Barton: I will just give you a new angle on this, which surfaced this year, because there are slightly fewer learners in the system chasing places. I was speaking to a head in Bridlington in the north-east. In her sixth form, around half of the students had been given an unconditional offer. To my earlier point about how they might not have the same habits of learning there, those students thought, "Okay, I have been given this guaranteed offer to go to university on the south-coast", or wherever it might have been, and they then disappeared. They disappeared from school, because they were working in the supermarket and so on. On results day, they came and got their results, and youngsters who were getting two Us and an E were then going to get their university place with an offer of a £1,000 bursary.

We are setting these children up for failure. The intention is a good one—we want youngsters from those backgrounds to have the opportunity to go to university—but they will be set up for failure if they have gone without that background. We would particularly say that universities need to be much more cautious about unconditional offers, because they are not helping the school, they are not helping the young people, they are not helping the communities and they are probably not helping the university, because the student might drop out.

The Chairman: That is interesting.

Q103 **Lord Mawson:** I am always rather encouraged by young people and children, because there is massive talent wherever we are. I have spent a long time in what are called challenging communities. I have generally found lots of talent there and different kinds of intelligence. Not all of it is so-called academic intelligence. That is one kind of intelligence, in my experience. In a situation we were in on one housing estate, when we began to turn around the school we found that the problem was not the children, it was the adults and the culture of the school. There was a whole range of assumptions. In that school, there was an anti-business culture, 800 yards to the north of Canary Wharf, which is very worrying.

I am conscious that my own 17 year-old has recently left college, bored to death with what he called—I have never used the words to him myself—a "tick-box culture", and is now beginning to thrive in a more entrepreneurial environment. I am worrying a bit about where the real problem lies:



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whether it is with the children or whether some of it is with us lot as adults. I am wondering about how much time you as organisations spend with business and entrepreneurs. Certainly in the school we built, we found it interesting to grow real businesses with children at the school, where the children at the school earned real money. The people who had a problem with children earning real money at school were the teachers, interestingly enough, because they find it difficult to get into real money. When you introduced that, we found that children got very interested in a whole range of stuff. I am just wondering how that runs as far as you are concerned.

Steven Frampton: You make a really good point. It is wonderful that you value young people as you do. My experience of working with them is that year on year they have got ever better. I am really encouraged by the potential. But you are right.

One thing, though, is what we measure and how we measure it. That has a massive influence. It is one of the main drivers of what head teachers deliver. We should be very encouraged by the potential of the new Ofsted framework that is coming. It is probably the most flexible one we have ever had. It will encourage the sorts of things you have been talking about. From my own experience, I can say that colleges are actually delivering this when they are fully funded for it. The tragedy is that 10 years of cuts and frozen funding in the FE sector has meant the very things you are talking about, the entrepreneurial programmes that are there and can be delivered, have unfortunately been reduced in the college sector. It is the thing we would most like to get back.

Lord Mawson: But we did it with businesses. We did not do it with school funding. We did it with business partners.

Steven Frampton: I can speak from my own experience. I changed the college timetable to a two-period day between 10 am and 4 pm. On their half days, I gave students the opportunity to work with businesses and set up their own businesses: 83 of them are young entrepreneurs. But the financial resources to enable that to happen just are not there. Businesses were wonderfully supportive, but you still need to employ staff to deliver that part of the curriculum. We find that we have been reduced in our opportunities to do that because we have to concentrate on the core.

The other point you talk about, though, is culture. The culture of the institutions and the communities is absolutely critical. It is very rarely the young people, as you say. It is the broader community and in some cases it is the parents themselves. Sometimes it is our inability to engage in the wider community. But that is where colleges play an absolutely central role. As a college principal, I would know my local businesses; I would know my primary and secondary head teachers in the way that perhaps the VCs of a large university cannot. We can be real drivers of the sorts of change you want, given adequate resource.

Professor Ian Fribbance: A positive suggestion to think about might be partnership working. Across universities, schools, colleges and businesses,



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how can we set up a regime that really encourages people to work together in coastal communities? For example, in many of those areas there are never going to be bricks-and-mortar universities, but if we could have a regime where the OU, for example, was working in partnership with the local colleges, which in turn were working with the local businesses that they knew well, that really would facilitate the kinds of things you are talking about: more apprenticeships, more access to local apprenticeships entrepreneurial skills, routes through to higher education, those kinds of things. We would support that partnership model.

Lord Mawson: But that is not going to happen by diktat from government.

Professor Ian Fribbance: No.

Lord Mawson: That is going to happen through the college principal getting out and about among the business community and building relationships.

The Chairman: That is clear from some of the FE institutions we have visited.

Q104 **Baroness Valentine:** This sort of follows on from what we have been talking about. A number of councils from coastal areas have told us the secondary level is where they see the most significant issue with attainment by pupils. Is that something you would recognise? Do you have any observations on that?

Geoff Barton: Yes, I have a couple of points about that. I spoke to a head teacher in Blackpool who would frame it like this. Say you are in an area that is predominantly white working class. At the end of primary the school is measured. It is measured for how the children have done, how the head has done and so forth. At GCSE, you are measured for the progress the children made for the next five years. Children who have English as an additional language are likely to make faster progress because they are starting at a lower starting point. Therefore, you see in the national performance tables that white working-class community schools perform less well. The heads say to me that this is a disincentive to stay in those schools, because you know your job may be on the line because of it.

To your point about the kind of curriculum that might be right for those young people, rather than a rather staid and narrow curriculum, if Ofsted is going to in its new incarnation say, "Show us what is distinctive about your curriculum", and if that is going to allow the schools in the most disadvantaged communities to do as well as the ones in the most advantaged communities, we will start to break what is a lock between a curriculum that is too narrow for some young people, though not for all young people, and the schools that appear to do worse than they do because of the data. We need to take a broader view. There are teachers working incredibly hard, as social workers as well as teachers, doing all kinds of things that are unthinkable to lots of us, and they are doing it because they care about those youngsters. They do not show up in the performance tables at all.



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Baroness Valentine: Can I just check I understood part of your response? If you were to cut the data by children who have English as a second language versus first, you are saying that would normalise some of the discrepancy.

Geoff Barton: Yes. If you have a look at the performance of schools in London, for example, or anywhere that has a more mixed clientele, the Progress 8, if you are measuring progress from year 6 up to year 11, will show you that greater progress is made. What is the reason? Well, a lot of those children who have English as a second language will start from a lower starting point.

Baroness Valentine: Secondary education in London 15 years ago was dreadful and there were still foreign-speaking children at that point.

Geoff Barton: Something else happened there. First, there was a London mission. There was money put into it. There was a sense of partnership. There was a sense that we had to do something about this. The people on the margins are saying, "What about us? We need a coastal mission to do the same thing". We need to put in money and resources, and incentivise teachers to work there and stay there. Part of the problem for these communities is that they see someone parachute in. The head in Bridlington said, "50% of my staff live 30 miles away. They could be poached by other schools that could afford to pay them more". What could we do to encourage people, partly because of moral purpose, partly because it is a great job to do, partly because they are then reimbursed better? What could we do to make these the priority areas?

The Chairman: We have picked up from some of our visits that educational professionals are retreating from some coastal areas and moving further away, partly because they see other towns in the metropolitan areas as more attractive to them in some senses. That seems to be a big change in the last 20 or 30 years.

Geoff Barton: It is a big change this year. This is the first year that more teachers have left the teaching profession than joined it. Why would you go and work in the Clactons, the Bridlingtons and the Blackpools if you feel your school is going to be under the cosh, your head teacher might disappear, and your school might be taken over by a multi-academy trust? We have to recalibrate our accountability system. We have to make it more humane; ultimately, we have to make it more inclusive.

Q105 **Lord Shutt of Greetland:** On this point, we have been to several seaside towns on our visits. When we can, we look in estate agents' windows. It seems to me that you do not have to live at No. 1A Promenade. You can live five or six miles away. There are some wonderful places to live. These properties are not all that expensive, certainly not compared to down here in London. It seems to me that the seaside is not a bad place to be if you are a teacher.



Geoff Barton: You are totally right. Those head teachers who have done all of that time said to me, "Could you say thank you to the Committee for talking about us?" because they feel they are not recognised nationally. There is a better story to tell about the lifestyle you could have in those places, but at the moment the way you are judged, whether it is through inspection or particularly the data, you are less likely to be judged as a successful institution because that is the way, to use your phrase, the data is cut at the moment.

The Chairman: That was quite an interesting exchange.

Q106 **Lord Knight of Weymouth:** My question is around the difficulties coastal areas have attracting and retaining high-quality teaching staff. Obviously, we have started exploring that already so to some extent I am going to rush straight to my supplementary. First, I have a question around funding. Pupil premium made quite a big difference; it was responsible for quite a big uplift in funding at the beginning of the time of the coalition. I am interested in whether the use of free school meals as a passport into pupil premium is affected by high levels of seasonal employment and low-income employment. Does that effectively disadvantage economies, such as in seaside towns, that have high levels of those things, because their poverty is not recognised by the school funding system?

Geoff Barton: I would be likely to say yes, but I do not have an evidence base in front of me. That feels instinctively like it will be the case. We are undoubtedly seeing that the pupil premium emphasis is now being used simply to prop up the curriculum. One issue is that some of the support you could put in for young people in order to stop them being excluded later on, so somebody working with them one-to-one or in a small group, is having to be cut. There is a direct link between what you can afford to do and the outcomes. The heads I spoke to yesterday said, "We have to get back to a joined-up way of thinking". Education alone cannot sort this all out. It has to be across a community, which has become increasingly complex.

The Chairman: Can I come back on one thing that has been prompted in my direction? That is looking at the data on schools, teachers and so on. I am wondering whether you guys have access to data to flesh out the points you have made about this issue.

Steven Frampton: Do you mean the number of people working in these ways?

The Chairman: I mean the decline of teacher numbers, the move away from peripheral communities and the issues that this throws up. If you have any hard data on that from your professional associations, that would be very helpful.

Geoff Barton: Yes. I do not have it to provide here, but we certainly have it. I think it was in our submission.

The Chairman: Maybe we can tease some of that out.



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Lord Knight of Weymouth: I have a couple more questions. Incidentally, I can probably help you with the data.

As you have said, the shortage of secondary school teachers is getting worse and worse every year. I got some anecdotal evidence on the visit to Blackpool on this. Is there a temptation, because of the accountability system, for head teachers to put their strongest teachers into key stage 4 for the GCSE coursework? By definition, though, the weaker teachers would be deployed in key stage 3. You might have a reasonable bit of momentum coming out of primary school, but then those first two or three years in secondary are when the disengagement happens, which you can never quite recover from in key stage 4.

Geoff Barton: That is exactly right. There is a more global view of it. We spend the most money per student on those who go to university, the least money per pupil on those in the early years, yet that is where you want the foundations to build the habits of learning, essentially. The rest of it is then remedial: you are always trying to make up for lost time. As a head teacher of 15 years, knowing your school was judged by its exam results—and frankly the exam results are the passport for the youngster—of course you would deploy your teachers there.

But there is a second point, and it goes back to what you were asking about the curriculum. The head from Blackpool said to me that he used to send youngsters who were becoming disaffected—I used to do this at my school in Suffolk—to the FE college next door for two days a week, where they would do some kind of technical or vocational course. Some people were a bit dismissive of that.

All I know is that when those youngsters came back into school they would sit next to other youngsters in the top sets, who would say, “What did you do at college yesterday?” Suddenly there was a sense of self-esteem in those youngsters, a sense of learning something in a different way and being treated in a different way. That is not measured in performance tables. There is a disincentive to do that, and yet we are crying out for the technical and vocational skills that are going to be needed.

Lord Mawson: The other problem is that we are making all this hoo-hah about going to university and then collecting a very large debt on the way. As I listen to this generation, they are pretty sussed out about how stupid that is. There is a real problem, and many of them can see these disconnects. That is why I wonder whether—I keep trying to say this to the Committee—the problem is not so much with you; it is with us here in Westminster, in terms of joining the dots and understanding the detail of what is happening on the ground in these different silos that we have all carefully legislated on and created. We are squeezing the very juice out of the lemon as we do it. Maybe it is me, but it seems to me that there is something like that going on. Does it feel like that to you? Maybe it does not.



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Steven Frampton: Yes, it very much does. There are more appropriate qualifications for some young people to pursue now in terms of higher apprenticeships. HE definitely is not the route for everybody. You are absolutely correct. Going back to the point you made about unconditional offers, they are making it more attractive for some young people to inappropriately progress to HE, taking on the level of debt you talk about, without the guaranteed certainty of the reward at a later stage. As a sector, we are very concerned about that.

To go back to Jim's point about staffing, the other thing to remember is that, at the moment, it is not an equitable playing field in terms of what lecturers and teachers are paid. There is a disincentive to work in FE now by around £7,000 a year. Our inability to attract is partly because of that differential as well. That is not to say that we have ever argued that our primary and secondary colleagues should not be fully rewarded; all we are asking for is parity with them. That is critical, because it is going to be in the very areas you will be interested in, particularly in the STEM agenda, which is often where it is most difficult to recruit staff into coastal colleges, partly because of the earnings potential of working in industry as opposed to doing that.

Baroness Valentine: I should declare that I am working in Blackpool. I just wanted to see whether you could square a circle for me. Blackpool is an opportunity area, one of 12 that have a special focus on secondary education. The schools took fewer Teach First teachers in the last year. We say we want bright young things coming in, and yet either there is not a budget or the schools do not want them. What is going on there?

Geoff Barton: I cannot answer specifically on Teach First. I admire very much what Teach First does, but the fact is that these communities do not need people who just go and teach for a short time; they need people who go and commit to them for longer. That is why we really need more of a career strategy—what is it that means you go and build your skills as a teacher, you might work there for five years, and then you might move somewhere else?

The Chairman: Is it your argument that we are losing that commitment, that career view?

Geoff Barton: We are losing that. You lose around 30% of teachers after five years and about 52% of teachers after 10 years. We have the youngest teaching workforce in Europe. That is not a good thing; it is a bad thing. Think about the kinds of people you would want teaching your own children. As for the people who are leaving, the *TES* calculates that by 2024 we are going to need—wait for it—47,000 more teachers

Lord Knight of Weymouth: That is secondary teachers.

Geoff Barton: Yes. Looking behind your question, we have to rethink what it is to be a teacher and what it looks like to have a career as a teacher. One thing we have to do is to take the workload and sort all of that. In



Blackpool, Stephen Tierney is a model of somebody who says, "I am getting rid of performance-related pay, because I do not think it works. I am getting rid of a lot of the data, because I think it adds to workload". We are seeing bold, brave leadership from these people, but it is much harder to be bold in those kinds of communities, because the stakes feel a lot higher.

Q107 The Lord Bishop of Lincoln: You have already begun to answer this question by telling us about the 27% decline in the number of people going into higher education in coastal communities, as opposed to 19% in non-coastal communities. The gap is widening. What steps could be taken to improve access to higher education for people living specifically in coastal areas? Is that a good thing, to Lord Mawson's point?

Professor Ian Fribbance: Point 1 is the point I have already made about the financial regime for people who are studying on a flexible or part-time basis in those coastal communities. The simple fact is that there is never going to be a bricks-and-mortar offering of higher education in every coastal town. That is never going to happen in places like Bridlington. Part-time, flexible and distance are all key things.

In a sense, the No. 1 ask from us would be some input into the post-18 review that is going on now. The outcomes of the post-18 review should recognise the centrality of flexible learning and people doing retraining, upskilling and that kind of thing. That is critical to reversing that trend, which has obviously hit coastal communities particularly hard.

But there are other things, too. I also mentioned partnership working. That could be absolutely key. There are schools and colleges in all these places, including some very strong colleges in many of them. We need greater recognition of the way the HE sector could work with FE and businesses, which has been mentioned elsewhere, to enable greater progression and the support of apprenticeship development, higher apprenticeships, partnership arrangements, all those kinds of flexibility. We should also think about supporting flexible working more generally. That might be informal learning of the kind the OU offers, or it might be just allowing people to study smaller chunks so they can take a bit at a time and supporting that generally.

They would be the three top requests: the financial regime, the partnership working across the sectors and then the flexibility.

The Lord Bishop of Lincoln: Is it the case, as it seems to me, working in Lincolnshire, that one of the issues with our young people is their lack of aspiration and fear about going away to university? You might get them to Lincoln or Sheffield, but you are not going to get them much further than that. Some of these young people are seriously bright and able. What can we do about that?

The other follow-on would be this. If the person goes to a Russell Group university, they might never come back again, or they might come back at



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the age of 60, buy a nice big house on the coast and do something to help them, but they go off to London and all that.

Professor Ian Fribbance: In a sense, that takes us back to the beauty of the part-time and the flexible, because that is bringing university to them. A very interesting recent development that the OU is experiencing is a sense of employers such as the NHS in some coastal communities growing their own staff. For example, we support nursing programmes. We have big successes on the Isle of Wight and in Cornwall, for example, where there has been a big need to develop nurses from other categories of staff. That is really working out well. You tend to find that students who have studied flexibly and part-time while staying in a place are then more likely to stay, whereas if they go off to the big London university they are more likely to stay in London.

The Lord Bishop of Lincoln: Should we be tackling this aspiration issue? It seems to leak over into all sorts of areas. We are talking about a lack of leadership and entrepreneurship. That is a kind of leakage of the educational lack of aspiration, perhaps.

Geoff Barton: I was a head in a rural area, in Suffolk in fact, for 15 years. When we talk about a lack of aspiration, it can sound pretty pejorative. We found there that the concept of university is quite an alien concept. Unless you have parents or family who have been, how do you know about it? One thing we would therefore want to do is to make sure we were talking with parents and bringing former students from the community, who could say, "This is what it is like", and talk in that kind of language.

I remember a girl joining us and saying, "I would like to be a doctor", coming from a background of no university background. Because of what we were able to do in the classroom and outside the classroom, she is now at Oxford in her third year. But, on the day she got her results, her mother said, "You mean I am losing my daughter". She was, in a sense. She was losing her, but she has lost her to an extraordinary sense of optimism that teachers have given her.

All of that, though, comes at a cost. It costs to do that outreach. You have given us a list of excellent ideas, but they all need time and mental space just to focus on those things. At the moment—you mentioned opportunity areas—we just keep getting consultant after consultant coming in with the next wacky wheeze for what we should be doing. We need more teachers who can focus on the things that matter. This is the stuff that matters.

Q108 **Lord Mawson:** I have generally found that the public sector pieces of the jigsaw co-operate together because they have a lot in common. Often, parts of the public sector and schools are not great at co-operating with business and entrepreneurs. Those relationships are absolutely crucial to the future of these children. In our experience when we built a school, that was the very thing that triggered a culture of business and entrepreneurship in the school, which the children really got. It was missing before, because there were all sorts of ideological hang-ups in this school



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about business, about a world teachers knew nothing about, as a matter of fact.

I wonder what your knowledge is of the level of engagement by schools in these coastal towns—maybe you do not know this—with business and entrepreneurs locally. How deeply are they involved with colleges and schools? Is it more comfortable to have a public sector relationship? We visited one place and someone said, “It is great to have an architect from a university”. That is all very nice, but they are not the people who have cut their teeth in the real world, the business world of designing buildings out there. You might end up with a far better building if you got them, but it is easier to go for the architect learning architecture at university. It is that kind of question, really. How deep is the engagement with business?

Geoff Barton: One of the heads I spoke to yesterday from Essex said, “You have to remember that the kind of businesses you may have in that area are different”. They are more small businesses and family businesses. They may not have the capacity to put the time into that. We considered that.

Secondly, if you know your school is ultimately going to be judged on its GCSE performance, it could be quite a bold move to think, “Let us take children out of the curriculum to do that kind of thing, even though we know that might give them exactly that kind of aspiration, not for university but to have a different kind of career”. Again, a lot of this comes back to funding and accountability, how schools are being measured.

Lord Mawson: Family businesses are a fantastic way to learn about this culture. They have often grown over many years and there is a whole range of knowledge there that is really fundamental for children.

Steven Frampton: You are absolutely right, but this is central to what colleges do. We engage with the business community. Some colleges will engage with 600 or 700 employers as a matter of course. The point you make is well made, but for SMEs it is about the capacity to do that and give the time. Most college boards will have at least two or three major employer representatives, and we actively seek to engage with the SME sector. But it is often very difficult for them to spare the time. Increasingly, we will be looking for a larger number of work placements for the new T-levels that are coming, but the SMEs are going to struggle again because of the capacity issues. This hits coastal communities more than any others.

Q109 **The Chairman:** It seems to me very important, particularly with the FE colleges where the bulk of apprenticeship training and so on goes on, that they have a direct relationship not just with the major employers but with a whole range of employers that can provide them with apprenticeship opportunities.

Steven Frampton: At best, that exists. The level of funding the sector has at the moment and the cuts over 10 years have, again, put pressure on that. It is the additionality that Geoff described. There are several examples. You have been to Blackpool, where there are two excellent



colleges that do this incredibly well. You have seen what it can be like at its best, but we do not need fads or project funding; we need sustainable funding to deliver this over a period of time.

The Chairman: That is a message that we have heard well now. That is good.

Q110 **Baroness Whitaker:** I am wondering whether educational innovators are not underrating coastal communities. Quite apart from tourism and hospitality, there are wind farms, ports and fish processing. All sorts of interesting high-level skills are needed, yet there seem to be few centres of technical education emerging in our coastal communities.

The question is how coastal communities can be better supported to meet the skills needs of their local economies, which, as I said, are diverse and high. What are the constraints on undertaking partnership work between business and industry and further and higher education providers, to help address these skills shortages and, particularly, to limit the outward migration of young people?

Geoff Barton: That is a killer question, and it is one that has bedevilled English education for a long time. What is the skillset and what is the knowledge we want young people to have by the age of 21? Essentially, at the moment we have a system that puts lots of emphasis on a rather narrow curriculum. The trouble with making this point is that it can seem like we are enemies of promise; I do not think we are. If we want children to be successful when they get to FE because they are going to do the new T-levels, surely they should have experienced something like it before that, at key stage 4. At the moment, those would not show up in the performance measures and they would cost a lot of money. Therefore, you do not get them.

More people should be saying, "We must have a more diverse sense of the skillset we want and the knowledge we want. That should be showing up earlier than it does now. At key stage 4, which is the GCSE years, some students, if it is appropriate for them, could be doing some technical education". That would start to address the needs locally. I was in Suffolk, so I know about the wind farms, the energy industry and the creative industries. Those industries were keen to work with education, but it was hard to find qualifications.

Baroness Whitaker: Should there be more focus in schools and education institutions at tertiary level on higher levels of employability?

Geoff Barton: There probably should be, but this comes back to how schools are measured. I am sorry if it is getting boring, but this is so much in everybody's consciousness that, until you change how schools are measured, the behaviour of too many people will be driven by that. It also comes at a cost, because at the moment we struggle to recruit teachers in history or geography, for example. If we are talking about more specialised areas of teaching, it is going to become even more difficult and more expensive, because those are likely to be smaller group sizes.



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It is about accountability and funding, but the intention to think about the skills we want young people to develop and be able to show should be a national one, instead of the rather narrow and rather snide academic emphasis that too often dominates.

The Chairman: The likelihood is that people going into FE now are going to change careers several times over the course of their lifetimes. Part of the preparation surely has to be getting the mindset there that enables them to be flexible and to recognise the opportunities they will need to grasp in terms of future learning.

Professor Ian Fribbance: It is also about making sure we do not conceptualise education as finishing at 18 or 21 in the future. As you say, whatever people have done by the time they are 18, they will probably have to retrain two or three times as adults. We have to think very carefully about how we put in place the systems that enable people to come back to do bits and pieces of professional updating or complete retraining. Lifelong learning is a slightly out-of-fashion buzzword, but it is a key. It is about partnership between HE and FE. It is about progression.

The Chairman: I have a question for you. Is the OU anticipating that in the way in which it structures its courses and pitches its appeal?

Professor Ian Fribbance: We are thinking very carefully about exactly that kind of thing, yes. For us, the question is the difficult question I raised earlier: what regime can be put in place in England in general that facilitates students to do small pieces of learning and to sign up for qualifications in their 30s or 40s, without giving them the disincentives that we are currently doing, which in a sense are the opposite of what we want to achieve?

Q111 **Lord Knight of Weymouth:** This is a question relating to adult training and seasonal economies, and in particular apprenticeship training. Do the frameworks have the flexibility to allow you to compress training into the down times of the economy? Generally, how can the educational infrastructure work for a college or for the OU in those sorts of economies?

Steven Frampton: The simple answer is that it does not, does it? We are very constrained at the moment by the exam system and how it is organised, often being organised over a two-year period. It does not fit in with that seasonality. That is a major issue that we need to revisit.

Can I go back to the point you made there? Whatever the skillset of the future, we are definitely going to need the investment in technology to be able to do that. There is a lack of adequacy in the thinking about how we are going to do that. Whatever the future is, it will involve more technology and more technology-based learning. That is going to be true across all phases.

The Chairman: We have a question that might pick up some of those issues next.



Q112 **Lord McNally:** Does the current government review of post-18 education and funding offer any opportunities to improve access to further and higher education in coastal areas? I think you have been answering that for about the last half hour.

Professor Ian Fribbance: It is another opportunity, so I will not resist. I have been very clear that one of the key things in the post-18 review—I accept there are others around FE, of course—is precisely the recognition of adult learners, part-time learners, mature learners, people who might be doing retraining or lifelong learning. All these things need to be addressed very carefully. The key thing is this: will we be able to find a way to reduce the cost to the individual students? That is what has driven the decline. That is the fundamental.

Clearly, some changes to the policy are needed if that is going to be addressed. That is not the only thing. It is not just the funding. Again, I have started to pick these themes up already. It is about how HE can work with FE, how we can develop progression routes and interlinkages between the two, how we can get better at supporting information, advice and guidance. The OU has a long track record of working, for example, with FE colleges in different places. We would like to expand that, if we could, to address these skills gaps and lifelong learning issues. We have absolutely masses, as I am sure you are aware, of learning material that has been created over many, many years with the BBC, with open learning and free learning.

There are some real opportunities here. I would stress the funding, and thinking about it for part-time and mature students; the linkages between OU and FE, which could really deliver a lot if we were able to work together more closely; and the whole ramping-up around information, advice and guidance and the apprenticeship route. These are absolutely the core of what would make a difference in coastal communities.

Lord McNally: I am so old that I remember very clearly the day that Jennie Lee persuaded Harold Wilson not to cancel the OU in one of our periodic economic crises. I am a great believer that we have in the OU a great national asset. But the evidence we have been hearing from all of you is that education itself has to get smart and flexible if it is going to persuade the Treasury and others to give you the funding to meet this new and ever-changing economy. I just would like to hear whether you are doing this.

In terms of the coastal communities, we have heard that these young people are some of the toughest to get at. This is about communities that have rather specific needs, problems with seasonality and such things. How flexible are you in looking at a bespoke approach to the problems of coastal communities?

Professor Ian Fribbance: I will answer from an OU point of view and then you might chip in. We are certainly moving in that direction. We are working with employers, colleges and others to develop different kinds of routes to higher education, including higher apprenticeships. The example



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I gave you around nursing is a relatively new innovation. It is already having a big impact. We are expanding that to teacher training as well, which is interesting. If teachers do their education studies through the OU locally, it is perhaps more likely that they might stay local. There are some experiments there. We are also doing a lot of work around informal learning, so smaller nuggets of learning through our platforms OpenLearn and FutureLearn, which you might have heard of. They allow learners to access much smaller chunks of learning that they can take flexibly. We are moving in that direction.

You are right: we need to do more. We need to think about different ways that things are organised. Of course, the essence of the OU is that you can study it, stop for a period, come back and do credit transfer, different qualifications and that kind of thing.

Lord McNally: We have heard about the private sector. Say Merlin or Butlins came to you and said, "We are short of these kinds of people with these kinds of skills. Can you help us?"

Professor Ian Fribbance: We work with many large, top 100 employers. We are developing apprenticeships with both private employers and the public sector. Sometimes we work with colleges to do that. We have recently come to an agreement with the Collab Group of FE colleges to develop those progression routes and more flexible approaches to study. It is definitely something that is happening already.

Steven Frampton: The answer is yes. That is the core purpose of a general further education college: to do exactly that and work with employers to deliver it.

Going back to the review, it is very timely and it is a real opportunity, because it recognises the partnership between HE and FE. It recognises that FE delivers HE already and we could do more. It goes back to this point, though: if you study HE in an FE college, you are more likely to stay and contribute to your economy, because you feel much more comfortable there. You often know the staff and the curriculum. Your personal confidence is higher. These things will be borne out by the review.

It is also important because it is going to have a look at a holistic system and all the pathways, right the way through, looking at the influences that primary and secondary have on the route through FE to HE and beyond. It is very timely and a huge opportunity that we must not miss.

Q113 **Lord Mawson:** Let me just pick up on this discussion here. If we are to be really radical, as we may need to be in some places, is it not really the business community that needs to run these things or certainly parts of them? In one of our visits we heard that, while Butlins employs a lot of people, and it is a fantastically run place, as far as I could tell, the apprenticeship scheme just did not work there. It was a massively important scheme for that community. The links with the local college were destroyed or undermined by some of that. You wonder whether we need



to be far more radical in some places. Some businesses should be allowed to take hold of this stuff and drive it. When I think of my own child, I suspect they would have been far more inspired by that than what they felt was just two years of wasted time, because they wanted to get a job and get out there into the real world. I do not know. Do we need to be far more radical in some of these places? There may be some great colleges, but there may be others where something more radical is needed.

Steven Frampton: You have probably been to some great colleges—I could give you examples of Blackpool, Grimsby, Portsmouth, Weymouth, Weston—where all these things are already happening. It comes back to the points we have been raising: it needs to be fully resourced; we need to look at the accountability regimes; and more can be done working in partnership with our business communities. All of those are possible. The T-levels are definitely a move in the right direction to do exactly that, but that is not going to work for everybody in our sector. We need to look at how we can improve the employability prospects of all students in FE so they have the right to make sensible decisions about their progress routes to HE, higher apprenticeships or the world of work directly.

I know it sounds like we are saying the same things over and over again, but it comes back to resourcing and the ability to recruit high-quality staff.

Lord Mawson: I am worrying—maybe this happens at colleges and universities—about how we check what the experience of some of our staff really is in terms of the entrepreneurial business culture that all these young people are now living in. Is there the real experience in these institutions that is necessary to enable the future generation to thrive? It is a question. I do not know the answer.

Steven Frampton: Yes, it is a really good question. We are noticing that it is difficult, in some of our technical areas, to recruit the high calibre of people you are talking about, because of the differential in pay between what they can earn in industry and commerce and what they are paid with us. The average FE lecturer is paid £7,000 less than a schoolteacher. In some professions, particularly the STEM professions, catering and the construction industry, you are going to be offered 10% or 20% more to do the work than you would be if you were working in our sector. It is a really important point you bring out.

Q114 **Lord Knight of Weymouth:** Geoff, you spoke about a sense of national mission. We have heard about the importance of aspiration, partnership, getting the right staff and funding. There was reference made to the London Challenge, what happened in London and so on. What would a coastal challenge look like?

Geoff Barton: It would trust the people who know the coast. In other words, if you take the leaders who have committed to working there, they understand what it might be that business wants. They might not have the resources to do it, but they understand it. They also understand those communities. That would allow them to say, "This kind of curriculum may be the right curriculum for some young people, although not all. This is,



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therefore, the kind of teacher I need". We would be looking at how we incentivise teachers coming and committing to that.

But you could give liberation to leaders by saying, "You are not going to be judged in the same way, which appears to penalise you, in that kind of community. Instead, we are going to celebrate a broader range of skills and a different kind of leadership". In my experience, the leadership these people are showing is not just within their school; it is around their school at a time when so many other services have crumbled. That needs much greater recognition if we are to get more people to think, "I want to be part of a mission to go and work in a coastal area".

The Chairman: This is probably an impossible question to answer, but, Geoff, you have described a retreat of educational interest, investment and mission from a lot of our coastal areas. How big of a problem is it? Could you put a percentage on it?

Geoff Barton: First, I would not and, secondly, we have to be careful that we are not caricaturing coastal areas.

The Chairman: No, I accept that.

Geoff Barton: That lack of funding is national. We are seeing that all the way across the board. What we are seeing is probably because coastal areas, by definition, are places on the margins. People do not pass through them in the way they do elsewhere. That means you need to work harder to attract investment, and to attract people to go and work in those areas. We really have not cracked that. There are probably people playing around with bursary schemes and so on, but the most important thing would be to say, "If you commit to this area, you get the moral satisfaction of that role and you do something for young people. You open the doors to knowledge for them". That is hugely rewarding and it ought to be celebrated better than the accountability measures do at the moment.

The Chairman: Are we suffering latterly, as it were, from a lack of a public service ethos in some of those communities?

Geoff Barton: Again, I do not want to generalise too much, but public service in general is something we denigrate too easily. The public service I see through people committing to communities, having to do all kinds of things as they see the shrinkage of other services, and yet still trying to work for those young people, is quite extraordinary. You are helping to illuminate that better. We now need to say, "How do we get more people who want to commit part of their careers to come and do it?"

Steven Frampton: We have seen how the coastal challenge is already learning from the London experience, but we do not have the resources to go with it. It was a real political imperative for London, was it not? There was an urgency about it, and we are not seeing that focus in coastal communities. As the chair of governors in a school trust, I just do not see that. We could learn lessons from London. I go back to Geoff's point around



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trusting the leaders who really do know and valuing their expertise. We also do not listen enough to young people in those communities. I am talking about primary and secondary school as well as FE. I am always illuminated by their discussions when I work with them. They really do get it. But the most important thing for me would be the flexibility of the curriculum.

Lord Smith of Hindhead: What do they get? What do these young people get? You just said that.

Steven Frampton: They have real clarity about what education really is and what they want from it. Interestingly, they are far more perceptive as to the skills they will need going forward than certain other colleagues I speak to in my own profession, really.

Lord Smith of Hindhead: Can you give me an example of that? What skills do they need?

Steven Frampton: They realise that it is going to be around teamwork and problem-solving. It is going to be about using technology and technological literacy. We ought to be investing a little more in that student voice agenda so we empower people. Listening to them is a certain way to improve the quality of any educational experience anywhere. But I would go back to the flexibility of the curriculum and the accountability. If there is one thing we really need to change that could help those communities enormously, it would be that. We have heard examples about the technical curriculum, 14 to 16, and working with colleges. It is also about the partnership agenda and how we look at that with the HE sector.

Baroness Whitaker: What role would local businesses have in your new coastal challenge?

Steven Frampton: I would have them on the board; I would have them help develop the curriculum. But it would be an appropriate and flexible curriculum, not the one we have at the moment.

Q115 **Lord Shutt of Greetland:** A lot of these questions have bumped into one another, and there is a sense in which what I was going to ask has almost vanished, but not quite. You gentlemen are either teachers or involved in teacher supply. That is one side of this equation. But I want to come back to the young people who are endeavouring to learn. We have heard so much about this low aspiration. Okay, as teachers, you do all you can, but who else can help in this? Is there anybody else who can help in this? If there is this low aspiration—and we are constantly told this—are the people who can help in this outside the education fraternity?

Geoff Barton: You move into slightly awkward territory for Governments of some persuasions, because the most significant dimension of this is what the child comes to school with, the experience the child has had at home in terms of behaviour, habits of learning, lifestyle, health and so on. That has always been a difficult area for a Government to think it should talk about. Yet we are picking up the pieces from that. If by definition we know



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that certain things that certain parents do help children to be more successful, it would seem bizarre that we would not want to share that one way or another.

Through social media and the media, there may be ways in which we can do that. Some children are being disadvantaged by what has happened to them by the age of four. That is not an easy answer, it seems to me, but without it we will always be trying to disentangle for some youngsters complex, fragmented lives, which maybe those parents would want not to have been quite like that, if that is not too patronising.

Steven Frampton: I am very conscious that the college sector works incredibly hard with its secondary and primary partners to understand those issues, so we are not seen to be replicating and adding to those issues. It is also around great teachers: great teachers do inspire. I know that in my case.

Young people can be brilliant mentors and ambassadors for their successors. I am in a city where I have about 800 of my students working in those roles with the primary and secondary groups. Secondary-school pupils are being mentors for primary-school pupils. We have the HE sector coming in and mentoring us. The young people themselves can be very powerful mentors, coaches and ambassadors, helping create that sense of aspiration. Who better than someone who has been through it to say, "Look, this is where I am"? You can extend that to members of the business community who have been very successful in terms of alumni.

But this all takes time, and needs resourcing and people to do it. It is a wonderful thing. We have managed to get a bit of project money to do it. It has had another magnificent benefit, because you can grow your own future great teachers. We are the only profession in the country that has them for 10 to 12 years, and yet then we release them to all the other sectors. We need to be powerful advocates for what a wonderful profession it is and how privileged we are to do the job.

Professor Ian Fribbance: Of course there are people outside the education profession who can act as mentors and role models, from religious institutions, sports institutions and all kinds of other places. We could look at them perhaps more than we do.

Let us not conceptualise education as just being from nought to 18, as I keep saying. We really have to understand that the future world is going to be one of retraining, learning new skills, upgrading and lifelong learning. Particularly in these communities, many of which are higher education cold spots with really limited access to higher skills and FE, it is really important that we accept and indeed expect that, in the future, there will have to be some mechanisms by which people can train, study again and take all different kinds of courses in their 20s, 30s or 40s. Who knows what jobs people will be doing by the time 18 year-olds are 48?

Lord Smith of Hindhead: Is it not the case that the problems sometimes



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do not start between one and four, but when you get to school? Not all teachers are great. Some teachers are not great. Some schools are not great. Some teachers are not aspirational. How do we winkle those teachers out to make sure we do not have that difficulty?

Geoff Barton: It becomes easier if you have more teachers than you need, does it not, by definition? We will have more teachers than we need if we pay them well, if we are not discouraging them from going to certain schools, if they do not, in the case of heads, lose their roles, and if we have a career strategy that gives them a lifestyle that is more in equilibrium than it is now. Frankly, we need to be more ambitious for our education system. We measure it in a narrow way.

Leaders want to be unleashed to be more ambitious. Young people are hugely ambitious. We need their generation to be far, far better than our generation. When I talk to them, they feel the inequality of walking past homeless people endlessly and the injustice of that. When did that ever become normal? They are furious about it. It seems to me that there is an opportunity for us to say that we could lift ourselves above an education system that measures itself so narrowly, and there are great people out there doing great work.

The Chairman: That is a killer point.

Lord Shutt of Greetland: I have one special question for Steve. It is a very special question. You are the principal in a college at Portsmouth. Are you at the seaside?

Steven Frampton: Yes, very much so. Actually, I retired from that role, but I was. I would go back to that. It is about the level of ambition. We should be braver. The braver and more innovative we are, the more coastal communities will benefit.

The Chairman: That is a pretty good point to finish on. Can I say that I have greatly enjoyed this afternoon's session? It has been very interesting and illuminating. You have made some very persuasive points to us in this session. Thank you very much indeed.



Professor Darren Smith, John Stewart and Ian Higgins – oral evidence (QQ 116-121)

Tuesday 20 November 2018

3.20 pm

Watch the meeting

Members present: Lord Bassam of Brighton (Chairman); Baroness Bakewell; Lord Knight of Weymouth; Lord Lucas; Lord McNally; Lord Shutt of Greetland, Lord Smith of Hindhead; Baroness Whitaker; Baroness Wyld; Baroness Valentine.

Evidence Session No. 13

Heard in Public

Questions 116 - 121

Witnesses

[I](#): Professor Darren Smith, University of Loughborough; John Stewart, Policy Manager, Residential Landlords Association; Ian Higgins, Chartered Institute of Environmental Health.



Examination of witnesses

Professor Darren Smith, John Stewart and Ian Higgins.

Q116 **The Chairman:** Good afternoon. Thank you very much for joining us, and welcome to this evidence session. You should have in front of you a list of interests as declared by members of the Committee. I remind you that this meeting is being broadcast live via the parliamentary website and that a transcript of the meeting will be taken and published on the Committee website. Of course, you will have the opportunity to make corrections to that transcript where necessary.

I have the first question, and you probably have some idea where it is coming from. It is directed towards Mr Stewart, from the Residential Landlords Association. What role do you see the private rented sector playing in our coastal communities? What part can it play in the regeneration of those areas? How can high-quality provision in the private rented sector be ensured or, better still, guaranteed?

John Stewart: Thank you. The private rented sector provides a key role in ensuring a supply and range of accommodation. It offers choice—a range of rental levels, quality of accommodation and areas where people can live—so it is fundamental. The sector is increasingly assisting councils in discharging their duties under homelessness legislation and in housing a larger proportion of tenants claiming benefits, which has not been the traditional role of the private rented sector. Traditionally, it has tended to be for people looking for accommodation for shorter terms—typically students and migrant workers, a more transient population.

We are seeing a lot more families coming into the private rented sector. In particular, we are seeing a lot more people claiming benefits. A key area is houses in multiple occupation.

Some of that has to do with levels of benefits. For example, the shared accommodation rate has been extended to under-35s from under-25s, which creates a real affordability issue for single young people looking to find housing. Increasingly, HMO accommodation in the private rented sector is all that is available within that rate. As I say, we are seeing an increasing number of families, which is challenging.

With regard specifically to seaside communities, it is hard to generalise. Every area is different, and when people talk about those communities and the private rented sector their minds typically turn to places such as Scarborough, Blackpool, Skegness and Torbay, and former resort towns such as Weston, Margate and the like. In fact, there has been quite an explosion of private rented sector and HMO accommodation there, largely as a result of the repurposing of former holiday accommodation, bed-and-breakfast-type accommodation, which is no longer required due to changing holiday habits and fashions for different resorts.

The private rented sector has taken on often dilapidated properties with basic amenities, perhaps more suited to the 1970s than to the 2000s.



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Those properties have been brought back into use and refurbished to deliver a high standard of accommodation, filling an affordability gap in a lot of those areas. Unfortunately, a proportion of that accommodation is substandard and poor quality.

The Chairman: May I interrupt you there? You have given us a good bit of general background, but you have not really come to the point about how we can guarantee and ensure high-quality provision. Clearly, there is a bit of a reputational issue among private landlords. On our visits, we have seen some very poor quality and poor standards in private accommodation. You made a good point at the beginning about the role that the private sector plays, and we appreciate the flexibility that it brings to housing. But there is an issue with quality and standards and ensuring that people get good value for what they are paying.

John Stewart: I think that value is an important word. At the end of the day, the private rented sector is not unregulated. There are over 150 regulations governing the sector. The real issue is principally one of identifying private rented sector stock, and of local authorities then enforcing the regulations.

That is a problem for local authorities; there is a resource issue and, sometimes, an issue over political will. There is also the issue that the stock within the private rented sector has generally doubled over the past 10 or 15 years, while the resources that have gone into enforcement, particularly for environmental health, have halved. There is a real mismatch, to start with.

Professional associations such as ourselves offer support and advice to landlords to stay up to date with legislation, and people can turn to them to understand the standards we should be delivering. We want to see safe, legal and secure homes for people in the private rented sector, but there is also pressure from other areas—taxation policies, for example, and the increasing amount of regulation around the sector. Trying to improve standards and conditions comes with a cost to the landlord, which is likely to be passed on to tenants in rent increases, which brings us back to the issue of affordability and rent levels. It potentially further widens the gap between rents and benefits.

Lord Shutt of Greetland: The Residential Landlords Association sounds like a splendid title, but what does it amount to? What is your membership, and what would your potential membership be? I take it that people do not join the association for free. What subscription do they have to pay? I assume that you are in favour of good standards, and I am sure that you are. I just wonder what percentage of landlords have joined your association.

John Stewart: The estimates of the number of private landlords in the UK vary, depending on who you talk to. The figure is anything between 1.6 million from MHCLG to 2.3 million from the Treasury. We represent just under 50,000 private landlords, who control around 500,000 properties



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across England and Wales. The figure from MHCLG suggests that membership of landlord associations represents around 10% of the private rented sector. The vast majority of landlords have only one or two properties. Landlords who join associations will tend to have larger portfolios. Our membership is £80 a year, which is not excessive, and for that they get access to telephone advice, online advice, documents, guidance, training, support and accreditation. We offer a good range of services for members, aimed at educating landlords and ensuring that they understand the responsibilities. They can seek advice when they need it and get accurate advice on standards, conditions and tenancy management.

Lord Shutt of Greetland: So it is £80 whether you have one house or 1,000 houses.

John Stewart: Yes—it depends on the size of your business. We have a corporate membership at £160, but it is not excessive.

Lord McNally: Have you ever expelled a member for substandard services that did reputational damage to the association?

John Stewart: We have.

Lord Lucas: What sort of people are investing in HMOs in seaside locations? Is it like looking at the University College list of slave owners, as it were? Are they country vicars, people just putting their savings into this because someone has told them that it is a good idea, or are they people who might be persuaded to have a commitment to the community? Are they more professional?

John Stewart: By the nature of the lettings, HMO landlords tend to be self-managing and more professional, as a whole. It is important not to overstate the problems within the private rented sector. More than 80% of tenants are satisfied with their tenancy, and a much smaller percentage will run into serious problems with their landlord. We are quite clear that there is no place for criminal landlords within the sector. To be honest, we would like to see the more casual landlords encouraged to professionalise themselves as well.

Generally, it will be landlords with larger portfolios, self-managing, sometimes with substantial investments. Unfortunately, within that there will be criminally professional landlords, if you like, operating under the radar and avoiding a range of legislative obligations and responsibilities, who will often be involved in other criminal activities. We would like to see a much greater focus on that and on forcing that element out of the sector.

Lord Lucas: How does the ordinary landlord come across these things? Do they see an advertisement in a newspaper that says that this is a good place to put their money and that they can get 10% a year on it, or do they have some actual knowledge of the area?



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John Stewart: It can vary. Again, HMO landlords, because they are self-managing, will tend to have a knowledge of the area and will want a reasonably local let that they can sit on top of. Unfortunately, some people out there will sell you courses on how to make a lot of money very cheaply and very easily by operating HMOs on a rent-to-rent basis, for example. A tenant will take on a head lease of a property and then subdivide and sublet, quite often without the head landlord's knowledge or permission and often without meeting their licensing or other obligations. That is a potential issue within the HMO sector.

The Chairman: That is a very helpful insight.

Baroness Valentine: I appreciate that there are many landlords who, as you say, have been helpful in the mix. I have known the private rented sector in London to be thoroughly helpful as part of the marketplace. I am now working in Blackpool, where I would not say it was thoroughly helpful as part of the marketplace. There are around 8,000 units in the private rented sector in the middle of Blackpool, which has the greatest concentration of deprivation in England. You said that you advised landlords on how to meet legal health and safety standards, I think, which is a way off decent homes standards. Is that right?

John Stewart: Decent homes standards were developed for the social rented sector; they do not apply to the private rented sector.

Baroness Valentine: But you are newly, or relatively newly, operating essentially in that space, with 80% of those people on housing benefit.

John Stewart: The housing health and safety rating system is really what governs the private rented sector—a risk-based asset assessment enforced by local authorities.

Baroness Valentine: My question is whether the quality is good enough.

John Stewart: I think that the quality is probably good enough. Where it falls down is a combination of interpretation—because it can be subjective—and enforcement, because of resources. The Government have announced a review of HHSRS, and its operation, which we welcome. It is fairly out of date; the principles are probably pushing 20 years old, as it was brought in under the Housing Act 2004. Both the private rented sector and housing technology have come on in leaps and bounds since then. It is well overdue for a review, but, at the moment, it is there as a guide, and it is what local authorities should be using to enforce, and it can be enforced effectively—but, again, we come back to issues of resource and will.

The Chairman: We have probably got close to the end on this question. Do Mr Higgins or Professor Smith need to add anything further at this point, or should we move on?

Professor Darren Smith: I reinforce the point about the diversification of the housing and multiple occupation market. Recent research projects have shown that it has moved away from students and housing benefit



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recipients; there are more different types of social groups moving into the sector.

The Chairman: Such as?

Professor Darren Smith: There are precarious workers and migrants, in particular areas.

John Stewart: There is a worrying minority of families finding themselves in HMO accommodation, which you would think was totally unsuitable. We did a freedom of information request and were surprised to find the number of families in HMO accommodation.

The Chairman: Is that because of pressures placed on local authorities?

John Stewart: I think that it is a combination of affordability and supply.

Professor Darren Smith: Young professionals are also moving into the sector, because there is a lack of affordability.

The Chairman: Mr Higgins, do you want to add anything?

Ian Higgins: The private rented sector in coastal towns, where we have issues, is disproportionate. Sometimes certain parts of coastal towns have a private rented sector of up to 50% or more, which distorts the local community greatly. It causes problems because communities are dependent on housing benefit, which tends to drive the proliferation of houses in multiple occupation.

The Chairman: You made that point usefully in your evidence.

Laura, do you want to put your question?

Baroness Wyld: I will come to Mr Higgins in one moment. I want to come back to one of your stats, Mr Stewart. Did you say that 80% of tenants say that they are satisfied with their housing?

John Stewart: In the English housing survey it is 84%, yes.

Baroness Wyld: Okay, so you got that from a survey.

John Stewart: Yes, the English housing survey is the official government survey.

Baroness Wyld: That means that 16% of people are not satisfied with their housing. Have you made any analysis, or is there any analysis, of the scale of dissatisfaction? As Baroness Valentine says, it is wide-ranging, is it not? It is from having substandard housing through to simply not liking where you are living.

John Stewart: The English housing survey does not go into a great deal more detail. All you can do is really compare it to the similar survey of



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social housing, where social tenants are less satisfied with their accommodation than are private tenants.

Q117 **Baroness Wyld:** So you have not done any deeper analysis.

Do you, Mr Higgins, think that the right tools exist to drive up quality and safety and to address the issues we have been talking about?

Ian Higgins: A wide range of tools available under the Housing Acts and regulations specifically apply to houses in multiple occupation. They are not without difficulty. My colleague has alluded to the difficulties with the housing health and safety rating system. We share an understanding of those difficulties, but they are not insurmountable. We believe that amendments are necessary.

In some cases, the primary legislation is really unhelpful; it is very poorly drafted, leading to interpretations and tribunals, which have been unhelpful to the enforcement process. That has served to deter many local authorities from undertaking enforcement action, because of the complexity of the legislation—the fact that it is poorly drafted in many instances—and it is very resource hungry. Some of the decisions have effectively doubled the amount of time that officers need to spend in the construction of quite straightforward notices to remedy defects in poor housing.

That places tenants in difficulty as well, because, during that process, tenants are exposed to the possibility of retaliatory eviction; the protections do not kick in until such time as a notice has been served.

So it is resource hungry, and local authorities have been consistently deprived of resources over the last decade. In many cases, they struggle to do an effective job in areas where the private rented sector is increasing dramatically, and the pressures on those areas are enormous.

There are enormous problems with the legislation, but they are not insurmountable. Given political will, amendments can be made to make local authority enforcement work a lot better, to the benefit of tenants.

Baroness Wyld: Can you give us an example of something you have seen and explain why it did not work, and where you would, ideally, have made an amendment?

Ian Higgins: I can give many examples. Probably the most important one is that previously, under legislation, local authorities on receiving a complaint or inquiry from a tenant with a housing problem would go and visit that tenant and look at that problem on the property. If it was deemed necessary, they would certainly give the tenant advice and serve notice there and then, requiring improvements to be made. Unfortunately, the interpretation of certain provisions of the Housing Act 2004 have tended to confuse advisory visits with the exercise of the power of entry, and the decisions of the residential property tribunal have meant that many local authorities now feel obliged to give notice to a landlord before they even



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visit a property to carry out an inspection, which delays matters. Sometimes local authorities will visit to see whether there is an issue; then they give notice to the landlord and have to visit again, which doubles the resource time necessary to deal with quite minor problems. So that in itself is a problem for us.

Baroness Bakewell: I have a question that might be for Professor Smith—but to all of you, really. Is the Airbnb movement showing an interest in seaside resorts? What impact is that having? You are smiling, Mr Stewart.

John Stewart: We have done quite a lot of research into Airbnb, particularly in London. Fewer data are available in seaside towns, but it is growing in popularity. There are a number of drivers behind that. The real issue is not with people letting out rooms in their own homes; it is where whole homes are being let out, which are being removed from the traditional rental market. There are a number of reasons for that.

A big driver is taxation policy, at the moment. A lot of the taxation policies affecting private rented sector landlords do not apply to Airbnb, and a lot of regulations that residential landlords have to abide by do not apply to holiday and short-term lets. For landlords feeling financial pressure, there may be higher returns, and it may be more intensive in terms of tenant turnover and management, but, of course, now companies are springing up to assist landlords that will do the management, the check-in and the linen.

We are seeing a big increase in London and Edinburgh, and a greater use of Airbnb. The other thing is that it is stopping former holiday accommodation being brought back into holiday use, because it is much quicker, cheaper and easier for people to use the short-term let route.

Professor Darren Smith: Airbnb is a huge issue in seaside towns. I am aware of Airbnb approaching HMO landlords directly who are struggling to rent out all their rooms, so the HMO stock is going into the Airbnb stock in some seaside towns, and in rural places as well.

Baroness Bakewell: That could be relevant to your issues, because Airbnb has its own internal controls and sets standards on its properties, to a certain degree, does it not?

John Stewart: Airbnb is trying to get hosts to sign up to charters and agreements and the like, but, realistically, if councils find it difficult to enforce against long-term residential lettings in the private rented sector, they will find it near impossible to get to grips with Airbnb letting.

Professor Darren Smith: It is not just Airbnb—it is holiday lets, as well.

Ian Higgins: Holiday lets can be a problem for us, in that they can move in and out of residential accommodation into holiday lets and back and forth, which can be a problem to keep track of.



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Baroness Bakewell: But does the Airbnb controlling organisation not offer you some sort of central control, which you would not have with holiday lets, as it insists on certain minimal standards universally?

Ian Higgins: I cannot offer any personal experience of having had issues with Airbnb in the coastal areas where I have worked. That may be other people's experience, but it is certainly not mine.

Lord Smith of Hindhead: Professor Smith, you mentioned that HMO landlords who are struggling to rent out rooms go to Airbnb. Why should they not? If they have an empty room, why not?

Professor Darren Smith: I guess it is a broader issue tied into the different geographies in seaside towns. In somewhere like Brighton, for example, there is a de-studentification process taking place, a movement of students out of the HMO sector.

The Chairman: De-studentification—that is a new word to me.

Professor Darren Smith: Students are moving out of certain areas, because they are increasingly moving into the purpose-built student accommodation blocks. That means that you have an increasing number of voids in former student areas. You could argue that it is an efficient use of housing stock to have Airbnb and holiday lets rather than having voids. Alternatively, you could argue that perhaps that is housing stock that could lead to in-migration and bringing families back into those areas.

The Chairman: I think in parts of Brighton it was welcome, actually, but that is personal knowledge. Shall we move on?

Q118 **Lord Knight of Weymouth:** To stay with you, Professor Smith, we have heard about issues around population transience in coastal areas and what impact that has on local services, community stability and so on. What is your judgment, and what evidence do you have on how that affects local service providers?

Professor Darren Smith: What you have is inherently an issue of population change and in and out migration flows into places. What you tend to see is an increasing number of populations moving into seaside towns temporarily. They are not putting down roots or establishing or forging attachment, belonging or buy-in to the areas. There are lower levels of neighbourliness, which might lead to isolation and marginalisation from the wider community.

Seaside towns are different; you might have a seaside town with a prosperous set of higher education institutions where students live in the HMO sector in a higher proportion and dominate, or you may have seaside towns where the housing benefit recipients dominate. There are different levels of transience in those areas, which will have variable impacts on local service providers and provision.

Lord Lucas: What are the drivers for HMO transience? What causes that



movement?

Ian Higgins: Transience is not unique to coastal towns with high proportions of houses in multiple occupation, which are no different from many other inner-city areas where decline is a feature. Transience is about poor-quality accommodation—that is a factor—and poor security of tenure for tenants, as well as having a high proportion of houses in multiple occupation, which traditionally has been a more transient form of occupation than others. Those factors combine to cause population shifts to a greater extent, which serve to exacerbate the decline in the area because of people's lack of investment, a disinclination to invest in properties and buy into properties in the area, as well as anti-social behaviour. The decline is self-perpetuating, to that extent.

Lord Knight of Weymouth: In terms of local service delivery, particularly public service delivery, are there particular services that you think are impacted? To what extent would it be true that these become pockets of what we otherwise think of as urban problems? Are local authorities and other service providers funded to deal with those pockets?

Professor Darren Smith: I guess, in places where there are a high number of housing benefit recipients, there is obviously a lower spending power in the local economy, so the retail sector will probably go into decline. We have seen that in numerous seaside towns. But there may be a higher demand on certain health services, given that there is a high proportion of vulnerable social groups there. There will be a higher proportion of pressures on policing and environmental health to deal with those issues, but that is very different from seaside towns where there is a high student population.

Lord Knight of Weymouth: Or high second home ownership.

Professor Darren Smith: Yes, or second home ownership. The retail sector gets reconfigured and reoriented to that population. Running alongside that, you have a lower reduction in revenue from council tax, perhaps, so there is that paradox around putting it back into the services that desperately need to be provided.

Lord Knight of Weymouth: What about the funding question? Is that not your bag?

Professor Darren Smith: No, that is not my background.

Ian Higgins: The high demand for public services and support is principally associated with housing advice and homelessness prevention, often arising from the termination of assured shorthold tenancies, where people are effectively made homeless. Anti-social behaviour and crime have been mentioned, which are stressors for those services. The whole problem of transience is difficult to separate from insecurity of tenure for vulnerable client groups. Often, local authorities are under pressure to make placements into cheaper accommodation for people who have



emergency housing needs. To some extent, they are in many instances exacerbating the problems in those areas by placing vulnerable client groups into that type of accommodation, because they need to find placements for people who need a roof over their head urgently, at a relatively low cost, which they can afford. Unintended consequences arise from those pressures.

Q119 Baroness Valentine: How does population transience affect an area's potential for regeneration? I have one supplementary question that I shall ask at the same time. We have heard evidence to suggest that the practice of converting buildings to HMOs, which are then let out to housing benefit recipients, makes it expensive to buy them out and convert them into better-quality accommodation. Do you recognise that analysis, and what do you say about regeneration in those places?

Ian Higgins: Having transient populations in the area is a disincentive to regeneration, because residents are disinclined to invest in their own properties. Their properties may not be increasing in value; they may even be declining in value. Inward investment—buying new properties—could also be curtailed. Because there is such a high demand for these properties—for cheap accommodation that people can afford to rent—with properties converted to houses in multiple occupation, in many areas housing benefit effectively drives the housing market. It is the principal driver for the market in that area.

The HMO and private rented sector in those areas should be playing a much greater role in regeneration. I am not criticising the private rented sector or private landlords, because their motivation is to maximise income from the properties that they own, so converting them into smaller units of accommodation to maximise housing benefit income is understandable. That is their business objective.

However, when those properties reach a percentage of the marketplace in excess of 50% in some areas, the private rented sector starts to have obligations as well. It is time that the private rented sector took those obligations a little more seriously and started to divert some of the profits that they make from renting properties out to housing benefit tenants back into improving the quality of those properties and improving security of tenure, to arrest that decline and transience.

Baroness Valentine: If you have a lot of absent and not particularly sophisticated landlords operating in these spaces, it is slightly lacking credibility to think that they of their own initiative will start to help to regenerate an area. The larger landlords may do, but I do not know about the smaller, ad hoc ones.

Ian Higgins: It would be ideal if they were prepared to step up to the plate. However, that is where enforcement comes in. We have the enforcement powers—providing that they are capable of being used, and used effectively; that enforcement needs to be there to bring those properties up to a habitable standard.



The Chairman: That is very helpful.

Professor Darren Smith: I would like to make a couple of points. What do we mean by transience? That is crucial. There are different temporalities to that. For instance, there is a different level of transience in the example of Brighton, where it is tied into the academic calendar, and there is an annual churn of students going in and out of houses. You have a different level of transience with housing benefit recipients. The missing part of the jigsaw is that we have a very limited evidence base of the scale and magnitude of transience in seaside towns. It is very difficult to record and capture it accurately. However, we have some fantastic examples of seaside towns trying to counter the transience by bringing settled families into the area—in Blackpool, for example, with its compulsory orders on particular unoccupied housing, and building new build. Margate is another good example.

The Chairman: We have looked at two interventionist strategies there, and they both work, but they are rather limited in scale. Perhaps the leverage will have a longer-term impact.

Lord Smith of Hindhead: Mr Higgins, might it be a good idea to give some thought to some sort of tax incentives for private landlords who spend the small amount of profits that they make on ploughing it back into the property to make it better? You said that you wanted to see that happen, but it will not happen just because you or this Committee want to see it happen. Private landlords need to be encouraged to do that. Do you think that there could be a tax incentive?

Ian Higgins: There could be incentives, if that was the political will. Traditionally, there has always been either the carrot or the stick, the stick being enforcement and the carrot in the form of incentives. Speaking on behalf of my profession, we do not really mind which it is, as long as one or the other achieves the purposes that we need.

Lord Smith of Hindhead: But you must have some idea. You said that it was very important—and I take your point—that private landlords invested more of their income back into their properties, and that that would improve the housing stock and everything around it. Wanting that to happen and making it happen are two different things, so how do you think it could be achieved?

Ian Higgins: To repeat myself, it can be achieved by taking effective enforcement action in the areas where it is necessary, which would mean that landlords would be required to spend that money to bring their properties up to standard. If there is a political decision on a national level to provide financial incentives for improvements to be made, that is fine—whatever works best; maybe a combination of the two.

John Stewart: On incentives, an obvious area is the minimum energy efficiency standards. There used to be the landlord's energy saving allowance, or LESA, which was a tax incentive for landlords to invest



energy-saving works in properties. It was removed three years ago, and we now have the minimum energy efficiency standards for the private rented sector, whereby you have to have an EPC rating of E legally to let. That will stretch to C in 2030, which can be quite challenging, given the age of the stock in the private rented sector.

Bizarrely, energy efficiency improvements to private rented properties are considered exactly that—improvements. Any tax relief on those improvements cannot be secured until the property is sold, and they are set against capital gains. So, there is really very little incentive for landlords to invest up front in energy efficiency. It is now all about the stick. It would be a very quick and easy win for the sector for us to go beyond the minimum standard of E and offer incentives to do any works listed on the EPC certificate.

Lord Smith of Hindhead: So the landlord is spending money on the property that they rent out, which they cannot at the moment offset against corporation tax, which they would pay on the rental income. They can collect that only once they sell the property and knock it off the capital gain, if indeed there is a capital gain. In some cases, there will not be one, so there is no tax incentive at all.

John Stewart: Indeed. Government is actually one of the biggest investors in private rented housing via the housing benefit bill, and there is a real issue about whether public money should be spent on such substandard properties in the first place. It would be difficult to do that across the board—again, because of resource issues, inspection and enforcement. Where local authorities have perhaps more power is around discretionary housing payments and the like. There is absolutely no reason why councils should pay that extra pot of money out to landlords on substandard properties. Councils could look at paying discretionary housing payments only on properties that meet the required standard.

Lord Knight of Weymouth: Will you comment a little further on the linkage between environmental health problems and public health outcomes, so that we can get a better picture of how it works in these places?

Ian Higgins: Plenty of research has been done, and I have done research myself in areas in relation to health issues. We know that there are significant health inequalities between the least and most deprived areas, and significant negative variations from the national average health outcomes—particularly for circulatory respiratory diseases. Mental ill health is a particular issue in these areas, as is poor educational achievement, which in itself is a problem. It is what I call the poverty of lack of aspiration for future generations in the area.

Q120 **Lord McNally:** We have had quite a lot of evidence about what has been done over the last 20 years on licensing, and various attempts by Governments and local authorities to tighten licensing. What role can licensing play in supporting cultural areas to tackle issues relating to poorly



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managed HMOs? Are there any improvements that you would like to see in the current licensing stream? I say that not least because we have already had evidence that licensing that cannot be enforced is not worth the paper it is written on. Is a more elaborate licensing scheme, if there is no possibility to enforce it, really a road that we should go down?

Ian Higgins: Yes, we believe it is, because what licensing has achieved is to serve as a focus for enforcement, and proactive enforcement. In other words, rather than waiting for tenants to complain, with all the problems that that can bring, even if they do come forward, it means that local authorities can go out to the licensable properties and take proactive enforcement action. Licensing has been a very successful tool for focusing enforcement action in particular areas.

Lord McNally: I do not want to provoke conflict on the panel, but, Mr Stewart, your association has said some very strong things about licensing and over-licensing, suggesting that some of it is local political window-dressing. You say that there have been only 827 prosecutions against landlords over the last five years and that introducing schemes of this kind “will see responsible landlords paying for expensive licences, while the criminals will continue to operate under the radar”. Have you anything to add to that?

John Stewart: That is all fair comment. The issue with licensing is that it is a bit of an Al Capone measure by councils. If you cannot get someone for poor property conditions, get them for not having a licence, because it is much easier to prove. That is now backed up by the civil penalty regime brought in by the Housing and Planning Act. It touches on something that Ian was saying. A lot of councils see licensing as a route to get a foot in the door of private rented properties, which hints at their inability to enforce properly using the existing range of tools from Part 1 of the 2004 Act.

There is no conclusive evidence that licensing has a positive impact on housing standards or management. The jury is still very much out. All too often, licensing is politically driven; it is being seen to be something, but resources are not put behind licensing schemes to make them a success. The vast majority of prosecutions, even in the schemes that are seen as successful, such as in Newham, are for not having a licence, not actually dealing with poor management and poor conditions. It would be interesting to see some follow-up statistics to find out what happens after a landlord is prosecuted for not having a licence. Do they simply then get a licence and continue as before? We suspect that in a number of cases that is the case. Are a number of landlords using licensing as a flag of convenience, thinking that it is worth the £1,000 or £2,000 per property to keep the council off their backs for a period? Most councils simply do not have the resources to inspect every licensed property.

There is a range of issues with licensing, and we will publish some research next week looking specifically at selective licensing—not necessarily at HMO licensing. It shows that there is absolutely no difference in the number



of prosecutions for property conditions, hazard improvement notices and the like, between councils that have licensing schemes and those that do not. So, licensing is not driving prosecutions for poor property conditions generally. We believe that, for a number of councils, it is about being seen to do something rather than taking proper effective action. The powers are there to use, but they are cumbersome for councils; they do not get full cost recovery. There are a lot of legal barriers in the way.

To come back to the resources issue, licensing is a way for local authorities to get resources in for local authorities, but it should be a way to improve enforcement. You can look in detail at it, and I shall ensure that Committee members get a copy of the report.

Lord McNally: Professor Smith, you look like a man eager to intervene.

Professor Darren Smith: One of the shortcomings of licensing schemes is that a lot of the housing that needs to be licensed goes under the radar, and it is difficult to identify those properties.

Ian Higgins: What would be particularly helpful to professionals involved in enforcement in licensing would be a national registration database, which would allow us easily to identify properties that need to be licensed, and the ownership of those properties.

Lord McNally: Who would produce such a database?

Ian Higgins: It would have to be national, so it would have to be co-ordinated from central government.

John Stewart: But again, if such a database relies on self-identification, and rogue landlords are not coming forward for licences, they are not going to come forward and register. Once again, you will end up with compliant landlords bearing the cost and the criminal landlords beavering away at an unfair advantage.

The bottom line is that a register is nothing more than a list, and the Government, across different departments, hold an awful lot of information that could be used to produce a list between HMRC, tenancy deposit schemes, council tax records and registers. There is a huge amount of data out there when it comes to housing and housing enforcement, but we are not getting to grips with the big data question.

Lord Lucas: So why does not housing benefit just generate a list? Presumably, the Government are receiving some evidence that this is rent that they are paying. Therefore, they must know where they are paying the rent.

Professor Darren Smith: I have undertaken research in local authorities with this question in mind. You can manipulate the electoral register, student term-time address records and council tax records in a confidential way. It is possible to put together those datasets to identify suspected HMOs.



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Lord Knight of Weymouth: Certainly, it would technically be possible, if data protection allowed you to do so, to mash housing benefit records with the register of HMOs. The criteria would be very straightforward, and it would be very straightforward then to spot the rogues.

I have a couple of supplementaries.

The Chairman: Will you put them quickly?

Lord Knight of Weymouth: Yes. I judge from your accent, Mr Stewart, that you have some associations with Scotland, where there has been a mandatory licensing scheme for some time. The one here has been in place only since 1 October. What lessons can we learn from Scotland? In particular, I am interested in the fit and proper person test for landlords, which has also been in place in Scotland and is now being put in place in England. How is that measured? Is it effective? Is the bar set high enough?

John Stewart: I have some experience, although it is quite old as I left Scotland six years ago. I used to be a local authority councillor and leader and sit on the committee that licensed HMOs in Scotland. The register of landlords in Scotland is not particularly successful; they estimate that around 20% of landlords are not registered. In the pushing 15 years that it has been in existence, there have been only four prosecutions and two landlords kicked off it, which gives you an idea of how national registration schemes might or might not work. You can query how it has been implemented and whether there have been effective resources.

HMO licensing in Scotland works slightly differently. All HMOs are required to be licensed locally, and conditions and fees can be set. In my experience, a lot of councils did it in different ways, and most councils left it to the housing committee. In Aberdeen, we put it through the licensing committee, where people were used to dealing with quasi-judicial situations and the fit and proper person issue across a range of licence grants.

The fit and proper person test in Scotland is different from England's. It has been in place for licensing since the Act came in and, in England, is usually a self-declaration, whereas in Scotland you will generally be checked against the appropriate database. We are beginning to see some councils doing that in England; there is nothing to stop them doing that, but, of course, it costs to access the database.

Some councils require data subject access requests, which is actually unlawful—requiring landlords to go and get their own data to put with the licence applications. It is unlawful under the Freedom of Information Act to require people to do that to secure services. At the moment it is about self-declaration; you are relying on trust, to an extent and, unless you have reason to believe that a particular applicant has lied or given the wrong information, you are unlikely to do follow-up checks. The difference in Scotland is that everyone is checked to see whether they have any of the relevant convictions, or the like.



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Lord Knight of Weymouth: So it is possible to have a regime with a register that people check against.

John Stewart: Yes.

The Chairman: Let us move on to the last question.

Q121 **Baroness Whitaker:** What one change would you like to see to support the regeneration of seaside towns, and how could it be achieved?

Professor Darren Smith: I shall make two points. In improving management and the quality of housing stock, in particular for the rented sector, I would like to see an exploration of a national accreditation scheme—a gold seal, if you like, to up the standards, rewarding and celebrating the good landlords and increasing awareness of and familiarity with the bad landlords.

Baroness Whitaker: Who would carry that out?

Professor Darren Smith: Perhaps Mr Stewart's organisation could roll out a national accreditation scheme.

John Stewart: We already have one.

Baroness Whitaker: Okay.

Professor Darren Smith: That would be one thing. My second point—

Baroness Whitaker: Technically, you are not allowed two.

Professor Darren Smith: I shall leave it at one then. I apologise.

Ian Higgins: We would like to see the financial environment and legislative processes in place to enable local authorities to deliver really effective enforcement—

Baroness Whitaker: Enforcement—yes, we have mentioned that.

Ian Higgins: I would like to see that alongside schemes for area renewal. Licensing and enforcement are just tools; there needs to be a bigger picture and a multidisciplinary and multiagency approach to regeneration in these areas.

Baroness Whitaker: So you are talking basically about two things: more resources for local authorities so they can enforce more consistently, and a collaboration arrangement over renewal, in partnerships.

Ian Higgins: Yes, there is too much silo working in many agencies.

Baroness Whitaker: Who would get all this together? Are we talking about national government?

Ian Higgins: I think that local authorities should be able to do it.



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Baroness Whitaker: Should they be asked to do it or made to do it?

Ian Higgins: Yes, why not?

Baroness Whitaker: They already have a duty to co-operate under the planning Acts. Do they not do this?

Ian Higgins: There are success stories. There are areas that we have talked about this afternoon where area renewal has worked and organisations have engaged in joined-up thinking and applying their collective resources towards a common end. That just needs to happen more often; there needs to be a focus for it.

The Chairman: We have not had area renewal planning for some years, have we?

Ian Higgins: Exactly.

The Chairman: It used to be a tool used by interventionist councils, but no longer, I fear.

Baroness Whitaker: Mr Stewart, you have already been allocated one scheme—the accreditation scheme.

John Stewart: It is interesting, given my local government background, that physical regeneration usually has a very big emphasis, but it is successful only if you can bring communities on board. From a private rented sector point of view, you have to get the landlord community on board, through identifying broadly compliant landlords. We would like to see a system of coregulation—almost a self-regulation system—which would allow bodies such as ourselves and agents' organisations to offer a scheme of regulation in partnership with local authorities, whereby scheme members and compliant landlords self-regulate and offer redress to tenants, sorting out the smaller problems. It would not need to be escalated to local authorities, which would free up local authority resources to deal with the real problem properties and problem landlords.

Baroness Whitaker: How is that physical regeneration? How would it bring communities together?

John Stewart: From the point of view of private rented properties, if you are looking simply to improve—

The Chairman: Would that not require local authority and local landlord association partnership working? Is it not that sort of thing that you are talking about?

John Stewart: There are some successful examples. In Southend, there is a small-scale scheme that was introduced to head off licensing.

The Chairman: We are running out of time on this session, so perhaps you could send us a note about that. It would be very helpful. Does anyone have anything further?



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Lord Smith of Hindhead: I would like to know what Professor Smith's second point was, because I am not convinced that your first point was your best.

Professor Darren Smith: I hope that this will be better. We are talking about the outcome of some population processes that have been unfolding for 20 or 30 years. The crux of this is trying to create some conditions that lure settled middle-class families into some of the coastal areas. That is the real challenge. It is not just specifically a housing or HMO issue; it is a broader socioeconomic, cultural and physical issue.

The Chairman: We picked that up from the evidence, actually.

Professor Darren Smith: Perhaps Central St Leonards is another one of the examples of a renewal area that you could look at.

The Chairman: Thank you very much for that, and for your participation this afternoon. It was very helpful.



Richard Blyth and Catherine Ryder – oral evidence (QQ 122-128)

Tuesday 20 November 2018

4.15 pm

Watch the meeting

Members present: Lord Bassam of Brighton (Chairman); Baroness Bakewell; Lord Knight of Weymouth; Lord Lucas; Lord McNally; Lord Shutt of Greetland, Lord Smith of Hindhead; Baroness Whitaker; Baroness Wylde; Baroness Valentine.

Evidence Session No. 14

Heard in Public

Questions 122 - 128

Witnesses

Richard Blyth, Head of Policy, Practice and Research, Royal Town Planning Institute; Catherine Ryder, Head of Policy, National Housing Federation.



Examination of witnesses

Richard Blyth and Catherine Ryder.

Q122 **The Chairman:** Thank you very much for joining us this afternoon, and welcome to our evidence session. You should have before you a list of interests declared by Members of the Committee. I remind you before we start that the meeting is being broadcast live via the parliamentary website. A transcript of the meeting will be produced and published on the Committee website, and you will have the opportunity to make corrections to it where necessary.

We have made a number of visits around the country, and, in one area in particular, St Ives, the issue of second home ownership has become quite critical to that coastal community. What role might neighbourhood plans play in addressing issues relating to second homes?

Catherine Ryder: We have seen very similar things in some of the places that we have been interested in around the country—coastal communities that have been really impacted by second homes.

It is a complex relationship, and it is hard to disentangle the impact of second homes from empty homes and the general undersupply of homes. The biggest impact that neighbourhood plans can make in those areas is working with local communities to understand housing need and what local communities will support in building new supply.

Where you have a real issue with second homes, you can find that it is really difficult for local people to get on the ladder, because homes are snapped up by people who want second homes. But if through neighbourhood plans you can get a lot of community support for building shared ownership, for example, or social or affordable rent, you have another option for people living in those areas to stay and work in the communities where they have grown up.

The Chairman: That is very helpful.

Richard Blyth: First, let me say that I am very excited that the Lords has decided to set up a Committee on seaside communities because, the more that I think about it, the more they seem to be the point at which all sorts of things come together, which we might explore in the next 40 minutes.

The St Ives decision, where a neighbourhood plan was allowed to embrace the topic of second homes, is fascinating. I have been involved in planning for a very long time, and it has always been the legal assumption or basis that a home is a home, and the planning system cannot start dividing up one kind of home from another. That is quite a physical, architectural view.

Then we had the decision related to the St Ives neighbourhood plan, which said that you could distinguish a second home from a non-second home—or a first home, I suppose. That is a very intriguing development.



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There is a tendency for people to regard the planning system as a way of solving problems, particularly housing affordability generally. The number of homes constructed in the country is about 1% of the total stock every year, so, even if you were to double that to 2%, the impact of new construction at the margin of things is always very small. Even in St Ives, a neighbourhood plan would have no impact on the existing stock of second homes; it would apply only to the additionality. As Catherine was saying, it is symbolically quite important, because it will encourage people to give assent to new supply across the board, because they will feel that it will go to meet genuine needs.

The Chairman: That is a helpful point. When we visited, I rather got the impression that local people were using the referendum to flag the issue up and not necessarily in the expectation of an instant solution. Could that work elsewhere? It is early days with St Ives, in discovering whether it is having any impact, but there is a sense locally that it might be.

Catherine Ryder: It is difficult to draw any causal link between the volume of second homes and house prices, for example. In many of these areas, including St Ives, there will be a number of different pressures, including long-term undersupply of homes. It is really difficult to say, if you look at second homes in isolation, that it will have any immediate impact on house prices, or first-time buyers being able to get on the housing ladder. It is important that you look at these issues all together—the impact of empty homes, undersupply and second homes—and try to address all of them. I do not think that looking at just one issue in isolation is particularly helpful.

It will be interesting to see what happens in St Ives, but there are other areas of the country, such as north Norfolk, where there are more than 5,000 second homes, and the ratio of house prices to incomes is 12:1. Even if you took all those second homes out of the second-home market and put them on the market for first-time buyers, it would not bring house prices down terribly quickly. Yes, it would let people access those homes, but most of them will not be affordable for first-time buyers. I worry that, if you focus just on that issue, you lose the bigger picture of the desperate need to build new homes and have homes that are genuinely affordable for people who live and work in that area.

The Chairman: I am sure that is a well-made point.

Richard Blyth: Any neighbourhood plan will need to go through an examination using evidence, so I suppose that the replicability of St Ives will depend partly on whether, if it came up in another town, the evidence was the same. One thing about St Ives is that it is an area that is subject to quite a lot of constraints around things such as landscape value. It would be possible to consider a seaside town where there was not the same constraint on the hinterland, in which you could posit a much larger increase in housing supply and also say there should be no second homes. The overall impact on supply would be greater than in St Ives, which is a very small place with a very constrained hinterland.



Q123 **Baroness Bakewell:** Catherine, in your written evidence to the Committee, you suggest that the private rented sector can provide a barrier to regeneration. That is quite serious, is it not? Will you elaborate on that? How does it operate?

Catherine Ryder: In a number of areas that we have looked at, we have seen that, where homes are in desperate need of regeneration and in the hands of lots of different landlords—small landlords who may own one or two homes—there is a lot that you can do to invest in the look and feel of the area. Local authorities make a lot of investment in places, but, unless you address some of the desperate need for regeneration in the homes themselves, regeneration will take you only so far. When ownership is complex and you have empty homes and are not sure who owns them, it is difficult to take a holistic approach to regeneration of a place. That can in some instances form a real barrier to properly lifting places up and addressing all the regeneration requirements, including housing.

Baroness Bakewell: What sort of intervention would help?

Catherine Ryder: One thing we have been really interested to explore—and our thinking on this is at quite an early stage—is how you might be able to incentivise landlords in such areas, particularly absentee landlords, to transfer ownership into the hands of a professional landlord or, as we prefer, the hands of a social landlord, who will make long-term investments not just in that property but in the community and places where the property exists. We would like to explore what mechanisms might be effective in doing that.

Baroness Bakewell: What motive would you have to do such a thing, to comply?

Catherine Ryder: What motive would we have?

Baroness Bakewell: No, the landlord. Why would the landlord want to do that?

Catherine Ryder: This is a really important question, because they may not, but there must be a motive for absentee landlords who have abandoned properties. For other landlords, if there is an incentive for them to exit the market, they might be encouraged to do so. But it is not going to be easy. That is one thing that we have only just started to look at, so we do not have the answer to that question.

Baroness Bakewell: Is the incentive going to be financial?

Catherine Ryder: As I said, I do not know what incentive might work, and we have not spoken to private landlords. At this stage, it is only something that we are beginning to explore. Is there any potential in transferring ownership back into the hands of a local authority or housing association and might that make regeneration more straightforward?

Baroness Bakewell: What reception have those ideas had? Have you put



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them about yet?

Catherine Ryder: No, we have only just begun to think about it. Through some work that we have been doing—what we have called our Great Places commission—we have been to see particular areas of the country and have looked at what makes effective regeneration and what things can hold it back. We have only just begun to identify what a significant barrier it is. We have not fully explored the issue or talked particularly thoroughly about it at this stage, but it is one of the things that we have seen hamper regeneration in some areas.

The Chairman: Presumably, you are looking at particular sorts of intervention.

Catherine Ryder: We are just beginning to.

Baroness Whitaker: I was interested by your evidence on Freebridge Community Housing, which sounded like a good scheme. Did you think that the Cabinet Office's behavioural insights team made a material contribution? Is it the sort of thing that you might advocate to create a more cohesive community that took charge of its own place?

Catherine Ryder: That is right. The example in Freebridge, which is in King's Lynn, is that it worked with not just the Cabinet Office to understand the insights and behaviours that it had identified but really closely with the local community. That touches on the point discussed with the previous panel. Engaging the community and different stakeholders, bringing different views, including from the Cabinet Office, into that conversation very early meant that that regeneration was really effective.

Baroness Whitaker: So it is a very developed public engagement programme. They take charge.

Catherine Ryder: Yes, and they do so very early on. It is one of the things that the social housing Green Paper explores, in a slightly different context—the idea that you empower people and give them the opportunity to make decisions. It is one of the things that, with Great Places, makes for effective regeneration, when you engage communities very early on in the process and give them the power to make decisions that affect the homes and communities where they live. The people who live in the Freebridge regeneration are so proud of it; they do not feel that it has been done to them—they feel they were part of it.

Baroness Whitaker: And the landlords fell in with it.

Catherine Ryder: Freebridge is a housing association that is very well connected to its community. That was really important in that example.

Baroness Valentine: To go back to the prior point, I want to understand the thought about transferring ownership, although I appreciate that it is not yet developed. As I understand it, because housing benefit is paid at such a high level, to buy out, in any way, those sorts of houses means



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paying up to 30% more than you would naturally pay for them. I do not understand how the numbers work on what you are proposing.

Catherine Ryder: Some of them might be empty, and local authorities and housing associations might be able to identify who the landlord is and transfer ownership pretty quickly. But if a landlord is making a profit, whether it is through the rent that they are charging, wherever that rent comes from—from housing benefit or out of someone's pocket—you are right that it will be much more difficult to persuade them to sell, or incentivise them to sell.

Baroness Valentine: In Blackpool, which is the place I know, 80% are on housing benefit, so I just do not get how it is going to help. Allegedly, it will cost up to 30% to take each one out above what your natural cost would be, so I do not understand how what you are proposing is helping.

Catherine Ryder: I am not sure that I fully understand the question, but if these homes were owned by a housing association or local authority—

Baroness Valentine: Which they are not, at the moment.

Catherine Ryder: My proposal is that, if the ownership is transferred to a social professional landlord, it is much easier to take a holistic approach.

Baroness Valentine: I agree with that, but I do not understand how you pay the 30% cost in doing that transfer. Blackpool Housing Company is taking things, redoing them and making them nice, but you lose 30% in the process. I do not understand, under your proposal whereby you transfer ownership, who pays the extra cost of taking a home worth £130,000 that ends up being worth £100,000.

Catherine Ryder: Housing associations, for example, will often take a long-term view about how much they can afford to invest in a place. Because they are not for profit, they do not need to make a return on that investment. They obviously need to remain financially viable, but, because they do not need to return a profit, they can take a view on how much they can invest in a place. Often they will take a financial hit, on the basis that, if they can economically regenerate a place, they will get a longer-term investment. It is about taking a patient, long-term community interest—and not always but sometimes they can afford to do that. Sometimes they can afford to take decisions that, on the face of it, a business turning profit would not take.

Baroness Bakewell: Does your early planning involve the consideration of co-housing?

Catherine Ryder: That would be really interesting to look at. A lot of people are talking about shared housing and the opportunity to make housing more affordable through that model, so we would be interested in having a look at that.

The Chairman: There was a good example of something similar in



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Margate, when we visited.

Lord Smith of Hindhead: By the way, not for profit does not mean that you do not make a profit—it means that people do not take the profit out. If you make a surplus, it goes back. A not-for-profit that loses money is not for profit for long, because it goes bust.

Baroness Valentine: It is for loss.

Lord Smith of Hindhead: Well, you are not going to be in business for long, either way.

That aside, we understand that there are powers to tackle substandard accommodation, which applies, obviously, to seaside towns. How effectively are those powers being used? Are there additional powers that could be implemented to help seaside towns in particular tackle poor-quality housing?

Richard Blyth: I can speak professionally only about the planning powers. There is an exciting newish power available under the Proceeds of Crime Act. Last month, we had our annual planning enforcement conference. Interestingly, one of the keynote aspects was the work done by local authorities in attacking rogue landlords. I cannot speak specifically on this point for seaside towns, but, generally speaking, either where a house has been subdivided without planning permission, or where there has been things like beds in sheds, the local authority is empowered to take action—and it can be direct action.

The Act is important because it brings back into the local authority a proportion of the criminal proceeds, which in some cases can be in six figures. That is very important, because planning enforcement is an entirely unfunded service. You may be well aware that, if you apply for planning permission, you pay a fee, although it is not a fee commensurate with the costs of dealing with it—but there is at least a fee for planning applications. There is no fee for planning enforcement, so it depends entirely on the overall financial health of the local authority, and it has to compete, for example, with safeguarding children services, education and some very high-priority issues, including social care. Where it is possible to bring in additional revenue through the Proceeds of Crime Act, that very much invigorates the planning enforcement function.

Critically, it depends on being able to define the proceeds. We have been hearing quite a lot about the profitability of HMOs in seaside towns. It would depend on whether it was possible to identify a sufficiently large sum from the proceeds of a crime to invigorate enforcement action—otherwise, you return to the situation pre the Proceeds of Crime Act, where it depends on the good will of the local authority, in its main financing function, to initiate enforcement action where planning control has been breached.

Lord Smith of Hindhead: Apart from the issue of proceeds of crime, let us say that a street behind the main street of a seaside town is shabby and run down, and there are landlords but no criminal activity. There could be



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compulsory purchase orders; you could buy the row, do a deal with a developer to improve it, or with a housing association, or knock it down. There would not be a cost—because this is not about funding, is it?

Richard Blyth: If you wanted to do master planning that involved taking over the ownership of fairly large, comprehensive areas for redevelopment, as used to happen in earlier days of planning, in the past it was supported by compulsory purchase. It is preferable not to use that, because it is a very blunt instrument; it would be better to discuss with owners whether they would like voluntarily to sell their land.

There is an interesting system in Germany, which operates a land pooling scheme, whereby original owners retain a shadow share so that, when the scheme is recreated and different land uses are reallocated, the contributions of the original owners are recognised pro rata through the process. The idea of the land pooling scheme is that, if you were unlucky as an owner and ended up having contributed to a public open space or road, you would get a proportion back of the total.

That would be a way in which sites such as those you are talking about, one block back from the seafront, could be improved. Ultimately, though, it would depend on the scheme being viable. The difficulty about it being one street back is the question of how attractive it is to a market to invest in.

Another complication, I suppose, would be the time taken. The town that I know most about is Blackpool. The issue there with the proposed casino scheme that then did not happen was that you can end up with some quite long periods of no activity if the ambition of the scheme is out of kilter with what the market will do.

The Chairman: Catherine, do you want to add anything about the need for additional powers, or not, for local authorities?

Catherine Ryder: I do not think we have a huge amount to add. The only thing I would say is that there is not a lot of parity between expectations in respect of the quality of homes owned and managed by local authorities and housing associations and those in the private rented sector. The social housing Green Paper looks almost exclusively at social housing rather than housing for people on low incomes. One thing that it talks about is the decent homes standard, which does not apply to private rented homes. We have suggested in our response that it should. It does not do all the things that Richard talked about. Having some parity in expectation around those homes and how they will be regenerated and managed would be helpful to look at.

The Chairman: Yes, and that legal base seems to have gone over the last couple of decades.

Q124 **Lord Shutt of Greetland:** We have been talking about second homes and substandard homes, and I now want to move to HMOs. What is left—first



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homes and top-drawer standard homes? Perhaps there are others; I do not know.

What steps can be taken to facilitate regeneration where there are poorly managed HMOs? What stops things happening and limits the ability of private and public investors to try to undertake redevelopment of HMOs?

Richard Blyth: First, this is assuming that they are legal HMOs. Bearing in mind what I have just said, some HMOs are not legal, and the step to be taken in that case would be to regularise and, if necessary, enforce against the existence of an HMO. Some buildings are not suitable to be HMOs.

Assuming that we are talking about legitimate HMOs that are poorly managed, that is a question for the panel you have just had. My profession does not deal with housing management, as such.

I wondered whether behind the question were issues around getting planning permission for alternative buildings. Is that what you had in mind?

Lord Shutt of Greetland: That could be a possibility, but we have these HMOs, and so many of them are a mess.

Richard Blyth: Knocking them down and building something else is one possibility. One thing that is quite characteristic of many English seaside towns is the terrace of buildings. You usually get on the seafront a higher terrace and then, as we have been hearing, it might drop to two storeys behind. There may be a tension between conserving the architectural integrity of some of the seafront terraces, which are of interest to visitors as well as residents, when those Victorian buildings may not be best suited to achieving the highest housing standards.

How do we balance the architectural question with one of housing quality? It is possible to rebuild within a terrace using design codes. The ministry of housing is very interested in looking at how to make it easy to replace and extend buildings in terraces using the same overall architectural picture.

There are questions around conservation areas. Some historic seaside towns may have decided that their rows of terraced Victorian houses are of conservation importance, in which case they enter into a different category when it comes to rebuilding. They may decide that they are not of conservation importance, in which case there is more freedom for owners to pursue, arguably, higher housing standards by redevelopment, if necessary.

Lord Shutt of Greetland: I think that most of the places are often pre-en suite boarding houses. Those are the problems that we get.

Q125 **The Chairman:** That was certainly the case in Blackpool, was it not? It was pretty appalling actually.

Catherine, do you want to talk about the role that housing associations



play in this regeneration?

Catherine Ryder: I have touched already on the example of Freebridge. Housing associations are often rooted in place and work very closely with communities, and are well placed, either on their own or in partnership with local authorities, to kick-start regeneration with the explicit engagement with existing communities. They invest and provide anchors for places over the long term, so they are often well placed to take the lead. We have seen loads of examples where they do that.

The other advantage that housing associations have—and this touches on a conversation that you had with the previous panel—is that they are interested not just in physical regeneration but in economic regeneration. We have some really good case studies of housing associations that work closely with their communities to look at the skills and employment opportunities and run very specific programmes around that, as well. They are well placed to carry out regeneration on specific schemes, and to look at place-based regeneration, often in partnership with local authorities, as well as playing a role in economic regeneration, in upskilling communities and tenants to contribute back to the local economy. There is a huge range of things that they do there.

The Chairman: Ralph had a question, and then I shall come to you, Jo.

Lord Lucas: What would get in the way of the decent homes standard being applied to private accommodation?

Catherine Ryder: There is no mechanism for enforcing it at the moment.

Lord Lucas: But if the law was changed and there was a mechanism, would it work, or would it be a difficult thing to apply to private accommodation?

Catherine Ryder: On the face of it, I cannot see why it would be difficult, but we represent housing associations, not private landlords.

Lord Lucas: But you have the experience of having this enforced on you.

Catherine Ryder: If there was a review of the decent homes standard, which is one of the things suggested in the social housing Green Paper, we would need to look at exactly what direction it took and what the standards were. If landlords need to reinvest in homes to get them to meet that standard, obviously there will be a cost implication. Even housing associations often have to look very carefully at the balance between investing in new homes and existing homes to meet the decent homes standards. There would be a cost implication for many landlords.

Housing associations often own 1,000 or 2,000 or 20,000 or 50,000 homes, so they run quite a significant decent homes programme. There are lots of efficiency savings for them, and they can make decisions on that basis.



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If you are a landlord with only a handful of homes, it could have a significant cost implication to meet those standards, if you are already a way away from them. But it is the right thing to do.

Baroness Valentine: Looking at some housing association mission statements, I have picked up on the point about creating place. I used to sit on the Peabody housing association, so I know a bit from that experience. Mission statements tend to say that, where they have stock, they will contribute to creating a good community. If they do not have that stock, they get into the slightly commercial question of whether they are not for profit or a commercial business when they go into new places. What is potentially missing is the aspiration to go into a really difficult place and get started. If a place is majority HMO, and you are a housing association sitting on the edge of it, it is quite a brave step to step in—and, as far as I can see from most mission statements, they do not quite cater for it.

Catherine Ryder: That is a really interesting point. It is one of the things that we have looked at carefully through our Great Places commission. Where a housing association owns a lot of stock, it works really effectively as a community anchor for that place. That association will stay and reinvest and do a lot of work with communities and tenants around economic regeneration.

Where we have often seen places struggle is where there is no one landlord owning a significant chunk of the stock but lots of different actors, none of them particularly invested. Stepping into that area, even knowing how to do it or how to purchase homes or take over the management of them, is not something we have seen done that effectively in any bit of the sector. But we are looking at it through our Great Places commission.

In some of those areas, at some point there was a landlord who owned a number of homes, and people gradually moved away from an area. We are looking at how to get back into those places and what the mechanisms are for stepping into them, as well as asking what decisions people take when they step out of them. What are the consequences of landlords owning a lot of stock and then selling up in those areas? That is really significant as well.

Baroness Valentine: Should not Homes England be facilitating some of this stepping into the difficult places?

Catherine Ryder: That is not a role that it plays currently. I do not know whether to make this point now, because it is the one I would like to make in response to the last question that you asked the last panel—but I shall do it now.

There is currently no funding or support for stepping into an area, buying up places and regenerating them. All public investment at the moment is channelled towards new supply, and there is a massive role for new supply in regenerating coastal communities and having an offer for people on lower incomes. That is hugely important. If investment or public support



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was available for people to step into those areas and give them the confidence to do that—you are talking about how much it costs to buy up homes in those areas—or to regenerate homes that they already own, it would be a huge step forward for many areas.

The Chairman: We have seen examples of that, and the Blackpool Housing Company is one very good one. I guess you are saying that it needs to be writ large, rather than just left to the local authority to struggle on its own to find the capital resources.

Catherine Ryder: Yes, I think that is right. If the Government put their weight behind this and offered some flexibilities in the affordable homes programme, for example, and what it can be used for, it would open up a lot of opportunities in some of those areas.

The Chairman: That is a very helpful and interesting point. Richard, do you want to finish on this and then we can move to another question?

Richard Blyth: In another context, we have been very interested in monitoring and researching the level of local authority-led housebuilding in England as a whole. University College published a research project on that last year. One interesting case is in Birmingham, where the city council has been building houses for sale in places where there is no market for sale housing. That is a key area for the local public sector—to do what the market will not do. In places where that has happened, a market has been created, and now the private sector can go and build houses, because people have the confidence that this is a place where you can go and live in a family and buy your own house. That could be applied to this context. Local authority building of houses for sale is not that difficult to do, even under current circumstances, so it may be an interesting way forward.

The Chairman: It is an old idea revisited, really.

Lord Knight of Weymouth: I have a quick question for you, Catherine, about housing associations having a footprint and being committed to communities. I would challenge that slightly. Some of the associations are formed from large-scale voluntary transfer out of council ownership. For tenants in those communities, a series of mergers often makes them feel extremely distant. They no longer have offices anywhere in the local authority area; they are a big beast, employing well over 1,000 people, and they do not appear anywhere near as connected or invested in the communities that they grew out of.

Catherine Ryder: I would hate to characterise big housing associations as not being connected to place, because we have seen big housing associations operating in different areas of the country that have not grown out of large-scale voluntary transfers that have very effective mechanisms for engaging with their tenants and still feel very rooted in the communities where they operate.



Having said that, I think that there are legitimate questions in the social housing Green Paper about the relationship between tenants and landlords, with tenants feeling that they often do not have a voice. That sometimes comes from their not having a personal relationship with their landlords. That is a legitimate question, but I do not think that it is because of geography, or the size of the landlord. We said in our social housing Green Paper response that it is about the culture and leadership of the organisations. There are legitimate questions to answer around how we ensure that culture and leadership in the housing association sector—there are a lot of housing associations, and they are very different from each other—genuinely and demonstrably put tenants at the heart of everything that they do. There are some good ideas in the social housing Green Paper, and things that we want to do around that but, when we talk to our members, they admit that there is absolutely no room to be complacent, and it is right that tenants should feel connected to their landlords.

The Chairman: Is that not a question of getting the governance right and having written in it the notion of providing effective social leadership?

Catherine Ryder: Yes, governance is absolutely critical, but there are some processes that we can put in place that will support that and offer an assurance that that change is happening.

Q126 **Lord Lucas:** Why do so many masterplans fail, and, when they succeed, why do they succeed?

Richard Blyth: I saw this question written down and was not quite sure how to respond, in the sense that I was not sure which of the masterplans had failed and why there were so many. I shall try to get behind it. The Blackpool case is quite interesting. For a long time, it has been a long-standing challenge to know what to do with the site of Blackpool central station, which was closed in 1970. This is a question characteristic of all sorts of places, some of them very successful, as with a site next to Liverpool Street station that has been unused since the war.

One problem is the rollercoaster behaviour of the property market, whereby a scheme can be just about on the verge of success and can have gone through various permissions, when suddenly market conditions very quickly change. Therefore, the scheme has to adapt to a new market reality. The difficulty is that you are always dealing with peaks and troughs.

One way around that would be to have much more countercyclical investment, which only the public sector can do. When there is a recession, that is the time to move in and start to do public sector-led schemes. That certainly worked in the 1990s recession, when a lot of money was poured into the housing association sector to rescue property schemes. It is one way in which to deal with the problem that, otherwise, property tends to have peaks and troughs and speculations.

Lord McNally: Have we anything to learn from the regeneration of our big cities? This was a long time ago, but I was at the meeting when Manchester



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revealed to the local MPs that it was going to revitalise Salford Quays. There was a burst of laughter in the room at the idea that anybody would ever want to live in Salford Quays. As you know, it has been an extremely successful regeneration. One gets the impression, looking at our big cities, that they have got regeneration more right, more often, in the last 20 years.

Richard Blyth: Some specific factors have accelerated that; one of them is a changing economic geography of jobs. A lot of the successful city centres, including Salford and Manchester, have been successful on the back of an increase in what the Centre for Cities would call knowledge-intensive jobs. That can be a difficulty, if you are a place that is not easy to get to, which is a common characteristic of seaside towns. They tend to be on the edge, remote, and not places where there are concentrations of media jobs of the kind we have seen in Salford.

A lesson that could be learned is that, for one thing, government could locate some things in seaside towns. The BBC in Salford has been a very powerful catalyst, and you could have a decision taken like that, as a national decision. That would be very powerful, but, obviously, it would only be one place that was chosen. If you choose Blackpool, you have not chosen Scarborough, so there is a limit to how far the magic wand can be waved.

Brighton is an interesting example, because it started as a seaside town and then became a place where, additionally, people commuted to London to work, so it had another function. It has now developed a function connected to some of those people deciding that, actually, they should set up their own businesses where they are and not travel out. It gained originally from communications and now has its own momentum. It is a destination and a city, so it has become one of those success stories.

To a certain extent, the communications issue is key, and it is encouraging to see Blackpool joining the electric rail network and getting that advantage. Quite a lot of places are still very remote, and the question is how much that model will work everywhere with a finite amount of investment. Some places may need to develop a role that is uniquely theirs, which is quite difficult to prescribe. Margate has become successful because of art—particular personalities have made that happen—and the availability of cheap accommodation, and Folkestone similarly. It is very difficult to plan and prescribe that kind of thing, but the availability of good-quality, affordable housing causes interest among people with money to invest and with good ideas, who want to flee from the expense and poor quality of life in some city centres. They think, “Maybe I’ll set up in a place with good fresh air and cheaper housing, especially if I can get broadband and get in and out quickly—so Scarborough may be the base for my new business”.

Lord McNally: We received very powerful evidence from Cornwall that its early investment in high-quality broadband was to its advantage. Is that kind of connectivity, as well as the more ordinary railway connectivity,



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important?

Richard Blyth: Definitely. It is as fast, wherever you are, so, if you have broadband, it does not take you longer to get to Cornwall on the internet than it does to get to Brighton—whereas, obviously, with the best will in the world, with road and rail there will always be the friction of distance, even with the best possible investment.

Baroness Whitaker: On the back of that, I wondered if masterplans failed because they did not take account of something that you talked about in your evidence—that, other than tourism, seaside towns have natural heritage assets particularly conducive to growth in the creative industries. I thought that that was extremely powerful evidence. How do you rate the potential of seaside towns, with their lovely seascides and horizons?

Richard Blyth: Famously, St Ives became an artistic centre because of the quality of the light, which, I suppose, was hard to find in city centres in the 1920s. I am not an artist, so I cannot really decide what would inspire me to be creative, but it is a very well-made point.

The Chairman: But is there not probably a limit to how much regeneration you can get off the back of—

Baroness Valentine: Light.

The Chairman: Yes, I was going to say Turner.

Baroness Bakewell: Artists are willing to live in shabby conditions because they are dedicated to their art. They regenerate warehouses and slums; they will tolerate it—and then the community follows them.

The Chairman: I think that that is right. It is what seems to be happening in Margate.

Lord Shutt of Greetland: The point that I was trying to get at was that we have just seen Channel 4 tout itself around and end up in Leeds, which is one of the most successful places in the country. It was not Bradford, which could do with it, Barrow-in-Furness, or Bridlington. How do we persuade people to go to places that are not successful, when their going there will make it successful?

Richard Blyth: I have a concern about the regions generally rather than specifically seaside towns, around the activities that central government could do. Something like 40% of the investment in research in this country is invested in London, Oxford and Cambridge. We have just had the opening of the Francis Crick Institute, again in London. Government could have a determined policy whereby decisions that it takes are made on the basis of concern for places that are less successful economically, provided that it would not severely impact operations and functions.

Quite a lot of functions have been very successfully established in seaside towns, including a lot of universities, which were originally put in those



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places because of the availability of boarding house accommodation, such as in Bournemouth. More could be done to have a deliberative policy on decisions that the Government can make, although I do not think that Channel 4 is under that wing. It has its own operations. But where the Government can make those decisions, it should be done as part of a strategy to support places that are struggling.

Catherine Ryder: As a general reflection on that, this is about not masterplanning but the potential for local industrial strategies, which should do exactly that. They should make a strong case to the Government in places that have a particular requirement for it. Coast to Capital, for example, the local enterprise partnership, encompasses the corridor from London down to the south coast through Gatwick, which are hugely developed and economically resilient places, along to Newhaven on the coast, which is a completely different challenge. The power of local industrial strategies is that local areas should be able to make a case to the Government for investment in areas, looking at the challenges in the whole place.

Baroness Wyld: I want to pick up on the point about human leadership here. Masterplans and strategies are all well and good, but they do not in themselves do anything. Somebody has to come along and grip it. That can be in a formal structure—or we have heard a lot of evidence of very dynamic individuals or families who have come into a certain area and said, “Right, we are going to make this happen”, and have been incredibly effective.

Some witnesses have said that you cannot just recreate that and it is bespoke to a particular area. Is that true? Are there no lessons we can learn from those specific leaders, and cannot that be replicated elsewhere?

Richard Blyth: I think that it is important to enable local leadership to flourish. This is one of the most centralised countries in the world. We have been hearing about environmental health, planning and housing powers, as well as stuff around rail, road and broadband. All those things, in England, are operated by different ministries; it is difficult for local leadership to emerge and draw all that together, because there are very strong lines of accountability to Westminster and Whitehall.

Personally, I think that trying to tackle that question would be exciting. On the other hand, there are caveats. The feeling that may well be expressed by seaside towns is that it is all very well to devolve lots of power to Liverpool, for example, but there are seaside towns near Liverpool, such as Southport, that might feel that, unless all that city region is involved in decision-making and resource allocation, it would be no better devolving it to Liverpool than leaving it in London. Devolution is good, provided there are appropriate checks and balances to make sure that some of the more peripheral and smaller seaside towns within those city regions are right up there, getting their voice heard and their share of decision-making.



Catherine Ryder: Leadership is really important. It partly comes back to what we talked about earlier around working with local communities, engaging them, bringing them into the process and taking some bold and brave decisions. Leadership does not even have to be from the local authority or a mayor; it can come from a number of places.

Some of the regeneration schemes, or new developments that have done really well, which go over and above what you might expect in some areas, are where civic leadership, often coming from local authorities, works in partnership with housing associations, which have skills and the capacity to develop. If that can be the partnership, it is even more effective—when you have the leadership and the ability to act coming together. Often local authorities can provide a lot of civic leadership but cannot necessarily do regeneration or new development on the ground. That is happening in Brighton, where we have seen a relationship between the local authority and Hyde housing association, which has the potential to be really effective.

The Chairman: That is very helpful, but perhaps we should move on, on that point.

Q127 **Lord Knight of Weymouth:** This one is particularly for you, Richard. In the written submission from the RTPI, you made a distinction between towns that still have a viable tourism offer, such as Blackpool and—dare I say yet again?—Brighton, and those that do not, such as Morecambe. Is there a pattern in scale or geography around that, and what steps should be taken to support the towns in the latter category?

Richard Blyth: I have been struggling with this question since I saw you put it down in the sense of asking whether there was a pattern. I am not sure that there is, because St Ives is very small and is very successful as a tourist town. I suppose that there is a pattern possibly in relation to the diversification that Blackpool and Brighton have achieved through conference activity, which would be difficult in a very small place—although Cannes is pretty small, which is interesting, and very successful in conferences.

I do not know that there is any plannable central prescription, because it depends a lot on individual entrepreneurs, ideas and local leadership. The simplest thing is to link places into other places. Even if your town has to accept that its future may well be as a town from which people commute to somewhere else, which is a difficult thing for local communities to accept, but in some cases may be true, at least that must be easy to do. We have been hearing terrible stories about the Northern rail franchise, with people trying to get into the city centres that have been successful but being presented with two-car trains, phenomenal queues and cancellations. The least we can do for places that may be struggling to find a new role following the end of bucket and spade is to give them communications and an infrastructure that enable them to compete reasonably well.



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Lord Knight of Weymouth: So, essentially, they can redefine their purpose as a settlement, with the consent of the people who live there, who thought they were buying something else.

Richard Blyth: It would give the possibility of doing that, and, as I say, one thing that happens if you get a place that starts off as a successful commuter settlement is that you sometimes end up with people stopping commuting and working from the place itself, regenerating the coffee shops and bringing income in. It is not ideal—it would be nicer if everyone lived and worked where they were; but as a way of giving a future to some places that no longer have the tourism that they used to have, a successful integration into a commuter landscape is a possibility. But, if you cannot even get out at all, even that option is not available.

The Chairman: Sometimes I must confess that it feels like that in Brighton, although it is a bit closer to London.

Lord Lucas: Should we be looking a bit at local government reorganisation, with Morecambe plus Lancaster, Eastbourne plus Lewes, and so on?

Richard Blyth: I was very interested in the submission from Wyre Council talking about the emerging Lancashire combined authority. There are decisions that it is very difficult to make at district council level, particularly around planning and infrastructure.

The big caveat is that we do not replicate a situation in which the smaller and more peripheral places within these larger units end up feeling no better than they were in trying to deal with London. There must be some way of making sure that there is some check and balance in relation to places that may not have the aggregate number of votes. So, if you have a single mayor for an area, there may not be the votes to sway the large majorities that the big places have. It would be unreasonable to devolve power to city regions and counties, and somehow not care about the smallest peripheral places in the process.

Q128 **Baroness Whitaker:** Thank you. We have had a lot of good ideas from you. What one change would you like to see to support the regeneration of seaside towns, and how could it be achieved? You have already given us one, Catherine. Do you want to stick by it?

Catherine Ryder: I do want to stick by it, because I think that the successful regeneration of seaside towns is absolutely dependent on a proper housing offer for people on every bit of the income scale. That is where towns, particularly coastal towns, thrive, because there are such huge challenges in diversity of income, and all those sorts of things. In order to do that, we must recognise that different towns need a different answer to the housing challenges. I want to see public investment being available, not just for new supply but for regeneration, because both those things are critical.



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That would be my one plea—that we use the money that the Government have already put on the table and make it available for regeneration.

Baroness Whitaker: Would that be achieved by capital grants?

Catherine Ryder: There is already money out there for affordable housing. Local areas should be able to spend it on the thing that is most important, and, in some cases, that is going to be regeneration.

The Chairman: Richard, do you have any last thoughts?

Richard Blyth: To lead on from that, it will not surprise you to hear that I think that we need more resources for local authority planning departments. The figure for the north-west, which we have been hearing about, is that it has had a fall of 30% in its planning resource since 2006, which means that you do not do the proactive stuff about building new places and communities—you just do the planning applications, and even they are only 40% funded. You still have to subsidise the 60%, and, for local plan-making, there is no money at all that is ring-fenced. If you want to see a proactive masterplanning regeneration, leading the market and regenerating places, someone has to pay for it somehow.

The Chairman: I think that the planning function has been degraded.

Lord Smith of Hindhead: You have not mentioned enforcement.

Richard Blyth: I did, quite a lot—but it is not funded either, unless you can tap into proceeds of crime.

The Chairman: I shall draw it to a close there. Thank you very much indeed. There was some very interesting evidence, which I am sure we will weigh up very carefully, as we have with all the material provided to us. Thank you very much for coming this afternoon—it has been very helpful.



Alex de Rijke, Gary Young and Andy Murdoch – oral evidence (QQ 129-136)

Tuesday 27 November 2018

3.15 pm

Watch the meeting

Members present: Lord Bassam of Brighton (The Chairman); Baroness Bakewell; Lord Grade of Yarmouth; Lord Knight of Weymouth; Lord Bishop of Lincoln; Lord Lucas; Lord McNally; Lord Mawson; Lord Shutt of Greetland; Lord Smith of Hindhead; Baroness Valentine; Baroness Whitaker; Baroness Wyld.

Evidence Session No. 15

Heard in Public

Questions 129 - 136

Witnesses

I: Alex de Rijke, Director, dRMM; Gary Young, Partner, Farrells; Andy Murdoch, Director (Cities), Buro Happold Engineering.



Examination of witnesses

Alex de Rijke, Gary Young and Andy Murdoch.

Q129 **The Chairman:** Good afternoon. I think you are safely settled in. I welcome you to our evidence session. We are very grateful to you for coming along this afternoon. I am sure we will find something very useful from it.

You should have in front of you a list of interests that have been declared by members of the Committee. I should remind you that the meeting is being broadcast live via the parliamentary website, and that a transcript of it will be published on the Committee's website. You as witnesses will have the opportunity to make corrections as and where necessary.

We are on a divisible set of amendments today and it is quite likely that there will be a Division. That being the case, I shall adjourn the Committee. If you are prepared to stay with us, that would be most helpful. We will probably reassemble within 10 or 15 minutes.

Do colleagues have anything they want to declare?

Lord Lucas: I should declare that I know Buro Happold well. I have worked with them, although there is no money involved.

Baroness Valentine: I should declare that I am in discussion with Terry Farrell about helping me with a social innovation campus in Blackpool.

Lord Mawson: I should declare that I know the architect Sir Terry Farrell.

Q130 **The Chairman:** I can declare that I do not know any of you.

It falls to me to ask the first question, which is a general one. Would you try to identify the challenges associated with creating developments on the seafront generally and in seaside towns in particular?

Alex de Rijke: In a nutshell, while it is possible to raise capital funding, it is much harder for those projects to receive ongoing support given the high maintenance required to maintain structures in very bad weather conditions. Depending on the scheme's business plan, the type of turnover and the footfall, the classic scenario of restoration or reconstruction capital being possible can be followed by another decline.

Gary Young: If I could look at the wider context, a lot of seaside towns developed during a time when the accommodation provided suited the time and a different type of use of the town for leisure. They are often in areas of natural beauty with the presence of the sea and coastline beaches, so development itself is constrained in a very significant part. Quite often, it has taken place one street back from the seafront with new developments, such as shopping. Therefore, you end up with almost a double front to the town. You have the historic front, and the aspect of what to do with it when it is exposed to weather has always been a challenge.



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Quite often, those have become slightly derelict and less intensively used, so that is the context in which investment in a sense is challenged. There are a few examples where people have acquired sufficient of that land to make a go at a composite scheme—for example, in Folkestone—but often the lack of ability to do things incrementally because of the scale of the challenge facing the seafront is larger than people perceive in an insular town.

Andy Murdoch: I would like to comment on the point Gary just made. Seaside towns owe their existence largely to the seaside. As a consequence they have tended to develop in semicircles from the origin. You end up with what is effectively half a town, which is the end of the line.

What was an asset has become part of the challenge. Attracting people and building up economic activity around what could be described as an incomplete town at the end of the line is a big challenge.

Often, sea defences have been introduced in a one-dimensional way—building a wall along the front to keep out the sea—and have resulted in people being cut off from the main asset to which the city or town owes its existence. There needs to be a softer approach in treating that relationship between the sea and seaside town with the appropriate sensitivity to maximise that asset.

Lord McNally: Will you give an example of where you think that has been well done?

Andy Murdoch: One of the projects in which we have been involved is Folkestone. Farrells has been involved as well. Funding was in place for improving sea defences, and Roger De Haan saw a development opportunity to bring the harbour area into better use.

Through that there has been a much more sensitive, holistic approach to how to deal with coastal erosion as well as overtopping of the wall. Beaches have been restored in a way that dissipates waves and mitigates the risk of wave action imposing itself on that part of the town. It has created the opportunity to bring it into more productive use through that private partnership arrangement.

The Chairman: I have in my head a follow-up question that I would like to pursue. I am blessed with the thought that seaside towns have a special problem in the sense that, while they are, as we recognised, only 180 degrees, very often they have two focal points: the seafront and a city or town centre. It is like a double stress or pull for them. What concerns me most, perhaps because I have been involved in seaside towns for most of my life in one way or another, is whether we are investing enough in the long-term infrastructure of seaside towns. Are we investing at a sufficient rate to ensure that good-quality infrastructure is maintained and that we make them attractive places as part of the public realm?



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Gary Young: We can continue to explore the example just referred to: Folkestone seafront. Folkestone benefited from the £11 billion spent on HS1. The point you are making is very valid. A seafront town has duality: it has a town to support and it has presence on the sea. It is challenging because that doubles your frontage. It is an opportunity, but it is a challenge.

The train infrastructure for the majority of seafront towns has not really been pushed forward, because of the lower catchment. It is a fluke that a couple of towns such as Folkestone are on a through route and have benefited from that infrastructure. Phenomenal investment has kick-started people's confidence, similar to other Kent towns that have been part of Javelin, again on the back of huge national investment.

Interestingly, other towns such as Blackpool or Scarborough existed because the people of Yorkshire wanted to travel to the west coast to holiday and people from the west coast wanted to go to the east coast, but the train services are pretty poor, compared with those from London to the south-east.

That inability to get infrastructure spending to drive regeneration means you have the double whammy of a complex town with two fronts needing more infrastructure spend at a higher national level to generate it, which has happened in a couple of towns.

Alex de Rijke: I largely concur and offer the example of the difference between adjacent seaside towns—for example, Brighton and Hastings, where I was architect of the pier. I worked on it for about seven years. From 2010, every time I went by train—every week—it was a long journey and was often delayed. When I arrived I would walk through the centre to the pier and pass the site of dereliction: needles in shop doorways and closed businesses.

The project happened slowly. We were able in a way to make the impossible happen, given the pier was a privately owned structure, through the local authority obliging the landlord, who had neglected to maintain it, making it unsafe and it burnt. There was a compulsory purchase order and the council was able to sell it to a charity that consisted of very active local supporters: Friends of the Pier.

During that time I noticed that a lot of people in London were dismayed by the cost of housing and were investing in the coast, but they would not go to Hastings because the connection was poor and it would be difficult to maintain their jobs in London in order to buy something there. It is one of those towns that escapes that investment, but it might not be what it needs.

When the pier was successfully rebuilt and reopened, I was surprised by the significant confidence it gave local businesses—if the impossible had happened, anything could. Many smaller businesses opened and continue to do so, and there is investment in the seafront. That does not rely on



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London money but is local regeneration from community groups and organised investment within the town—largely the same people who initiated the pier project.

Lord Smith of Hindhead: But the pier went bust, did it not?

Alex de Rijke: Tragically, it did. The charity managing it was not used to running a business. It did not do it well and made a loss in the first year. Quite abruptly and mysteriously, it was sold by the administrator to a private individual for allegedly a very small amount of money in relation to the large amount of public money that went into its reconstruction.

Lord Smith of Hindhead: It was £11.4 million from the Heritage Lottery Fund.

Alex de Rijke: Correct.

Lord Smith of Hindhead: Do you think that would have been better spent on the shops and empty offices that you had to walk past each day?

Alex de Rijke: I do not think so because the pier remains a symbol that will very much outlast the temporary and dubious private ownership it has fallen into. It represents not only a symbol but a very large, useful public space. I think smaller businesses still work off the back of it.

Lord Smith of Hindhead: There has been an improvement in Hastings as a result of the pier, even in its new state.

Alex de Rijke: Yes, and plenty of footfall as a result. I am talking about tourism as well.

Gary Young: May I pick up that point?

The Chairman: I am keen to pursue the second point of our questioning. Lord Shutt probably has something to add to the point teased out earlier by Lord McNally.

Q131 **Lord Shutt of Greetland:** May we look at success? What are the successes in buildings, monuments or whatever that have played a key role in a regeneration project? You have been talking about something very big, but are there perhaps smaller things where, because of them, other things have happened and regeneration has got going?

Gary Young: I have been doing research on a couple of projects in which Farrells has been involved over the decades I have worked with it. One of the big success stories has been The Deep in Hull—an aquarium that was funded by the National Lottery and finished in 2002. It is a successfully running charitable organisation that is very popular. It runs off its own revenue.

There are occasions when you can find a gap in the national profile and major landmark visitor attractions can fit into a place well. The success is not just it as an entity; it is the fact that Hull achieved the status of City of



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Culture in 2017. There has been a great change of negativism to positivism in the past decade in Hull.

That has been recorded by the University of Liverpool in a very interesting read called "Impact 18". It studies the effect of the European City of Culture, which status Liverpool achieved in 2008, and how it has changed the percentage of negative news into positive news. It has influenced the way people think about their city, and globally the way the rest of the world thinks about a city.

You cannot underestimate how important that is. While those two projects were based on big landmarks—the Tate moving to Liverpool and The Deep in Hull—it is now recognised that you can begin to achieve this in a way that Alex has described by doing small things and having a creative foundation formed around a project.

That is again what has happened in Folkestone. The creative foundation was formed when the seafront development was created by the investor Roger De Haan, and it is a charity with a £2 million turnover that supports local businesses. It has purchased 80 properties; it has media-related creative activities, and it is looking for more space.

For example, it has just become involved in the thing we have all seen on the news, Pages of the Sea, where local people created sand sculptures on 11 November. Folkestone was one of the initiators. This is the sort of thing that captures people's imagination; it transforms, and the regeneration is part of the self-image.

Lord Knight of Weymouth: In your first answer you talked about insular towns. Were you referring to a mindset or just to the geography? Are you saying that small projects can shift mindset and generate more local sustainable investment?

Gary Young: I was referring to geography initially—the fact that seafront towns are more outward looking—but the approach taken by these initiatives creates the sense of purpose and pride, which, when it was a port or a fishing community, had been lost. Therefore, you regain it by being creative, if you follow the logic.

Baroness Wyld: On the point about purpose and pride, you mentioned local people. I can see people getting involved in cultural initiatives, but can you think of any tangible examples where, hand on heart, you can say that a regeneration project has had a direct impact on the lives of local people, in particular those experiencing the social problems we have heard about: mental health and educational underattainment? Are there any sterling examples of regeneration helping with that?

Alex de Rijke: I can speak in relation to Hastings and perhaps Blackpool. The woman behind the Friends of Hastings Pier, Jess Steele, who initiated the competition to which my company applied, having established the pier rebuilding programme, went on to form a company called Jericho Road. It



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has acquired a former news printing building right in the centre of Hastings, which doubtless would have gone to a London developer to make fancy apartments. It has converted it into small local businesses: start-ups, workshops and so on.

That is doing quite well. It is progressing to a former, small coal-fired power station nearby in Ore, with a view to sustainably regenerating a considerable tract of land trapped within a valley and surrounded by housing.

That is one example. The other is Blackpool, where my company built what is dubbed locally the "Tower of Love". It is a multi-purpose building: a local restaurant, a tourist information office and a wedding facility, with a registrar's office and a very nice room looking at Blackpool tower. I like to think that the success of that project—it is constantly booked for weddings—has had a positive effect on society.

Baroness Valentine: I visit that place regularly—I work in Blackpool. Is there a planning reason why that is on its own on the other side of the tracks, because it seems such an obvious thing to celebrate the seaside?

Alex de Rijke: The master plan for the golden mile and its regeneration originally included many pavilions, of which this is the only one that was realised.

Baroness Valentine: Why were others not realised?

Alex de Rijke: It was finance, I believe.

The Chairman: Do you rely on capital from the local authority or central government?

Alex de Rijke: Blackpool Regeneration was our client.

Baroness Valentine: Is it right that a private sector developer would not have done it?

Alex de Rijke: Perhaps. I was not really party to how it was set up. We were simply employed.

Baroness Valentine: It looks to me as if it is making money now.

Alex de Rijke: Yes, and I am sure it could still happen. It does seem odd. Our building replaced a very worn-out public convenience. We simply supplanted it with a better facility, including toilets that the public could use. That was how we ended up on that site.

Q132 **Baroness Bakewell:** You have answered a lot of the points I was going to ask about, but I want you to enlarge on the relationship with Hastings pier. It won the Stirling Prize and looked wonderful. It looked pretty empty. It looked like a wonderful space that could offer to hold a Glastonbury or something. To what extent was your enterprise involved in how the pier would be used? Did you negotiate with potential users? Did you have ideas



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about what it would be for?

Alex de Rijke: We certainly contributed to imagining the events that could be staged there. We were not party to programming it once it was built. We had to prioritise the money available from the deck down, essentially; some £9 million of the £11.4 million was spent from the deck down. We had to make a very strong deck to support a great many different uses.

Baroness Bakewell: But you were not part of the subsequent history of it.

Alex de Rijke: No.

Baroness Bakewell: Do you regret that?

Alex de Rijke: Yes. I would have loved to be involved in the running of it. As a personal view, had the charity had a better database of connections and people to invite to stage events, only a few large music events a year might have made all the difference to its business plan and cash flow. It prioritised localism, which is admirable, but it was not complemented with larger cash-earning events.

Baroness Bakewell: An impresario with real flair might have made it work.

Alex de Rijke: Yes. Someone like Jools Holland might have made it the great music event it once was.

Baroness Bakewell: The destiny of piers is very wayward, but they often fail and fall into the hands of someone who says, "I can have a go at running it", and they do not. How can the future of Hastings, or any pier that falls on bad times, be shaped by the companies and people who purchase them for such a variety of reasons, a lot of it vanity?

Alex de Rijke: The tragedy of the Hastings story is that it was a publicly owned structure and space but, rather disappointingly, fell once again into private hands with a much narrower view on how to run it. The secret would be to allow the community to become better organised and versed in business. Not many businesses are massively profitable after one year. I thought it was harsh of the administrator to relieve them of certain responsibilities.

Baroness Bakewell: If the Heritage Lottery Fund is putting money into an enterprise such as that, why can it not make it conditional on a decent business plan?

Alex de Rijke: I believe that at the time it was. I was not party to the process. The whole sale of the pier was behind closed doors, so one is not aware of what the new criteria are compared with the former.

Lord Mawson: I visited Hastings a long time ago. I cannot remember how long ago it was, but I remember it as a very good experience. As a visitor, I felt that whoever was running it had a handle on the detail and had a feel



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for it. Therefore, at that time—whenever it was—it felt like a very good thing and very different from any other pier I had been on.

Alex de Rijke: May I ask when that was?

Lord Mawson: I cannot remember. It was 10 years ago, or quite a long time ago. I remember the experience and remember it standing out—the feel, the detail and the design.

I spent a lot of my life working with architects on regeneration programmes. This sounds to me like a very familiar story. I have also danced a lot with the Heritage Lottery Fund and the details of these siloed organisations.

The Chairman: I am going to adjourn for the duration of the Division. We will return to the question of Hastings pier thereafter.

The Committee suspended for a Division in the House.

The Chairman: I am content to begin again, because I think Lord Mawson had made his point to our witnesses.

Lord Shutt of Greetland: On the issue of the Hastings pier, I have the old-fashioned accountancy view that there is a difference between capital and revenue. I wonder to what extent the charity perhaps was not sufficiently blessed by Heritage Lottery funding, or any other funding, and got into a problem right at the end with the capital. Was that an issue, or was it purely a matter of revenue?

Alex de Rijke: I believe it was the latter, although I was not party to the accounts. I understand it appointed a chair to run the pier charity as a wonderful public space with a revenue-generating programme attached to it. It seemed to me that rather quickly it was deemed to be failing. Piers have historically been private and have changed hands because people find it very difficult to make them profitable, but the Victorians who originally built them were very careful, as they were with their railways, to make sure that those managing them were incredibly responsible members of society. I think the Hastings pier charity, formerly White Rock Trust, with a wider concern for the locality, was a little naive, perhaps, in business and was not given the opportunity to do the very responsible work that it was doing. It could be reversed. The pier will definitely outlive the current owner.

Lord Lucas: It may end up gold.

Alex de Rijke: Of course. I knew that it would have to suffer the slings and arrows of outrageous fortune. That is the story of every pier and it is strong enough to survive different chapters in its life.

A pier is a barometer of any town's economic position. It is very important that towns with piers are successful. The classic example is Brighton where



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you have one that has input and one that has declined and is continuing sad evidence of that.

The Chairman: I am not sure West Pier is a barometer of Brighton's economic regenerative success, although I suppose you could argue that it got the i360—an interesting way of trying to generate revenue to fund a capital project when the capital for the project has been underwritten by the local authority.

Lord Bishop of Lincoln: I find it shocking that £11.4 million of public money should be invested in a project and, as you hinted, passed on mysteriously to a private owner for a fairly modest amount. That is not an acceptable use of public money. Rather than dwelling too much on that, although it is a case study for this Committee, are there things that we can learn in general terms about the relationship between big grants from, for example, the lottery and sustainability? What lessons are to be learned strategically from this shocking case?

The Chairman: To add a supplementary to a supplementary, when the pier was being rebuilt why was not protection of the public interest incorporated into the agreement so that, even when it transferred into private hands, the purposes of the original White Rock Trust were written in for ever, as it were? Why did that not happen?

Alex de Rijke: That is a good question. I think it was simply never anticipated that the co-operative and community basis on which it was owned and run would so quickly devolve into administration and sale. It was probably an oversight, just as we seem to have a legal system that allows the assets of a charity to be acquired by a private individual at a knock-down rate.

Baroness Bakewell: Where were the Friends of the Pier in all this?

Andy Murdoch: The Friends of the Pier was a reaction to the imminent sale. I joined them in helping them to formulate an alternative business plan to that offered by the current owner. It was turned down by the administrator, despite the fact that more money was offered, it having been raised by crowdfunding.

That was a repeat of the process of topping up the original lottery grant to rebuild the pier. Those shareholders were asked again to invest in alternative business plan proposals. No one was paid to make those proposals, myself included. We simply made proposals for a different business model. It was a five-year plan with more buildings on the pier to extend the season, and these were not accepted by the administrator.

The Chairman: I am sure there are many more questions we might want to ask about this particular and sorry saga. I rather think we should be asking those of the local authority, administrator, the original charity and so on. Perhaps we as a Committee can write about that and pursue it.

Andrew, I am sorry we resumed when you were in the Division, but do you



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want to pick up your point quickly?

Lord Mawson: I go back to what the Bishop said earlier. I was thinking that we might entitle our report “Old Piers Review”, “Elderly Piers Review”, or “Old Piers”, but this is not an old pier; it is a very good example of a new and modern pier.

This is not an uncommon tale for people such as me; we have seen this quite a lot of times. It might be quite interesting to dig into how the Heritage Lottery Fund works, the questions it asks, the age and experience of the people involved—they often do not have business skills—and the tick-box culture, because often it ends up putting well-meaning local people in exactly the situation you describe.

These are long-term pieces of work where a business person like you with business skills and others need to come to the project with the correct business skills to manage it so that these things do not happen, because none of the emphasis is on doing that. Then, lo and behold, you end up with this. A great example in the Church is the interfaith centre in Bradford post office, which in the millennium spent I do not know how many millions and within a very short period was in exactly the same position. I was in it a few weeks ago. It is a very nice building, but the business plan never worked.

I suspect that a lot of our seaside towns are littered with such behaviour. Boxes are ticked, the world moves on and no one learns from the experience. That is why I would encourage the Committee to get into this detail. It is awkward and difficult, but it is the detail that is wasting a great deal of money and putting people off who may never again get involved in their local towns because the experience has been so bad and difficult. What you notice, having been round these circles many times, is that the systems of the Civil Service and others never learn anything from the experience, and here we go again. There is the challenge.

The Chairman: I think it leads on rather neatly to your question, Michael.

Q133 **Lord Grade of Yarmouth:** To what extent do the big funders of these projects—the Heritage Lottery Fund or whatever—carry the responsibility for ensuring, as best they can, that, having put in the capital, the life of the project will be sustained on a business model that works? Are they capable of reading a business plan and looking at the people who are to run it? I declare a long-ago interest in running all the piers in Blackpool. As far as I can remember, they ate money.

The Chairman: But they are still standing, which is an achievement.

Lord Grade of Yarmouth: We did look after them.

Gary Young: I cannot say I know a lot about piers. Sir Terry Farrell designed a pier as a student project. There are a lot of piers around and they do not all attract huge visitor numbers, so the answer to your question is yes, of course. When we were involved in lottery projects before and



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after the millennium period there was scrutiny. For every project that got through, there were dozens that failed because they did not meet the criteria, so of course there should be. That is when you are simply looking at capital from the lottery for a good cause.

The issue is complicated when you have Heritage Lottery funding and there is a heritage aspect: you have to retain the presence of important and historic icons and monuments. For every one of those that turned into a profitable concern there are others that did not. I worked on Tobacco Dock in Wapping. It is not on the seafront but it is right on the river. You can argue that the Thames is the sea. That is still not used properly, but a fortune was spent on restoring it to good condition, but not good use. Therefore, scrutiny is vital. That was not lottery money but private money, but scrutiny is vital. For every project that has succeeded there are dozens that have been discarded.

Piers are iconic; they are part of our culture. We tend to be drawn to iconic projects. The Deep, an aquarium, is an iconic project, and that succeeded, but quite often it is a mistake to look for iconic projects. You should start looking for smaller and broader-based investment in seaside towns, hence the reference to the Creative Foundation.

When I was in Liverpool I was asked to join a project called Hidden Liverpool, which was funded by the Heritage Lottery Fund. It was to identify a dozen derelict buildings in Liverpool, ranging from buildings near the pier to a reservoir in Sefton, and ask school students to get inside them and find out what their ideas were. It was organised in 2013 by a group called Placed. This is part of the message that people start to understand their cultural environment and heritage better and learn about the business of restoration, so that for every one of those there is a business plan. Therefore, students are doing business plans. We do not do the plans; we design things for people, but students should be aware as they go through life that in developing culture there has to be the ability to find funding—crowdfunding or creative ways to bring funding from outside sources.

Andy Murdoch: Infrastructure related to coastal places has usually been designed for a different function from what it is being used for now. We have worked on a number of projects throughout the world, including in Detroit, a city that flourished. The infrastructure was on a certain scale, but industry in Detroit was scaled back and the communities needed to be consolidated. That oversized infrastructure makes the place dysfunctional, in a way.

We probably do not have that scale of problem in the UK, but we still have a number of small harbours that were used for fishing, passenger services or whatever, but that use has changed from an industrial function to more leisure-related activity. The infrastructure should be able to adapt quite readily at that scale to attract economic activity and bring communities together and so on.



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Piers are an expensive form of infrastructure. I cannot say that I have personally ever quite understood the concept of a pier. I do not feel attracted to go out on a pier, unless there is something like The Deep at the end of it. Maybe that is just a personal perspective. There is so much else that seaside towns have to offer that they can afford.

Lord Grade of Yarmouth: The problem is that I do not know of any economic model that will turn a pier into a profitable enterprise that will sustain the capital expenditure, the maintenance capex and so on needed to keep it going. However, if you let piers rot, it really says something terrible about the town.

Baroness Bakewell: You are right. I cited Southwold pier the other day. It is highly profitable. Young people have taken it on. They have made it into a middle-class outing. There is a very good restaurant; there are lots of interesting things to see; and it attracts a huge number of people from Suffolk's hinterland.

There are many successful piers. The ones in north Wales are very successful. It is the focal point for children, retired people and people with nothing to do; it is a very clear destination, so there is a whole range of models. Most of them fail, but they struggle on and somehow stubbornly refuse to die.

Lord Mawson: A lot are family businesses.

Baroness Bakewell: They have always begun as family businesses, but now they are frequently charities. Some are in the control of local government and some are private.

Andy Murdoch: The quality of public realm is really what makes a lot of places. Establishing and maintaining public realm is, in my view, a far more cost-effective use of funding than trying to maintain a costly pier. I am being slightly contentious.

The Chairman: I think you are inviting us to become excessively protective of our wonderful Victorian heritage.

I am going to move us on because I am conscious of the time. Jim has a question that takes us away from piers, which might not be a bad thing.

Baroness Whitaker: We are looking at this from only one point of view. There are not enough people with money to spend in Hastings. Southwold is a very affluent place. Do we not have to look at what allows people to earn enough money to spend at the pier?

The Chairman: That is a good and wider point.

Alex de Rijke: I am glad you said that because, if there is not a town square, the pier is the town square. It is also a kind of harbour; it is the only access to the sea other than down the beach. The problem with Hastings is access. Train fares are very high and the trains slow. When that



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changes it will have a different demographic profile and a different cohort of visitors.

The Chairman: If you took 30 minutes off the travel time it would become a completely different Hastings, because I suspect it would make it a subset of Brighton.

Q134 **Lord Knight of Weymouth:** This question is for you, Andy. Are the coastal defence schemes that we fund delivering good value for money, and to what extent do they deliver wider economic benefits above the pure flood protection aim?

Andy Murdoch: The pure aim is absolutely important, but the way they are implemented needs to contribute to the wider economy. They should not be just a static form of defence. There are a number of projects where that model has been taken forward positively. I have mentioned Folkestone, but the work at Blackpool was conceptualised in the right way to protect communities, but using that coastal defence in a way that added to the public realm.

Lord Grade of Yarmouth: Rather than as a barrier. Is that what you are saying?

Andy Murdoch: Yes.

Lord Grade of Yarmouth: I am trying to understand it. Is there another aspect of sea defences that separates the shore from the people?

Andy Murdoch: That relationship in certain places is dealt with well; in other places, badly. An example of a lot of things that have gone wrong is Jaywick in Essex, which I visited about 15 years ago and which you may have visited recently. It is making bad press around the world. It made a number of classic mistakes. The one thing that struck me when I got there was that the sea defence wall cuts the community off from the sea rather than keeps the sea out. It could have been a lovely beach, if you could see it.

What we have tried to do at Folkestone is deal with things in such a way that you do not cut off the community from the sea. There are all kinds of ways one can do that, possibly through integrating level changes in the public realm.

Lord Knight of Weymouth: I have certainly seen that in West Bay near Bridport, Dorset. Regeneration there prior to the Broadchurch effect, which is now causing it to boom, was massively transformed by a DEFRA scheme, but I wonder whether, particularly for a department that is not awash with cash, the funding criteria allow for economic development or it is just good luck.

Andy Murdoch: There is a degree of good luck, but with all successful projects you have to engage the public and private sectors and the



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community. Folkestone has other benefits from being en route to somewhere rather than being at the end of the line.

Gary Young: Folkestone launched itself with single regeneration budget money, which the council decided to use to create land assembly. It is a partnership. It brought in a major wealthy landowner and now it is beginning to see some of the benefits.

Andy Murdoch: That project is being managed privately, but public sector funding has formed part of it. It is carefully managed. There is an entrepreneurial interest in making a success of it rather than just providing the static defence.

Q135 **Baroness Wyld:** Mr Murdoch, you have pre-empted my question, which is about partnerships between the public and private sectors. We have touched on some things that have gone well among all the problems we have talked about. Some of the examples we have seen arise, unsurprisingly, when there are no silos and people are, from my perspective, often going beyond their day job and not thinking ideologically but working as a team. First and foremost, would you agree with that? Where do you think the balance should lie between the role of, say, the local authority and local entrepreneurs?

Andy Murdoch: If something is driven commercially but has enough counterbalance to do the right thing long term, that is when one has to strike a balance. Having an entrepreneurial developer or individual go for something that may have some degree of ideological background, but is actually a development aimed at delivering a return and being sustainable economically as well as environmentally, means having the right drive and impetus to make things happen and to manage maintenance and the business case. Having the public sector or community own that business case is difficult. I think it does need to be driven largely commercially, but with the right checks and balances.

The Chairman: It is about getting the balance of public and private right.

Baroness Wyld: Off the top of your head, are there any people who spring to mind as inspirational leaders who have been able to make the case to communities and take people with them on the journey?

Andy Murdoch: Roger De Haan has driven the Folkestone project, and I think he built the confidence to get funding for the sea defences.

Gary Young: I spoke to the project manager during that period and he said that the key was leveraging other land. A series of amusement arcades—typically in a seaside town—needed to be brought in. The owners of the arcades were persuaded to sell to De Haan to enable him to do the work. He then went on successfully to do Dreamland Margate, so it was a win-win. He owns two bunches of amusement arcades and they persuaded him to concentrate on one.

The Chairman: I think we picked that up in an earlier session.



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Alex de Rijke: Roger De Haan is an excellent example of philanthropy top-down, if you like, but bottom-up would be Jess Steele.

Lord Mawson: We visited Jaywick. It is interesting to hear you say that there is another engineering solution and that the one chosen is not the greatest, which I suspect is true. If you look at the experience in Skegness and the part managed by the local authority, you would never want to go. If you compared Cannes with Skegness and the seafront managed by the local authority, my children would not want to go.

It is really a question of leadership. I have colleagues who live in Jaywick. They own three houses in Jaywick, so I am very interested to hear their inside view of what is really going on. There is a lot of entrepreneurial behaviour in Jaywick. Do you wonder sometimes whether there are the right kinds of relationships, not just between the public and private sectors but key people in those communities? If you can get that right, take the long view, get into the detail of the difficulty with these broken systems and it persists long enough and survives, some very interesting things go on.

Is the leadership really there? The Victorians put Morecambe station right on the seafront, where you have fantastic views. Then you look at the shocking stuff they built. It really is mediocre. None of it seems to hang together. Fortunately, Urban Splash has redone the hotel on the front. It looks really good, but it was derelict for many years. Is the public sector really capable of doing this stuff?

Andy Murdoch: The simple answer is: not in isolation. It can provide the catalyst and framework for success.

Lord Mawson: Is it capable of leading it?

Andy Murdoch: Not consistently. I think it is patchy.

Lord Lucas: Is there anything coming up in the technology of sea defences that we should be aware of? We just think of them as a wall, but is our understanding of modelling seaside processes getting good enough that we can think of other concepts of sea defence?

Andy Murdoch: The science is there to create some parameters to work with on climate change, sea level rise and so on. It is probably easier to think of it in level terms, but there are ways one can look at the way mudflats are handled and the different ways of dealing with it offshore. I do not believe we are quite there to handle things like sea level rise directly other than by dealing with it by levels or the way one profiles the shoreline, beaches and so on. Lots of things can be done by being more creative in removing the pure infrastructure impact and severance that sea defences cause for communities by trying to keep the sea out.

The Chairman: I think we need to look at that point.



Alex de Rijke: I am from a Dutch engineering background. I would say that the difference between the UK approach and the Dutch approach is that in the UK one defends with barriers and the like. It is a windy island, so there is a lot to defend. In Holland, on the other hand, the presence of water and knowledge that it will always win makes people work with it rather than against it. Rather than try to stop the place flooding, you work with it to generate energy, for example, and perhaps return certain areas to ecologically sustainable wetlands.

Blackpool is a good example. We mentioned the defence work there. That is not a wall; the coastal defence is steps to the beach. It is beautifully done. It is important to invite very good engineers, architects and landscape designers to create a coastal defence system that is more than simply defence.

The Chairman: We picked up that point.

Lord Shutt of Greetland: I have one question arising from what I have heard today. Gary Young mentioned this, but others did not demur. He said, "We just design things. We are like barristers picking up a brief". Do you not think you have some responsibility to prod and poke and say, "Are you sure you are on the right wicket?"

Gary Young: Of course. I was alluding to the fact that understanding the economy of the work should be embedded in people from a young age. Of course, we understand as much as we possibly can; the final auditor is someone who has access to information that we do not necessarily have, but it is a question of understanding instinctively which projects will have life and succeed.

I go back to Hull and the example of the aquarium. That project has been tried dozens of times across the country, and in London and elsewhere it has succeeded. That was probably a unique set of circumstances. I was pointing out the fact that you cannot necessarily from our point of view manufacture those perfect environments. You can understand it when you see it; you can understand how important it is, and obviously the longevity of a project, having seen some that have not had longevity, is vital.

Q136 **Baroness Whitaker:** There are national policy challenges that could hinder projects unduly—for instance, plonking down infrastructure rather than place-making, or top-down master plans as opposed to public engagement. Do you have any thoughts on that?

Andy Murdoch: It is really important to do the right thing rather than just work the design well.

Baroness Whitaker: But "the right thing" is a vague term.

Andy Murdoch: Place-making is about working out what is right for the place, and sea defences are one element of that.

Baroness Whitaker: Are you saying that national policy could hinder



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that?

Andy Murdoch: Perhaps national policy is too boxed at the moment. There is not an integrated policy, as far as I can work it out, that brings all the economic and regeneration aspects together with sea defences. Sea defences are driven by the Environment Agency.

Baroness Whitaker: You are saying they do not take into account place-making.

Andy Murdoch: Yes.

Gary Young: I think that for place-making national policy has to encourage creativity, because that is one of the driving forces behind people's pride in the place where they live. It can be done in a very small way incrementally. Too often it is just seen as a big hit.

The Chairman: We should invest more in imagination.

Alex de Rijke: Yes, and creativity should be holistic, not simply project-focused. For example, in Hastings there is a very nice new gallery called the Jerwood Gallery. It has been placed among the already successful fishing huts.

Baroness Whitaker: They hate it.

Alex de Rijke: Not only does it take up space; it creates an overly focused small area, whereas right at the other end of the promenade—the unvisited end—is St Leonards. The pier is exactly between the two. Had there been three things to visit, it would have encouraged a great deal of footfall along the harbour.

Baroness Whitaker: Jerwood is not exactly national policy, is it? It is an entirely private sector, charitable thing—there is no public funding.

Alex de Rijke: Yes.

The Chairman: It almost goes to Andrew's point about the impact of different styles of leadership and the interplay between private and public sector leadership.

Baroness Whitaker: Even more than that, it goes to the idea of making a good place.

Lord Mawson: I used to think that Hull was a very depressing place when I lived in Bradford, but some really interesting things are going on in Hull. I was at the lagoons project last week. Some of the things that have gone on in Hull are stimulating an entrepreneurial culture, with very good local people starting to become very aspiring about their place. The challenge to the Government and all of us is: are we going to get behind these people? For me, the signs in Hull are very encouraging.



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Alex de Rijke: I would say the same for Hastings, despite the story of the pier. For example, right next to it is a wonderful underground skate park that has been converted from a former swimming pool. There are many projects.

Gary Young: Read "Impact 18", the research project on Liverpool. It is really worth reading.

The Chairman: I am going to close it there. We have run massively over time. Thank you very much for your time this afternoon. It has been very interesting indeed.



Karen Tyrell and Sam Crowe – oral evidence (QQ 137-143)

Tuesday 27 November 2018

4 pm

Watch the meeting

Members present: Lord Bassam of Brighton (Chairman); Baroness Bakewell; Lord Grade of Yarmouth; Lord Knight of Weymouth; The Lord Bishop of Lincoln; Lord Lucas; Lord Mawson; Lord McNally; Lord Shutt of Greetland, Lord Smith of Hindhead; Baroness Valentine; Baroness Whitaker; Baroness Wyld.

Evidence Session No. 16

Heard in Public

Questions 137 - 143

Witnesses

I: Karen Tyrell, Executive Director of External Affairs, Addaction; Sam Crowe, Acting Director of Public Health, Public Health Dorset.



Examination of witnesses

Karen Tyrell and Sam Crowe.

Q137 **The Chairman:** We return to our second evidence session of the afternoon. I apologise for keeping you waiting. A Division detained us—along with some very robust questioning.

I welcome you to this evidence session. You should have in front of you a list of interests declared by members of the Committee.

I remind you that the meeting is being broadcast live via the parliamentary website; a transcript of the discussion will be published on our Committee website, and you will have the opportunity prior to that to make corrections wherever necessary.

Unless anyone has any interests to declare—I do not think we have—I shall start our questioning.

Seaside towns and communities face a range of specific issues relating to demographic change—in particular, coastal populations often include a higher proportion of older people and a transient population of vulnerable people. What challenges does that pose for health services and how can they be addressed and managed?

Mr Crowe, I have a supplementary for you to consider when thinking about the first point. Does the GP funding formula adequately take into consideration the demographic trends towards older people in seaside communities? Karen, do you want to kick off?

Karen Tyrell: Sure. Thanks for inviting us. I am from Addaction, a national drug, alcohol and mental health charity. We provide quite a lot of services in seaside towns around the country.

Broadly, the services that we run are in two different types of seaside town. There are seaside towns that have a tourism industry and a transient in and out flow across the course of the year, and other seaside towns in areas that have lost industry—Grimsby would be an obvious example—where there is no real tourist population.

On the health challenges that some of the towns face for the vulnerable people we work with, who have drug and alcohol issues, one important thing to say is that in our view drug and alcohol services are health services. We would really like to see those issues being thought about in that light.

I have talked quite a lot to our local managers in preparation for today, and there are a number of things that people have said are issues. One is the availability of A&E. Some of the vulnerable people we work with really struggle to get to A&E, because it may be 20 miles away, or a 40-mile round trip. We have issues with people being able to get registered with a GP, because they do not necessarily have a fixed place to live.



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You alluded to transitional and seasonal work. People often come to some of the towns where we work in the summer, have work across the course of the summer and then turn up to the arcade or somewhere in October to be told that there is no more work. At that point, they may have made some local connections and friends, but they really struggle to get on to benefits and keep their housing going. From our point of view, that is a set of difficult issues.

For older adults—that separate demographic—one of our main areas of concern is that they are most likely to drink daily, and drink above recommended guidelines, across the country, not specifically in seaside towns. There are not really any services focused on the over-50s around alcohol. Given the pressure from the numbers from that group coming into healthcare services, we think that should be addressed.

Some of the work that we have done has shown that people who drink at that older age often do so because of things related to age, whether it is retirement or bereavement, or perhaps losing a sense of purpose in life. There are issues around vulnerable populations, and separate issues around alcohol consumption in older adults as well.

Sam Crowe: I am currently acting director of Public Health, a shared public health service providing services across Dorset County Council, the Borough of Poole and Bournemouth Borough Council. I shall talk about two specific seaside areas, of which I have reasonable knowledge. One of them is Boscombe, in Bournemouth, and the other is Weymouth, in Portland. To some extent, they are slightly different challenges. To add to what Karen said, I shall come at it in a slightly different way.

I have talked to a lot of GP colleagues as part of my role in supporting the integrated care system in Dorset. With the population that a lot of practices see in these areas, it is not just about vulnerability—it is about complexity. The main message that comes forward time and again from some of the GPs is that they struggle to engage working-age adults registered with those practices, sometimes for short periods, in a way that means that they can gain a meaningful relationship with that person that enables them to gain a sense of control over what they are struggling with.

I shall not use the word “disease” necessarily, because the complexity that they see is somebody who may be presenting with a long-term condition, such as a respiratory condition or diabetes, overlain by the circumstances of their lives, living as they are in those communities. There could be housing-related issues or a mental health condition, and there could be isolation and loneliness; those are the things that get in the way of the current model of NHS care being able to respond effectively to the needs of patients.

You touched on a supplementary question about the GP funding formula. That national funding formula comes up time and again in conversation with those practices, because they are practising in quite stretched circumstances. Although there is an allocation that reflects the area of



deprivation score, it does not adequately resource the level of complexity that they see with some of those people, in the way they live. Even with a very simple public health intervention such as childhood immunisation, or adults taking part in screening programmes, the way in which practices traditionally communicate—by writing a letter—may not be the best way to do so with some of those people. In the homes they live in, the letters may go astray; the tenancies are often unstable, and there is quite a high turnover in some of those properties.

Instead of being able to vary and differentiate the offer in a way that might be more meaningful for that person in how they are living at that time, you get a standard response by the NHS to calling people to take part in those services.

What comes through is not actually funding for older people registered with the practice—because there is an over-75 payment that accounts for the vulnerability that you might see in that age group. It is actually about working-age adults and families and the amounts of resource that the practice has to put into not clinical interventions but the non-clinical care required sufficiently to engage families and working-age adults in those practices.

Lord Lucas: One thing that we have heard about a lot of seaside towns is that the transient population tends to concentrate and gets to a point where they are creating sufficient local difficulty that other people start to move out—and then you get a real intensity. We were told that outside councils are exporting people into these sorts of conditions.

What is good practice? Is there good practice out there? Are we giving seaside communities the tools to manage and look after those transient populations? Have we given them enough tools in relation to councils that are exporting families in particular to them, so that the transaction works well for the family concerned?

Sam Crowe: I will have a go at answering parts of that. It depends on the point of view of the council you are working with. From a public health perspective, we would say that a multilevel approach always works best, where you consider individual level interventions with families and people in those communities but have an idea of the structural drivers that might be leading to the situation in the first place. You have a connected policy and strategy right through the council, with the different levers that councils have at their disposal to be able to approach the issue on a number of levels.

I know that Bournemouth council has taken initiatives; it has had direct conversations with other councils, which appear to be a net exporter of people, particularly for engagement with treatment services. I believe that that has improved in recent years, because of the council's direct intervention and its direct conversations with some of the London councils that were sending people.



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There has been policy work, so that for engagement with some services you are now required to prove a local connection. From my perspective of director of public health, sometimes you need to think of the person in all that. For a person in need, how helpful is it that they need to demonstrate that they have had a local connection for six months when they may have quite a serious presenting need for treatment? So there is a human issue behind some of those policy changes.

The biggest set of tools at the disposal of councils is around intervening in the housing market. In places such as Boscombe, you see a cycle of it being the only place in Bournemouth where some people can afford to get a housing unit. If the only place that will give people a tenancy is in a house in multiple occupation, because they may have struggled in the past to hold down a regular job, and they may not have a job because of an addiction or mental health issue, there can be that concentration in areas with those types of buildings that are readily convertible into large houses of multiple occupation. It is a very good business model for some of the landlords involved. The role of housing benefit has been explored nationally; the payments sometimes go direct to those landlords, so it makes very good economic sense for landlords to be in that market.

We have been talking to councils about how to intervene in that market. What is the mix of tenancies that they would like to see in that community, to rebalance the effect of those issues? I live in Boscombe, and it is not characterised as some people in Bournemouth would like to characterise it. There are lots of ordinary people going about there, and a huge diversity of people, including professionals. But when that concentration of people tips over into a visible string of issues on which the press then focuses, and it becomes a neighbourhood tarred with that brush, if you like, it is very difficult to move past that—and sometimes the reality is very different. The types of issues in Boscombe are not particularly out of line with what you see in other urban areas.

The Chairman: I am sure that that is true.

Lord Mawson: That all seems very fair and reasonable to me. I spent a lot of my life trying to pioneer integrated approaches to health, because we found on a housing estate in east London some 20-odd years ago that 50% of people going to the local GP practice did not have a medical problem—they had a housing and education problem.

I have hosted many thousands of people from the public sector across the country, probably some from Dorset, coming to look at how you do that joined-up stuff.

It is my contention that not a lot of learning is going on in the NHS. There are a lot of good people who get the conversation, but there is massive frustration among those people—a modern generation who would love to work in the NHS but do not stay because they cannot do what needs to be done.



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Do you think that the NHS systems, for all the rhetoric, are fit for purpose when it comes to innovation and integration in areas such as yours?

Sam Crowe: That is a big question. I would start from the point of view of trying to engage a wider range of people, services and assets in the conversation and asking people what they need. My observation is that in the public sector we are very good at designing siloed and separate services. When a new problem presents or is characterised differently and becomes a fashion, suddenly you are commissioning a separate service for it.

One development that we are trying to do through the integrated care system is to get primary care community services working much more closely together in networks reflecting wider populations to transform how general practice is delivered away from something that has been a little like an NHS contract to something with a little more ownership and responsibility for the bigger population.

Our promise to GPs is that they will not do it alone; we shall try to work with them and put tools at their disposal that will help them to have that conversation about how the model can change. In somewhere such as Boscombe or parts of Weymouth and Portland, we may say to practices that, if they are looking at the list of patients on their diabetes register, they will have some that will come forward and readily engage with their standard model of care—and that is fine; they should not change anything. But there will be others who, for whatever reason, will struggle with the medical model.

Who else can you involve in how you run your practice at scale who could help you to support those people differently, supporting them through their anxiety about their diabetes, so that they start to focus on some of the lifestyle changes that they may need to make, whether it is diet, exercise or whatever? If they are really not engaging at all, they can try to get someone else in the conversation who might be living with diabetes but who is not a medical professional, to help to bridge the gap between professional services and ordinary people. That sounds simple, but it is quite hard to do.

Lord Knight of Weymouth: I want to pick up on what you were saying about the concentration of HMOs and what that does, in a sort of spiral with which we are very familiar. In this specific case, do you have any examples of hope in avoiding that problem being magnified? I am thinking of the Park district in Weymouth, right by the station, which is where the wet or dry shelters would be located. That is logical because it is where all those people live, and property values are lower, so it is cheaper to set one up. The GP surgery is where all the addicts go, and the pharmacy next door is where they pick up their prescriptions. The area becomes so unattractive to anyone else that nobody wants to live there.

Sam Crowe: I shall give a quick comment, because it is a very prescient observation. The idea of characterising services and neighbourhoods in



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that way is really unhelpful. I would like to see a focus on community hubs, whatever they are. The integration should not just be about drug and alcohol conditions, or mental health conditions; it should be the full spectrum, and represent all the needs of the community rather than perhaps just becoming characterised in a particular way.

Lord Smith of Hindhead: So every street has a drug addict, rather than them all living on one street.

Sam Crowe: I think that is a question of strategy. I talked about council drivers and strategies. Sometimes my perception is that we do not ask the question objectively about what the council is trying to achieve. Sometimes it is about inward investment without a particular thought about what it will lead to and what the consequences will be. Are you trying to dilute the issue and spread it wider through the conurbation? Are you trying to change the character of an area completely or to continue to develop services in that area that keep people to some extent trapped in it?

Lord Smith of Hindhead: And you can try to get them off drugs.

The Chairman: Absolutely. We have had an example of both those strategies, in a way.

Q138 **Lord McNally:** I am very conscious in asking this question of your point about labelling. I was brought up in Blackpool in the 1950s and 1960s and had a very happy childhood and youth there, and I am very proud of Blackpool and of what it is today. But the brief tells us that it has the highest alcohol mortality rate for men and the second highest for women in Britain, and the highest death rate from heroin and morphine, at 14 per 100,000 deaths, as against a national average of 1.9, and we can see that something is terribly wrong.

This Committee was set up because the public perception, not just in Blackpool but in many seaside towns, is that they have this massive drug and alcohol problem, as well as other problems, such as domestic violence and child abuse—you name it, and you find that a seaside town has that problem.

How has that happened? Are those issues more pronounced in coastal areas, and what are the drivers? One thing that you hear about most is what you very elegantly called the “net exporters of people”. Do drug addicts in Salford get given tickets and told, “They’ll deal with you in Blackpool”? Is there dumping on seaside towns by the cities and, if there is, how do we stop it or help them in dealing with those problems?

Karen Tyrell: From our point of view, there are lots of drivers of people ending up in seaside towns and why more vulnerable people end up there. Certainly, when I talk to staff about why Blackpool and various other towns around the country are the way they are, I hear that a range of things attracts people, including the attraction of seasonal work. Quite a lot of people have a sense of nostalgia; it is about where they were happiest in their earlier life, and wanting to get back to that time.



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People go because they think that there is quite good weather, beaches and things like that. Often there is very cheap housing, so it is quite appealing to people for that reason—and often, as you said, people who are fleeing things like domestic violence will get on a train and go to the end of the line, and that is the place where they get off and try to set up their lives.

When we talk to people about how they ended up in a place—and in some services we run, about 70% of the people we are working with are not natives to that town or born and bred there but have come from somewhere else—it is for those sorts of reasons that people say they have come. Then they stay because they do not know where else to go, or because they have made friends and connections locally. We sometimes hear, particularly in towns with more of a tourism industry, that if you are street homeless there are more opportunities to beg.

So there are lots of reasons why people start out with an intention to go to a seaside town. There is an issue about bigger cities exporting people as well, and I have certainly heard of that in places such as Margate. But lots of people choose to go to seaside towns, and often they are quite vulnerable people.

The problem, once vulnerable people end up in seaside towns, is that there are often poor employment opportunities and high levels of deprivation. We have talked a bit about how poor some of the housing is. Often you have Victorian buildings that have been converted into HMOs, and people have very few choices about where they go. Often there is not really a support network for accessing some of that wider healthcare, because those seaside towns are often quite far from other services, such as A&E. Those are some of the reasons why people go.

The Chairman: That is very helpful.

Lord Smith of Hindhead: I wanted to talk about alcohol for a while, because you mentioned it in your opening remarks. As a nation, we are drinking less alcohol—about 14% less than 10 years ago. Younger people are drinking less and less, and hospital-related alcohol admissions are down for every single age group apart from over-65s, where it has risen by 130%. These are not people drinking in the street; they are drinking at home, because they live in social isolation or other things, or because they have drunk all their lives and are in the habit of drinking more than younger people do.

You mentioned that there is a big difficulty with alcohol-related hospital admissions for older people. I assume that, because seaside towns have a higher concentration of older people, it will be a bigger issue. How do you think we might help to educate or prevent older people from drinking as much as they do, or more than they should? Have you any ideas about that—without mentioning extra funding?

The Chairman: It might be helpful if you ask your question here, Jo,



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because it is related to Philip's.

Q139 **Baroness Valentine:** Can you provide any examples of local initiatives or approaches in seaside areas that have been successful in supporting people with drug or alcohol issues?

Karen Tyrell: I can do that as well.

Helping older adults to drink less without involving more funding is the classic issue. It would be great if there were more funding, and it is important to say that it is important. There is quite a lot that we as a society could ask the alcohol industry to do about demonstrating the Chief Medical Officer's guidelines on their products a little more closely than perhaps they have done.

One thing that we have found with older adults is—you are exactly right—they are drinking at home. No one really understands units or how that works, and if you are pouring a drink for yourself you will not necessarily be sure how much you are drinking. So some awareness for that population would be really helpful.

We as a society should be more demanding about how services target older adults. The way in which services are commissioned is you commission drug and alcohol services for under-18s, and you may commission for a transitional age population of 18 to 25—and then you will commission an 18 and up service. Actually, some of the things that we have found with the work that we have done with older adults is that they really value being in groups with people who have had similar life experience.

Lord Smith of Hindhead: If you get them out to a pub or a club, they drink a lot less than they do at home.

Karen Tyrell: They do.

The Chairman: Is that right?

Lord Smith of Hindhead: They can go to the excellent Boscombe Conservative club.

Karen Tyrell: A lot of drinking for older adults is because of social isolation, so being out and with other people is hugely important.

Lord Smith of Hindhead: Being a member of a club is very good for all of us.

The Chairman: I think you should declare an interest at this point.

Lord Grade of Yarmouth: Underlying some of these problems is unemployment, or lack of employment opportunity, which is clearly a big factor. But there is also the issue of boredom, is there not? There is nothing to do, if you are not working and you have left the place where your family is, probably for good reason. Investment is needed in some facilities, whether they are sports halls, snooker clubs or community centres—



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something that will get people out and about and meeting people, and something that will occupy their day. There is no reason for them to get up in the morning, is there?

Karen Tyrell: Absolutely. One thing that we know about delivering services for people with drug and alcohol issues is that, when someone walks through the door and asks for help, it is not just about the substance—that is the symptom. All the rest of their life is the stuff that needs rebuilding.

What is really important for our front-line workers to do with those people is to help them find meaning in their life, in whatever form that takes. Who would give up a 20-year heroin addiction if, actually, all you are offering them is watching Jeremy Kyle on the telly? It is just not good enough. We have to be able to offer people interesting, exciting and fun things to do, and give them a sense of purpose—so, work.

Lord Grade of Yarmouth: Finding their talent.

Karen Tyrell: Yes, finding the thing that they are good at—exactly. When our services work really well, those are the things that you see. For example, we were talking earlier about a service in Bournemouth, where volunteers, who are people in recovery, come into the service to cook food for other people going through that journey. It gives them a reason to get out of bed and a feeling of giving back to their local community, as well.

Lord Grade of Yarmouth: Some self-esteem.

Karen Tyrell: Yes.

Baroness Valentine: May I just go back to the question of some examples of local approaches that have worked well?

Karen Tyrell: Yes, definitely. We have lots of exciting things happening all over the place. In Blackpool there is a programme called Fulfilling Lives, a lottery-funded programme targeting people with very complex needs—people with drug and alcohol, criminal justice, mental health and housing issues all at the same time. That is a really interesting programme that does lots of co-production with people. We have had some really good successes with that, and there are learning opportunities to take from it on how services can be designed more widely.

Baroness Valentine: By co-production, you mean—

Karen Tyrell: I mean co-producing how we design the services with the people who use them—so people with drug and alcohol and other issues.

In Skegness, we have a partnership with the police; we go out alongside them when they do their local tours and try to connect with the population.

In Cornwall, we work closely with those providing cold weather provision. A large number of people with vulnerabilities are in cold weather shelters—



arguably, all of them. In Cornwall, we have also recently started running an assertive programme in the hospital for alcohol and drug-related admissions, for people who attend regularly. It is actually based inside the hospital and is a great example of the voluntary sector working alongside a whole range of other people inside the hospital itself—the alcohol liaison team, nursing and the hospital safeguarding team. So there are lots of examples.

The Chairman: That is very helpful, and perhaps you could provide us with some other examples in writing.

Q140 **The Lord Bishop of Lincoln:** You mentioned Skegness, to which the Committee paid a visit—and in fact we met the police officer who was working as you described. The town council told us that it is, “difficult to attract skilled persons, professionals and doctors to the area. Local GP surgeries, the local urgent care centre and nearest hospital have all reported this as an issue”.

Is that something that you recognise across the piece? What do you think is the cause of that peripherality and the high deprivation? Are those the reasons coastal areas struggle to recruit and retain staff? I am bishop of a diocese that includes Skegness, and we struggle to get people to minister in that context, too. May we have some guidance on that, please?

Karen Tyrell: From our point of view as a charity, we do not actually have particular issues with recruitment of drug and alcohol workers, but we have problems recruiting clinical staff, in hiring doctors and nurses. I would not necessarily characterise that as particular to seaside towns; it is a global issue.

The Lord Bishop of Lincoln: But is it more acute in seaside towns?

Sam Crowe: I asked that question of GP colleagues. Dorset, Bournemouth and Poole is quite a diverse area, but it simply comes down to the market. If you are a GP looking for employment, the pressures of working in a practice in some of these smaller communities in a seaside area are disproportionate. You can get easier work elsewhere that is perceived to be less stressful. That is what makes it hard to recruit clinical staff; it is very much an employee’s market in the clinical setting because of a shortage of doctors and nurses, particularly in a place such as Dorset.

There are solutions: a lot of the practices are moving away from the so-called partnership model and are looking at employing salaried GPs, and some of those roles are very different from before, enabling GPs to do a couple of clinical sessions in a practice in a deprived area, and perhaps mix that with some academic work, or even some sessions at a hospital. That seems to be what some of the younger GPs are interested in. The model of primary care is changing in some of those areas, and they have adopted that in Dr Karen Kirkham’s surgery in Weymouth and Portland, where they have taken on that model and it is very much evolving.

The Chairman: Will that be enough to plug the evident gaps?



Sam Crowe: We will have to wait and see—but, certainly, they are responding to what younger GPs are saying about work-life balance.

Q141 **Lord Mawson:** We understand that the challenges facing seaside towns are multifaceted, often involving a combination of education, housing and health issues. What opportunities are there to undertake multiagency work to address the wider determinants of poor health in coastal towns? It would be good to give an actual, practical example of where that is happening, where that is working and where the blockages are.

I would be very interested to hear whether there is an example of business and enterprise working with these partnerships. My experience is that it is usually the public sector or voluntary sector, and there are no business people with business experience in the room.

Sam, will you comment on the progress of Dorset's integrated care system?

Lord Knight of Weymouth: May I ask a supplementary question? Has any attempt been made to sell some of these locations as places to go and work for public sector professions as a whole—just selling a place as somewhere you can make a massive difference?

Sam Crowe: To come back to the question of specifics, my direct experience has been to work through the Boscombe regeneration partnership, a multiagency board. I can confidently say that business was heavily involved in that board. Those who know Boscombe may remember the seaside part of it was not particularly developed 15 years ago, but there are now some very successful businesses. I would credit Mark Cribb as being a leading businessman who has put his neck on the line and said that he is proud of Boscombe—it is where he grew up, and he wanted to go back there and develop businesses. He markets his businesses as opportunities for students interested in regeneration to come and work.

Lord Grade of Yarmouth: What sort of businesses has he started?

Sam Crowe: He is a restaurateur; he runs four or five businesses now, in different parts of Bournemouth, but his primary interest was to get a foothold in Boscombe and to start to lead some of the local regeneration in that area.

Lord Mawson: Is he a national player?

Sam Crowe: No, he is just local—but very successful.

I mention one other example, which I care passionately about. Operation Galaxy is a great example of multiagency working; it is less strategic and more directed at houses in multiple occupancy. It is intelligence-led—the police have targeted housing enforcement—officers and health officers work together to gain entry to these properties with consent. They try to find out a little more about what is going on in the property, particularly if there have been issues. In the process, they try to engage people and understand whether they are registered with a GP, whether there are



safeguarding concerns and whether there are unmet drug and alcohol needs.

That type of work is extremely effective in dealing with some of the extreme complexity in some of those properties. However, it is resource-intensive, which is what the public sector finds quite difficult to sustain, particularly in these times. The public health team funds an officer in that team who has direct responsibility for connecting people with health services. She makes about 75 visits a month, which gives you an idea of the workload. The extreme nature of some of the cases requires a lot of careful hand-holding and wraparound care in a way that is difficult to sustain. It is resource-intensive and appropriate only for the most extreme cases.

Baroness Valentine: Is Galaxy in a certain place?

Sam Crowe: It used to focus mainly on the Boscombe area, but it has since widened its remit, and now it works right across Bournemouth and looks at all the areas where you might have issues connected with HMOs.

Q142 **Lord Lucas:** Many of the local areas that have provided evidence to the Committee have said that they have a high percentage of mentally ill people in their populations. Have you observed that, and, if so, what interventions would help?

Karen Tyrell: From our point of view, we deliver services for people with drug and alcohol problems in lots of these towns, and it is well known that people with drug and alcohol issues often have a co-occurring mental health issue. For example, PHE says that about 70% of people with a drug issue also have a mental health issue, and it may be even higher for alcohol.

Some of the data that we have looked at say that the issue is slightly bigger for seaside towns than for other parts of the country. Our hypothesis is, perhaps, because people have that tendency to head to a seaside town when they are in crisis or because of that sense of nostalgia that I talked about earlier. People go back to where they were happy.

Drug and alcohol services need to work closely alongside mental health services—with a hand-in-glove approach—which is very difficult when both sets of services are under funding pressures, or have big caseloads. Sometimes we have the experience that mental health services try really hard not to accept referrals from our staff. One really shocking example I was told about was of somebody coming into our services, saying that they were in crisis and going to kill themselves. The worker in our services said that when they phoned up CAMHS to ask for a referral, the CAMHS worker said, “Are they trying to commit suicide right now?” If they are not, CAMHS will not accept the referral, and they are told to go to A&E, which is often many miles away.

There are some quite shocking examples. As a provider, we want to work with mental health services, but, of course, they are under a lot of pressure



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with the number of people asking for support, and so are our services. How do you find capacity for people—humans—to talk to one another and build up those relationships?

Baroness Wyld: Are there any examples—this may be for Mr Crowe—of early interventions for children who often grow up with parents suffering from addiction or mental health problems, where we are trying to break the cycle?

The Chairman: That subject is relevant to Janet’s question.

Q143 **Baroness Whitaker:** How can improvements in health and well-being be factored into local area plans for regeneration? This is not just a question about places with transient populations—it is about places with hollowed-out industry, inadequate education and low aspirations.

Lord Lucas: I noticed in Eastbourne that we are plagued by health and safety, which results in old people being stuck in homes. They are half a mile from the seaside, but they might as well be in the middle of the Gobi, for all they get a chance to get out, because people are so worried about them being harmed and not being able to provide sufficient supervision. Have you seen good practice that would enable us to break that?

The Chairman: You have three points to pick up there.

Sam Crowe: To be honest, one challenge at the moment, particularly when you look at where local authority funding is, is the gap between what public health provides as a universal service to that age group—health visiting and school nursing, with a big focus on emotional health and well-being and sometimes a family-based approach—and the threshold-based services. One of my roles is to try to close that gap and give local authority services a bigger idea of the picture around risk, drivers and what contributes to good emotional and mental health. Sometimes that gets put under pressure when managers think about the resource that they have, the workers they have in the field and how they can make the best of that service.

The climate has changed, and there are many more people in schools who are also interested in the emotional health of children. We fund a programme called Mental Health First Aid, and we have worked with teachers in schools who become trained in that. We hope that the modelling of that behaviour and greater awareness of some of the issues rubs off on the children and helps to start to build a slightly different culture in the school.

It is not all about the Child and Adolescent Mental Health Services; we would like to see early preventive work being done in ordinary communities and in ordinary settings such as schools, health visiting and universal services.

On the big question around health, well-being and regeneration—and I shall try to link it with the integrated care system, because I remember



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that I did not answer your point—there is real potential for a much more mature conversation on the potential for all the levers that the councils have at their disposal to give access to things that really make a difference to people’s health for the long term. Having a job, a decent quality home, a good social network and a friend are the things that the evidence base suggests are protective for health and well-being in the long term, and things over which councils have a huge degree of influence, in much of what they do.

Baroness Whitaker: Does that amount to a good place?

Sam Crowe: This is it—they are good place shapers. What I see at the moment is that the NHS looks to council colleagues in the context of pressures around integration and health and social care, and the conversation is sometimes around adult or children’s social care services and not the bigger picture of the council’s role in place shaping.

We are at an early stage in the integrated care system, but we are starting to have those bigger conversations, where the NHS is starting to realise the potential of councils as place shapers and as real partners in how we start to reform public services.

Karen Tyrell: It is really important that we protect services for children and young people. It depends on the part of the country, but that is gradually slipping away—and we would like to see that process come to an end, particularly around drug, alcohol and mental health issues. Often the same population of young people are being excluded from school as are having drug issues, stuff going on at home or insecure housing. Vulnerable people are all the same people, basically.

Often one particular front-line worker will be able to make a connection with the young person; we have seen some amazing transformations of young people when they get the right help and support, so we would really want to see that happen.

It is about being confident that schools are tooled up to be able to spot people and help and support them. I am not expecting that only to be the schools; it is not only schools—there are lots of places where young people are, and there is more that people could be doing on a range of things.

I have a list on how we can make improvements in local area plans. You would expect me to say this, but, basically, a focus on funding for the complex and vulnerable people in our society would be really welcome. Drug and alcohol issues, mental health and domestic violence often all come together. From our point of view, it is about thinking really carefully about areas that are more deprived, which are often the seaside towns that we are talking about, and making sure that we target our resource carefully.



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As Sam said, being confident about housing is hugely important. We have seen some really good examples of the Housing First approach. On my wish list would be to roll that out nationally.

The big thing that a lot of my front-line staff say is important is taking services out to where people are; having far more outreach services than we currently have; and the ability and capacity to deliver is really important. If you want to reach the whole span of a demographic population, you need to approach different people in different ways. For some people, it might be home visits; for other people, it might be street outreach, because the person is living in a tent—as, unfortunately, people are.

Being able to take services to where people are in the community is really important. We are beginning to see a bit of a trend with people struggling to get to services—to A&E, for example. It might be three bus rides to get to the nearest one. How practical is it to spend your money on that, rather than something else? We need to think about how we create an environment where it is easier for people to get help and for services to be much more accessible.

The other big one from our point of view is how substance misuse and mental health services can work more collaboratively. Both sets of services have quite a lot of strain on them, with funding pressures and huge caseloads. Plenty of guidance says clearly how the two sets of services should work together. There is the “no wrong door” stuff and there is the “everyone’s job” stuff; it is not always translating on the ground.

The Chairman: Is that because very frequently in local areas these services are bundled up in separate contracts, and the contractors have no obligation to interact?

Karen Tyrell: Yes—and they are funded through different streams as well, which makes it very difficult.

The Chairman: I can see that commissioning is clearly quite important. We are heading towards the end of the session, but I know that some of my colleagues wanted to ask supplementary questions.

Baroness Bakewell: We have heard that seaside resorts are where a lot of people go to retire. We have also heard that they get depressed and lonely, isolated, alienated and so on. Those people may have had professional skills in their lives; they may have been nurses or teachers.

You speak about professionalising care and talk about alliances, contracts, formalities and guidance. There is an army of possible recruits of volunteers without skills who, if they volunteered, would run into all the health and safety regulations and be disqualified from helping, when they are a resource that could be mobilised. That is what I think. What do you think?



Sam Crowe: I am very glad that you have raised that, because it is one of the points that I did not cover in my previous answer. As part of the discussion about transforming the current model of general practice, we have piloted an approach, working with an organisation called Altogether Better, which helps general practices to identify, recruit, train and develop volunteers from their own registered patient list—often retired people.

The idea, without being prescriptive, is to develop a cohort of people attached to the practice that then starts to develop an interest in laying on additional care and support in a non-professional way. That could be anything from just befriending somebody right through to finding people who have direct experience of living with conditions, for example, or going through bereavement.

All sorts of issues are coming forward in these groups. It gives the practice a little bit of responsibility, allowing it to self-organise and support the wider function of the practice.

Fourteen practices have taken forward the leadership development programme. They are now working with 105 volunteers, but it is a labour of love. Obviously, they start off with thousands of people on the register; they text out to people and a certain proportion responds, and by the time you have sifted and trained people, you come out with a smaller cohort. But we are encouraged.

Some of the best feedback that we have had is on the impact that not just on individual people but in the practice, in changing that culture and flipping it around, from feeling that sometimes it is an impossible task to one where there are more options and avenues to be able to direct people to care and support.

Baroness Bakewell: Do you believe that that idea can be spread and rolled out nationally?

Sam Crowe: NHS England is very interested in it—that is where I picked up the idea from. The practice in this country that is most advanced in this is one called Robin Lane, in Pudsey, Leeds. Dorset is one of the few areas where we have enough practices engaged that we are starting to look at whether it has the effect of transforming the wider culture of general practice in Dorset, Bournemouth and Poole. It is too early to tell, but so far the feedback has been extremely positive.

Baroness Bakewell: Your pool of people to draw on will increase, as more people retire.

Sam Crowe: There will be more people, but that requires commitment from the practice to keep sustaining and putting the effort and energy into finding those people and developing them. It is not a free good.

Lord Mawson: I am rather persuaded by what you are saying, because I think that the problem is actually an opportunity. The challenge as always is whether these systems are capable of seeing the opportunity and



grasping it.

The conversation we are having—indeed, we had a Question on it downstairs today—seems to tell a story about mental health that is about having lots more professionals, all of which is massively expensive. Those of us who have been in this field for a while can see that a lot of it does not work very well, but it is a tale that we are being told, and a lot of boxes are in danger of getting ticked.

From your experience, do you think that a lot of the issue has to do with the question of meaninglessness and belief—a market for the Bishop, actually? Is it to do with isolation and the lack of friendships, the very siloed systems of government and how we are all behaving? A whole range of other factors in our life, such as the internet, are producing these disconnected individuals. Health and mental health is profoundly a ballot.

Do you have examples of trying to bring communities together, whether they be business, the public, the voluntary sector or local people doing things? Downstairs a little example was given of people doing gardening for £50. That rings bells with me. It is not about having hundreds of thousands of professionals out there; it is about animating a gardening project in a school. It is sometimes as simple as that.

Sam Crowe: I think you are right. In practice, in sustaining that type of activity, when the public sector gets involved it is often a disaster—I will be honest. There are some things that I would much rather the public sector went nowhere near. As a public health professional, I would say that you would never have something like Parkrun designed by public health professionals. The faculty may ring me and tell me off for saying that, but we would take the fun out of it. Yet you have a self-sustaining national movement that is growing of its own volition.

There are some promising examples of where we are deprofessionalising areas of the mental health service. We have done some work in Dorset on reforming the acute mental health pathway. One of the changes has been to invest in a retreat staffed not just by mental health professionals but by people in recovery—peer recovery workers. It is open 24/7 and serves as a place where people can go if they feel in crisis without necessarily going through the whole mental health admissions process. The retreat in Bournemouth is very well used; it is exactly the type of service that I hope we will see more of.

Lord Grade of Yarmouth: I want to ask about Addaction. I would like to get a bit of context. How big is the organisation and how much do you spend? How do you decide where to devote your resources? To what extent are they weighted towards the places that we are looking at?

Karen Tyrell: We are a charity, but about 90% of our income comes from contracted services by local authorities—public health money. About 10% comes from fundraised sources. We are a charity of about £65 million, so



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quite a decent size, and we have services across the whole of England and Scotland. We employ around 1,500 staff.

Lord Grade of Yarmouth: So you go where you get contracted.

Karen Tyrell: Yes, but we also try to aim for services close to other services that we have, from the point of view of getting to know a local area.

The Chairman: Presumably, you operate in competition with other similar organisations.

Karen Tyrell: We do, yes.

Lord Grade of Yarmouth: What about the weight of resources that go into seaside towns?

Karen Tyrell: More than 50% of our services have seaside towns in them. For example, we have a contract in Cornwall, so we provide services across Cornwall, and a lot of Cornwall is on the coast.

Lord Grade of Yarmouth: Do you have a sales force that goes out and does that, or is your reputation now such that the phone keeps ringing?

Karen Tyrell: Yes, people just ring us up and offer us work. No—there is a tendering process for drug and alcohol services. One long-standing issue is that services tend to get put out for tender about once every three years, which can be quite destabilising.

Lord Mawson: How do you stop yourself becoming, feeling and looking like another piece of the state, which does not have the detailed relationship with the people we are talking about? What do you do to mitigate that?

Karen Tyrell: The main thing that I do is to talk to front-line staff, because our front-line staff are genuinely in it to help the people they work with every day. About 87% of our money is spent on front-line services, so we are focused on supporting the people we support across the country—about 130,000 a year.

The Chairman: May I offer a big thanks? You have provided us with some powerful insights into a troubled and troubling area of public service. We are very grateful to you for your time and for giving so much thought to our awkward and annoying questions.



Mark Latham and Wayne Hemingway – oral evidence (QQ 144-148)

Tuesday 4 December 2018

3.15 pm

Watch the meeting

Members present: Lord Bassam of Brighton (The Chairman); Baroness Bakewell; Lord Grade of Yarmouth; The Lord Bishop of Lincoln; Lord Lucas; Lord McNally; Lord Mawson; Lord Shutt of Greetland; Lord Smith of Hindhead; Baroness Valentine; Baroness Whitaker; Baroness Wyld.

Evidence Session No. 17

Heard in Public

Questions 144 - 148

Witnesses

[I](#): Mr Mark Latham, Regeneration Director, Urban Splash; Mr Wayne Hemingway, Co-Founder, Hemingway Design.



Examination of witnesses

Mr Mark Latham and Mr Wayne Hemingway.

Q144 **The Chairman:** Welcome to this evidence session of the Select Committee on Regenerating Seaside Towns and Communities. You should have in front of you a list of interests that have been declared by members of the Committee. The meeting is being broadcast live via the parliamentary website, and a transcript of the proceedings will be taken and published on our Committee website. You will have the opportunity to make corrections to the transcript where you think it is necessary and appropriate. Thank you very much for coming along. We are very grateful to you for your time.

We have given you some pointers to what we are looking at in today's session. Having read your background and brief, clearly this is something in which both of you will be interested. The questions are about quality of design. How do we ensure good quality of design in the regeneration of seaside towns? What are the respective roles that you think appropriate for the public and private sectors, as well as local communities, in fostering high design standards?

Mr Wayne Hemingway: You have to make sure that there are good designers and artists at the core of everything, and it is not done on just design, build and procurement. It is important to understand that it is not primarily money that makes regeneration; it is the quality of thinking and the people involved. The best regeneration, whether coastal or anywhere, is when there is some "absence of government" and a hands-off approach by local councils and planners. Probably the best regeneration that ever happened in Europe was in the Mitte district of East Berlin where they had something they officially called an "absence of government."

There are all sorts of reasons why young people ended up in the seaside town of Margate, but the Turner Contemporary and the big stuff such as Dreamland, which we were involved in, only came because the "shock troops" were there already. All regeneration comes down to the shock troops. Are you all happy with that term?

Shock troops are normally creatively minded, but not necessarily always artists and designers. Normally, they do not have a lot of money but they have attitude. They understand quality of life, of which there is plenty at the seaside. They seek out places of perceived low value, to developers mainly, so they are going in as pre-developers and seeing and making value in a place. There are a lot of people like that, but it takes a certain kind of bravery and thinking as well as a certain kind of price. The reason Margate is the poster child for any seaside regeneration in my lifetime is that you could buy a beautiful Georgian, four-storey seafront property with a basement. You could open your shop or studio and store your stuff there; when we started working there 10 years ago, you could move your family into the three storeys above, on the seafront, for £140,000. You could buy a flat for £22,000. On top of that, you had the new Javelin train. I am emptying my head a bit. Is that fine?



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The Chairman: Carry on; it is not boring.

Mr Wayne Hemingway: In Margate, first you had proximity to a lot of shock troops from east London. It is one of the closest sandy beaches. The previous set of London shock troops had gone to east London where it was cheap. When I moved to London 39 years ago, you would not live in Hackney—not a chance—but young people have taken Hackney, and the council has to an extent done an “absence of government”. Hackney had a very hands-off way of looking at regeneration there.

Those same people, or their offspring, went to Margate, helped by infrastructure, which really counts. The Javelin train was designed for the Olympics to get people from Ashford. Then it trundles past Ashford, but from there it is not too far to Margate. It cut down the time. A lot of the shock troops want to keep their links to the city. Most of us love the city as well and we want that dual life. The train enables us to have links to the city. Then there are the low prices, the beautiful skies and the long promenades. You can have a dog and kids, and live well. That is important.

I have not seen anything in a seaside resort that does not feel as though it has come from the community, ground up. The shock troops who come in are community minded. Forget the word “gentrification”; that normally comes from developers, not people who have moved. A lot of people confuse gentrification with the people I call shock troops and think they are gentrification, but for me they are not; they are the stimulus. They are the pioneers.

Boscombe is probably my second favourite of the places we have worked in where we have seen a real change. I put that down to two things: a brave council and people. One particular man, Andrew Emery, who was an employee of the council, did something really brave. He was willing to try to ride roughshod over naysayers, backed up by some young elected councillors. There was a 35 year-old lass with four kids. Without her, we would not have achieved what we did in Boscombe. Obviously, you rely on old people to be councillors because they do not have mortgages to pay, their kids have fled home and they have time to do it, but in a seaside town, if 80% or 90% of those on the council are over 65, they can put a dampener on what the shock troops want to do and that is that. I have said a lot.

The Chairman: Yes. You have not talked a great deal about how we ensure there is good-quality design, but I think we get the idea.

Mr Wayne Hemingway: Design does not matter. It is nothing to do with design; it is to do with people. If you get good people, they make things happen. What is design? Design can be three pieces of wood stuck to the side of a building with an awning put over it, but it is about the food being sold and how it is being sold; that is design. It is design of thought.

The Chairman: That is a very interesting point for us to ponder.



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Mr Mark Latham: There is software and hardware. A lot of what Wayne is talking about is the software: the people, the events and the commitment to quality at whatever level it is, whether it is the burger you are serving or the building you are putting up.

I come from the perspective that there are very positive things, when we as a business come to a place to try to work there, where the public sector can play a very crucial role. There is no doubt that funding is one, both at local and national levels. It is also about infrastructure, which Wayne mentioned. There can be different kinds of infrastructure—from very solid things such as a coastal road or a piece of sea wall, to skills infrastructure and things that I am sure you have heard a lot about in some of your other hearings.

Crucially, when it comes to spatial design, planners are vital, and an enlightened and sophisticated spatial master-planning discipline and skill set in the local authority is, for us, very valuable. We value design mightily; it adds value. When you take care and lavish attention, and are interested in how the small things work, other people respond. For me, that is good design and it needs supporting. Developers like us are committed to that anyway, and having a set of local authority support officers with the infrastructure of a local plan and area frameworks and so on to support it is, for me, massively valuable.

Lord Mawson: I support most of that and find it very refreshing. From my 35 years' experience in east London, it is the short screws that really make things work. The problem is how you keep government at a distance in a lot of this stuff. Otherwise, if you are not careful, it drags down the possibility of action and loses all the local connections that are so crucial to making any of this work.

I absolutely buy the design question. My view is that we are the environment where we live, work and play. Having built a few buildings in my life, my experience is that, if you get the design right, it has massive implications for how things work with people and the kind of culture, one way or another, that grows. We say we have learned things from the 1960s and 1970s. Having spent a lot of time on housing estates with tower blocks and watched the disaster of all of that, I worry about how much we have really learned.

We are thinking particularly about towns and coastal communities. I was talking to a talented Pakistani architect in Bradford this morning, who told me that the implications of government thinking—it could be any Government, not just this one—given the way the Civil Service and structures work, is that we will end up with housing policies for social housing ghettos in the middle of our towns and cities and private sector ghettos for rent, none of it connected or mixed with economic reality, as we tried to do with the Olympic Park where we built mixed communities. This stuff is still so very difficult to do, but is any of that your experience? I worry that we will repeat the same old mistakes and that no lessons have been learned, yet we spend millions of pounds on researchers and



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academics producing documents that no one reads. Is that a fair description of what is going on?

Mr Wayne Hemingway: Yes. Look at what has happened in Morecambe over the past few years. I was born in Morecambe and lived there until I was seven, and I still have a strong relationship with it. Urban Splash did the Midland. It was before your time, Mark. This is probably a joint story, but I might know a bit more about it because you were not there, were you?

Mr Mark Latham: I was a partner, but I was not involved personally.

Mr Wayne Hemingway: There was a hotel that became an HMO. It was divided up, and young men, usually with issues, were put into it. It was one of the most famous hotels in Europe. Coco Chanel's pilot used to land in Morecambe Bay and it was her holiday hotel, but it had fallen into wrack and ruin. Happily, Urban Splash did a really good job and brought it back to life, but two things happened.

Part of the deal was that on the right-hand side, looking towards the sea, Urban Splash was allocated some land to build housing, and to the left, on the site of an old amusement park, land was to be allocated to a crappy retail park with a Morrisons and various things. A group of us realised that the hotel was brilliant, but it was on a seaside promenade. You cannot sell the Crown jewels, so we talked to Urban Splash and we all came to an agreement about not doing it there because it was not the right place. There was a group of young people. I was quite a bit younger then, but still middle-aged.

The MP for Morecambe—I think it was David Morris—was saying all the time, "You're preventing the creation of jobs. We need to build things; we need development". We were saying, "Do all of that elsewhere. Don't sell this". All round the British coast, Clacton or wherever, we have sold off our assets to crappy housing. We should not be selling them for any housing; they should all be for the public to do things, whether it is events, parades or festivals. We have to keep them, because the British coastline belongs to us. There are plenty of places 100 metres or 200 metres back where you can build things.

We fought and fought. Some of the emails between me and David Morris, which I kept, were unbelievable. Anyway, the public won. As a result, some sympathetic development is happening. It is now looking almost certain that Eden 2 is coming to Morecambe seafront. I was with Tim Smit at a dinner a couple of weeks ago and asked him why he was doing it. He said that, first, Morecambe has had a creative renaissance; there are festivals and creatives are moving there from all around Lancashire, because, like Margate, it was cost-effective. Secondly, it has had a new road, so it has infrastructure. The road has transformed getting into Morecambe. Thirdly, he said it was unspoilt.

The Chairman: That is a very good point.



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Baroness Bakewell: How do we get the shock troops to Skegness? Why do shock troops choose one place and not another?

Mr Wayne Hemingway: They cannot do them all at once.

Baroness Bakewell: I believe in the shock troops and I know a lot of them are artists and young people with open minds and ideas. Why do they choose one place and not another? What is it?

Mr Wayne Hemingway: They are choosing Lowestoft at the moment for a number of reasons. Lowestoft is a bit away from Skegness, but it is on the east coast. One reason is that the Arts Council believes that it is time for Lowestoft, so it is investing. It is £100,000 here and there, but it makes a difference, and when it is a body as important as the Arts Council, it gives artists confidence that they can do things, so art is starting to happen in Lowestoft.

Lowestoft has a council that wants things to happen; it has a set of young regeneration people, in their 30s and 40s, who want to make things happen. Sometimes, it is just that the time has come. People start to talk about a place. Lowestoft is not that well connected, but it is certainly where it is happening on the east coast right now. It happened in Margate and it is starting to happen in Ramsgate. It moves, but it cannot happen everywhere at once.

Baroness Bakewell: Can you plan for it to happen?

Mr Wayne Hemingway: I think you can plan for it to happen, if there is a person who is a catalyst and wants to give something back. For example, Folkestone needed a Roger De Haan. I think something interesting is going to happen in Hunstanton where there is a wealthy guy called Andrew Jamieson, who is, I think, a county councillor. He has a beautiful big mansion, and he owns a series of farm shops and is going to transfer all his farm shop ideas to his second opening on the seafront. That will make a hell of a difference.

The Chairman: It needs a catalyst.

Mr Wayne Hemingway: Yes.

Mr Mark Latham: It also needs a big idea. That is something we often start with in any project, whether it is inland or coastal. You have to have a convincing and authentic story that is rooted in the place. I say "story" advisedly.

The Chairman: It is a narrative.

Mr Mark Latham: Exactly; it is genuine to that place. I do not know anything about Lowestoft.

Mr Wayne Hemingway: You have hit the nail right on the head. Lowestoft is starting a festival called First Light. The beach in Lowestoft is where the



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sun hits Britain for the first time every morning. Lowestoft is Britain's most easterly beach.

Mr Mark Latham: You find a unique thing and you go to it.

Q145 **Baroness Whitaker:** Looking beyond resorts at all seaside towns, the only thing they have in common is the sea. It could be said to be their unique selling point, yet the indications are that its potential as an asset is underexploited. What fresh thinking could help to turn issues of peripherality and 180-degree catchment into assets, and build on the opportunities provided by the coastal location?

The Chairman: Before we get to that point, can I ask Philip to put his question, because I think they go together?

Lord Smith of Hindhead: I think the nearest motorway to Lowestoft is in Holland, so the infrastructure is not so good.

I have a question for you, Mr Hemingway. Let us talk about the Dreamland Trust for a minute or two. It was the subject of compulsory purchase in 2011, and opened in 2015 with an £18 million restoration, from public funds, I think. It went bust in May 2016 when administrators were called in. Following a £25 million private investment it reopened, and it now seems to be doing very well, although somebody along the line has lost £18 million.

Mr Wayne Hemingway: We never got fully paid, but I am not bothered.

Lord Smith of Hindhead: Public funds lost £18 million; there was reinvestment of £25 million and it is open and doing well now, although to start with it was not doing well at all. If you could, I would like you to provide an example where an individual project, such as the development of a particular building or location, has played a key role in the regeneration of a seaside town, and has had a lasting, stand-alone economic impact without more public funds. The reason we are asking is that we want to try to single out where there has been best or good practice that we could perhaps offer to others.

Mr Wayne Hemingway: The best practice is failure.

The Chairman: Hold that thought. In particular, because of peripherality and coastal location, if you can link those two sets of issues for us, it would be very helpful.

Mr Wayne Hemingway: The best practice on linking the sea is Boscombe, where there was public money of about £2.5 million and £2.5 million from Defra. A New Zealand company built the first artificial surf reef outside Australia, and it failed. It burst through the middle and it has never been fixed. While that was all happening Boscombe exploded.

Boscombe seafront was completely derelict. It is now definitely the coolest seafront between Christchurch and Poole. There is no doubt about it. It is



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where all the best cafes are and where all the boutique hotels are opening; it is where the more dynamic, youthful people go. That is because they were brave and not afraid of failure. Surf shops are open, yet the surf reef is bust.

Dreamland was exactly the same story. It was about bravery. It was the same in the Boscombe community, the people I was talking about, such as the 35 year-old woman. The Dreamland Trust came from a community uprising. The £18 million came mostly from Heritage Lottery. The people who ran it were mainly put in place by the council, and they were idiots. There are stories I could tell you. One day, I will write a book about it. They were idiots, but it did not matter.

While they were being idiots, Margate, because of Dreamland and the pioneers, was being written about in *The New York Times*. It said, "If you visit one place in Europe this year, visit Margate". Can you believe it? It was in the *Washington Post* and the *LA Times*. That year, *Lonely Planet* listed Margate, with a mention of Dreamland, as one of the top 10 places to visit. Sometimes, you have to do things and not fear failure. It is really successful now. It has been bought by some young City playboys, who will probably continue losing money on it, but they are friends with Damon Albarn, and Gorillaz play there. What that does for the feel-good factor of the town is amazing.

Lord Smith of Hindhead: Has it changed the underlying socioeconomic problems?

Mr Wayne Hemingway: Yes. Farage did not get elected. Of course it changed it; they put him in there because they thought it was a shoo-in.

Lord Smith of Hindhead: I am asking the question because previous witnesses said that it had not changed the socioeconomics of the town.

Mr Wayne Hemingway: Look at the statistics. Even if it has shifted by only a few per cent one way, it does not happen overnight. It is less than a decade since Margate started as a dynamic place.

Mr Mark Latham: Let me give you a different example, which you will be unsurprised to hear is one of our projects. It is the Royal William Yard in Plymouth. That is a very particular set of circumstances, and it is an extraordinary location in its own right. It is a collection of Georgian military buildings, a scheduled ancient monument on the headland between Devon and Cornwall, overlooking Plymouth sound and the Tamar estuary. It is a remarkable set of natural and built assets, but it was derelict for 30 years and nobody could think of a prospect for it. It ties together a number of themes.

We got going by doing something initially with public assistance. We got a set of apartments in one of the buildings overlooking Tamar sound. It was the joy of the sea; everybody loves looking at water. To nuance one of the things Wayne said, Morecambe was a very specific example where it was



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probably the right decision to preserve that untrammelled view, but why should we not make the most of views of the sea and develop near it? It does not necessarily mean that you take it away from everybody or privatise it. That has not happened at the Royal William Yard; the reverse has happened. From being a closed military establishment, it is now a thriving place and any member of the public can walk in.

A small example of how good design can make a big difference is a small staircase that we called the stairway to Devon. It is a small but dramatic, bold piece of design that negotiates a 7 metre-high defensive seawall and continues the coastal path that was broken by the military establishment. It does so in a very dramatic, surprising and beautiful way. People go to see not only the wonderful old Georgian buildings but the stairway to Devon. It is a small piece of care and flair that unlocks something. We are talking about all sorts of ways that can catalyse things. It can be an individual; it can be a moment.

Lord Smith of Hindhead: Sometimes design does matter.

Mr Mark Latham: In my view, it always matters.

Lord Smith of Hindhead: Was the Plymouth dockyard public or private money, or a mixture of the two?

Mr Mark Latham: It was a mixture of the two. Very much so.

Lord Smith of Hindhead: My own view is that we have an emerging theme. When public money is spent, it does not work; private money comes in and makes it work, but a lot of money has been lost. In other cases, private money tries to get in but comes up against the planners and all the other things. If there is always a mixture of public and private funding, you are more likely to get a successful project.

Mr Mark Latham: Our projects are pretty much always about some form of public and private partnership, with a degree of pump-priming, or assistance; investment is a better way of putting it, because genuinely we often get to a point where we have made sufficient profit that some of that money goes back.

Baroness Whitaker: Am I right in saying that in Plymouth you turned what was a derelict workplace into a leisure place?

Mr Mark Latham: Correct. Living and working.

Baroness Whitaker: What kind of work goes on there?

Mr Mark Latham: There are lawyers' officers, a teaching faculty of the university, architects, studios and a yoga studio. There is leisure and lifestyle stuff. There are six restaurants. We have just signed a deal with an independent arthouse.

Baroness Whitaker: Because it is a nice, beautiful place.



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Mr Mark Latham: Yes, but also because we have created it incrementally over time. When we first went there, we talked to all the restaurant operators in Plymouth and nobody wanted to open a restaurant there. It is about persuading people to look at amazing buildings and locations. It will happen when there are determined people who commit to that unfolding quality. If we had just done a mediocre, okayish first phase, it would not have happened; we needed help from the public.

Baroness Whitaker: Who commissioned you to do it, or did you put in a planning proposal?

Mr Mark Latham: I cannot tell you off the top of my head exactly how it came to us. Typically, we often compete and bid for an opportunity. Sometimes it is just a phone call from somebody, but usually, when it is a public facility, we bid for it against others.

The Chairman: Can I bring you back to the earlier point and then bring in other colleagues? What you both seem to be saying is that we should not be afraid of failing first time round, and it is a risk worth taking to get it right in the end.

Mr Wayne Hemingway: Yes. Going back to what Lord Smith said, if we had waited for the private sector, we might still be waiting in Margate. We would certainly still be waiting in Boscombe. We would be waiting in Lowestoft.

Urban Splash is very unusual. As a brand, it has always taken risks. It is completely different from Wimpey or Barratt. It cannot go into all of those towns; it is not big enough. If we waited for developers to come to those towns, we would be waiting long past when we are all dead. You need the bravery of the Arts Council and public money to make mistakes. As they say in all those television programmes about business, there is fear of making mistakes. It is just the same at the seaside.

Lord Smith of Hindhead: But would fewer mistakes be made if the private sector was engaged with the public sector at an early stage?

Mr Wayne Hemingway: I do not know how you would get them engaged because sometimes they are so fearful. They come in when the ground has been ploughed.

The Chairman: That is an interesting point.

Lord Mawson: To go back to your point about how long this stuff takes, it seems to me that it is about how you create a culture. For me, it is about how you create a learning by doing culture. My experience of such areas is that they are littered with three-year government projects that have been going on for a very long time. It is like adults continuously giving up on their three year-olds. We would be locked up for it, but the Government seem to get away with it. No one seems to have an overview, a long-term view, apart from people who live there and want to make this stuff happen. Therefore, there is, as I keep trying to share with the Committee, a



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fundamental problem within the machinery and structures of government that is massively wasteful and difficult to correct.

The Committee needs to make some practical suggestions. I am trying to understand what happened at Boscombe. What is the problem with it? Is it a technological problem? Does it just cost too much? If it is happening, but something is bust and needs to be mended, is it mendable?

Mr Wayne Hemingway: The New Zealand company went bankrupt. It was the only company in the world that did it.

Lord Mawson: Therefore, it cannot be mended.

Mr Wayne Hemingway: Somebody might come along. I have heard there is somebody else down there building these things, but I do not know the exact story. I will put you in touch with somebody.

Lord Mawson: I do not know anything about it, but sometimes things go wrong in life. Having been part of projects that sometimes got into difficulty, I know that you stay with it; you turn the problem into an opportunity. If you get enough consistency around you, a load of learning goes on, and it becomes a positive thing. I am worrying away at that particular thing, because if you are telling us that a whole culture and economy is starting to happen there, which, given the time and space to grow—

Mr Wayne Hemingway: It is all right now; it is healthy. It does not need it.

Baroness Wyld: This is linked to Andrew's point. I take your point about the need to take a risk, but have you seen evidence of a culture where people acknowledge mistakes and learn from them? Surely, the key to not making mistakes in the future is to accept what has gone wrong and find a way not to do it again.

Mr Wayne Hemingway: The problem is that most of the things that happen on the coast that have led to the renaissance of a place are so one-off. A surf reef and Dreamland are probably two of the wildest projects in a lifetime. I will never see anything quite as crazy as that in my lifetime, but they both failed at some stage and ended up working. You cannot learn from them because there will not be another Dreamland and there probably will not be another surf reef. The only thing you can learn is not to be afraid of a really good idea that captures attention.

Baroness Wyld: You made a point—I will not repeat your language—about not very good people being in charge, and you talked about the absence of government, but in a different context you talked about young, dynamic councillors. Those are different views about the role of individuals, where they are accountable and where their responsibility should lie.

Mr Wayne Hemingway: Yes. An absence of government does not mean that you allow complete anarchy to happen; it means that you have a



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hands-off approach. It is not that you completely ignore it. You turn a blind eye, but you keep one beady eye on it. It is the same as being a parent.

Lord Grade of Yarmouth: There is a fierce separation between the initial risk capital and the operating skills that you need up front to sustain the project. It seems to me that we are saying—correct me if I am wrong—that the private sector is unlikely to risk the capital in the first instance because it is very high risk and the fear of failure is so great, but once the capital has been sunk, whoever has sunk it will not have the skills to operate something sustainable. I am thinking of a particular project in which I was concerned in London, which I rarely mention in my CV. It was the Dome, now one of the most successful venues in the world. It was sold to Japan, but AG, which now operates it, would never have sunk the money in in the first place to take the risk of building it.

Mr Wayne Hemingway: Not in that location.

Lord Grade of Yarmouth: We have to make a distinction between capital risk and operating skills. The public sector absolutely does not have those kinds of skills.

Mr Wayne Hemingway: The O2 is a really good example, because the Greenwich peninsula is absolutely booming. It is the largest regeneration scheme in Europe right now. It probably would not have happened without the O2. Think of how much criticism it got.

The Chairman: And the opprobrium. Indeed.

Q146 **Lord Lucas:** What is the role of local authorities? What have you seen them do well, and what have you seen them do that could have been better? Is there anything we should be doing in encouraging government to change that role?

Mr Wayne Hemingway: It is all the things we have talked about. It is about bravery, common sense and understanding where society is. It is not about ticking boxes all the time.

Mr Mark Latham: It takes us back to the question of longevity, which is really tricky for elected politicians because there is an inbuilt risk if they do something unpopular. I am sure you are familiar with the longevity of the Manchester political scene and the stability that has given to regeneration work and thinking there. That is a very positive counterexample that has allowed long-term thinking. Wherever politicians are able to be brave and think beyond their immediate electoral cycle, which I appreciate is quite a big ask, it is absolutely fundamental to successful regeneration. It cannot work on electoral cycles alone.

Politicians and senior local officers have an amazing platform to speak positively about their cities and towns. If they do so proudly, in an authentic way that is not rooted in pie in the sky—“This will be the Brighton of the north”—but is rooted in something real, it is incredibly powerful. It helps people like us to come in and substantiate that.



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Mr Wayne Hemingway: Think of the number of times you hear, “We want to be like Brighton”.

The Chairman: You need to stop that or I shall have to declare an interest.

Mr Mark Latham: It has to be rooted in the reality of whatever the place is—for example, a fishing port.

Lord Grade of Yarmouth: St Ives is a good example.

Mr Wayne Hemingway: You asked about councils and local authorities. We were talking about that in our office the other day. In just about every single one of our projects that we consider successful, an arts officer, employed by the council or the county, has always been involved. The ones where we struggle and tend to get nowhere are those where, because of austerity, the arts officer no longer exists, which means there is nobody chipping away and explaining from within. We cannot be within; we go back to our offices. We could not think of one of our projects that was going at any speed and feels great that did not have an arts officer or a culture person.

The Chairman: From personal experience, political and otherwise, that rings true for me.

Lord Mawson: I was involved in the Olympic project for 19 years and chaired the regeneration committee for 10 years. You get a long view of some of that stuff. The thing we managed to achieve with the Olympics was cross-party support. We all knew that it was at least a 25-year piece of work and it was a very big thing to catalyse the changes that needed to happen in east London. It was a big project, but we managed to achieve that for quite a long period of time.

Sometimes that can be tricky in a local context, because the culture and the things we are talking about take a generation to mature. How important is it to try to get cross-party support locally for such things? What is your practical experience of that and how you might treat it? It is not an easy thing to do.

Mr Mark Latham: No, it is not, but it is absolutely crucial. I can give you a counterexample that has continued to thrive despite political in-fighting initially: Park Hill in Sheffield. It is not a coastal location, but it is a huge and challenging long-term project, which, for quite a long time, was a major political football, although, thankfully, it is no longer.

That made for difficulties in public funding arenas. Imagine trying to persuade a banker to lend you money on a project that the leader of the council says should be demolished, even though it is grade 2* listed, regardless of what you think about the architecture and the concrete. That was what I meant in my answer to Lord Lucas about politicians and senior officers having a platform to talk positively. In the Olympics, that unity of purpose, despite, I am sure, lots of fine-grained disagreements



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underneath, was a good thing and was in the interests broadly of everybody. That is so vital.

Lord Mawson: The other part of that inside story, which some of us were part of, was that there were five warring Labour boroughs around the catchment. The person who made the real difference was one Labour councillor who quietly went around, over quite a period of time, building relationships between Robin Wales and Jules Pipe in Hackney at a very personal level, opening up opportunity with a very clear vision.

None of that was captured by the media and none of it was understood in Downing Street. In all the rhetoric we heard, as far as I am aware, none of the inside story of what went on in east London was ever communicated on a project that every journalist in the world was interested in. The reality that made the difference, particularly in the local politics, which was a critical component in relationships and buy-in, was an individual who spent probably three and a half years on that.

The Chairman: Thank you for that background insight.

Q147 **Baroness Valentine:** We began to touch on this, so my questions are probably relevant. What potential do the creative industries offer as an accelerator for local regeneration? What are the challenges facing seaside towns seeking to diversify into the creative industries, and are there particular policies or investments that can be made to support the development of creative industries in seaside towns?

Mr Wayne Hemingway: We have covered quite a lot of that, but one of the things we can tap into is quality of life, and the perceived quality of life of millennials and generation Zs, which is very important. There are some younger people here, but most of us are of a certain age. We were the generation that started to move away from the British seaside and go on package holidays; we got on planes and travelled. A new generation has been brought up learning for the first time about sustainability at school and many other things about changing social values. Flying to Benidorm and Torremolinos is not high on the agenda of creative, forward-thinking minds, and probably never will be again.

The market is going in the direction of the British seaside right now in quite a healthy way, but we still have a real education issue about what goes on in seaside towns. For some reason some do not want Airbnb, because it is perceived as something wrong with society, whereas most artists and creatives do not want to stay in a crappy B&B where they get shouted at; they want to stay in an Airbnb where they have some control over their weekend. There is a lot of education to do. We are pushing on an open door, but it needs all the other things we have talked about to allow people to get on with things.

I come back to the example of what Margate council and Thanet council did. When were the Portas high street pilots? Was it 10 years ago?

The Chairman: It was somewhat less than that, probably in 2012.



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Mr Wayne Hemingway: Margate was one of the 10 pilots. It was classed as the hardest one to achieve and turn around. I remember being in meetings with the council and people saying, “We’re probably not going to turn this round, but look what’s happening down the hill”, which was basically an extension of the high street and the old town. They started to help the old town just by putting up signs and posters to get people to the old town. The old town flourished and the high street—a term I hate using—is still absolutely awful, but it does not matter. Sometimes you have to let go.

If you let go and give support where new things are happening, more new things happen. It is evolution. I should not say this because it is live, but it is good that Woolworths, BHS, probably Debenhams and House of Fraser go. It shows that life is moving on and a new generation is choosing new things; it creates space for exciting things to happen, but how do you allow those places to become creative? Woolworths in Margate is now an art school, and a lot of the buildings are going over. Somehow we have to encourage that and prise them back from the pension funds and that kind of stuff.

Q148 **Baroness Wyld:** There is some cross-over with the question asked by Baroness Bakewell. We have heard very good examples of seaside towns that successfully recaptured the spirit of what made them prosperous in the first place. We have talked about seaside towns that probably feel they have been left behind. We have touched on this, but are there any things you can think of that can help us spread that spirit and help the places that in many ways have been left behind to replicate the places that have been so successful?

Mr Mark Latham: When I was preparing for this session I thought quite a lot about that question. The only thing you can do is continue to tell stories about successes and point to inspiration. In a prior life to my job at Urban Splash, I worked for CABE—the Commission for Architecture and the Built Environment—which did an amazing job collating and collecting positive exemplars and presenting them richly. There was a fantastic project called Shifting Sands, which was a collaboration with Historic England, or English Heritage as it was then. You might even have read about it as part of your preparation. It is a worthy read. It collates about 15 or 20 interesting, design-related seaside projects and is very powerful.

Nothing is ever an exact model for something else; you cannot just cut and paste a template and say it will work elsewhere, because the whole point is that all those places developed their own specific beauty, attraction and desirability. Some were not seaside resorts; some were like a project I am working on in Tyneside in a fishing port and shipyard. There are other coastal communities where trying to put on a kiss-me-quick hat is just pointless: do not even try it. It is not valid, but there are other places where it is. To go back to your question, for me it is about giving positive exemplars and saying, “It can be done. You’ve just got to find your mojo”.

Baroness Wyld: Tyneside is my neck of the woods. When we went



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somewhere that traditionally had been seen as being left behind, I made the point that it is really depressing if you are a young person growing up there and people say you come from a deprived place, whereas you see it as exciting and vibrant.

Mr Mark Latham: There is pride in what was there. Historic legacies can be incredibly empowering. It is not about being nostalgic in a negative way, or saying that it is all past glories; you can re-find inspiration to move forward from that.

Baroness Wyld: And being able to have a job where you grew up, which is another point.

Mr Mark Latham: That is very challenging.

The Chairman: That is one of the issues we have picked up.

Lord Mawson: We probably all agree that context really matters and every context is different; indeed, that is part of the richness of opportunity and possibility. The great thing is that the world is not equal and fair; it is gloriously diverse. There are contradictions. In my experience, when you put certain words into the machinery of government they sound wonderful but they have unintended consequences in the real world.

Whenever I meet people I have never met before who are involved in this kind of stuff, I find there are some principles—we have talked about them today—that need to be in place and taken seriously for these kinds of things, over a generation, to be triggered and helped. The challenge for all of us is how we deal with the machinery of government, the Civil Service and all the siloed structures, because a lot of this stuff is lateral; it is not in out-of-date silos. From your experience, how will the structure and machinery of government in the local context learn from those principles and embed them? My experience is that the Government are not a learning organisation; they do not understand those basic things. There are now many examples outside this room, and we know lots about it, but learning is not happening.

The Chairman: Can I pause you there so that Lord Shutt and then Michael can ask a question, because your points are in a similar ballpark?

Lord Shutt of Greetland: I would like you to make a pitch. Where is there an example where you say, “By gum, I’d really like to get my hands on this one”? Can you give us a couple of examples, one apiece?

The Chairman: Michael, pitch in with your point because I think it is important.

Lord Grade of Yarmouth: Okay; it is magic wand time. I am giving you the Harry Potter magic wand and you are going to wave it. You have one wish for a big practical shift that you think could help stimulate regeneration in the right way.



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Mr Wayne Hemingway: Can I turn that around? We have not mentioned the word "patience" at all. Not everything can happen. Often, in the UK we think we have to be fair and we should give equally, but the problem is that when you spread things too thinly nothing ever happens. In business, you do not open six shops at once and put a little bit in each; you open one and do it really well, and when it is a success you move on to your next one. Look at the Coastal Communities Fund and the Heritage Lottery. The most you can get from Heritage Lottery is £4.5 million. It sounds a lot, but you could never do Dreamland now. There would be no chance of doing it because you could never do anything on that scale again; that has gone. We are in danger of fiddling around and not delivering on anything.

The other thing we have not talked about is pie in the sky. Everybody thinks that, because somewhere has achieved something, somewhere else can. Mark talked about that.

Who said one place?

Lord Shutt of Greetland: Me.

Mr Wayne Hemingway: If there was one place, it would be Bangor in Northern Ireland. Belfast does not have a seaside town, and Bangor is absolutely amazing; it is so beautiful.

Lord Lucas: What would you do with Fleetwood?

Mr Wayne Hemingway: I know Fleetwood reasonably well.

Mr Mark Latham: I am afraid I do not.

Mr Wayne Hemingway: The first thing you would do, as with anything, is to ask the people there what they would do with Fleetwood. All the best regeneration, as we have said right from the beginning, comes from people who are helped by creative minds to bring their ideas out, which in trendy terms is called co-creation or co-design.

Baroness Whitaker: Are you thinking of a programme of public engagement, or a plan?

Mr Wayne Hemingway: Yes, but not just with the same old people who turn up in a church hall.

Baroness Whitaker: Should the local authority begin it?

Mr Wayne Hemingway: I would not do public consultation with a local authority.

Baroness Whitaker: Who instigates it?

Mr Wayne Hemingway: People who are experienced and good at it. There are experienced people all round the UK who are fantastic at public engagement.



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Baroness Whitaker: I know who you mean.

Mr Wayne Hemingway: It needs artistic and cultural minds.

Baroness Whitaker: Somebody has to commission them; somebody has to ask them and pay them.

Mr Wayne Hemingway: Yes.

The Chairman: Mark, do you want to add anything?

Mr Mark Latham: In a wish list, one I would touch on, although it is not convenient to where I live, which is York, is Carnarvon. It is an amazing place and has a lot of things going for it. It has the opportunity to have huge impacts beyond, because it is a centre and has assets that you can build on, not in the sense of developing, but building from.

Lord Mawson: Do you think there are some principles we can agree? From experience, tell us the general principles in the sense you have been articulating them.

Mr Mark Latham: You need a big idea and a very convincing way of talking about it, telling it and promoting it. That is the core. It has to be rooted in reality. It cannot be a stick-on, ersatz thing; it must be linked to the genius loci of the place.

The Chairman: It is about having a narrative and a creative vision with a powerful idea at its core.

Mr Mark Latham: Yes, and then being patient about it and sticking with it, both as a private partner and with the long-termism of cross-party vision.

Mr Wayne Hemingway: I totally agree. It is also about having the business nous to ride a winner. I referred to Bangor. It is absolutely obvious that that can happen because Belfast is a city that is becoming reasonably successful and it does not have a seaside town. A lot of the great cities of the world, whether it is San Francisco or Barcelona, have access to a beach, and there are a number of those in the UK that we could tick off. Ticking them off in order could be classed as unfair, but sometimes the only way is to do something really well and then move on.

Lord Mawson: San Francisco has turned a prison into a tourist attraction.

Mr Wayne Hemingway: Yes.

Baroness Whitaker: You mentioned a sympathetic planning department.

Mr Mark Latham: That is universal, regardless of coastal towns.

Baroness Whitaker: But a high-calibre planning department.

Mr Mark Latham: Yes.



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The Chairman: I have to call time, because we have other witnesses. It has been a fascinating session. I am very grateful to both of you. It has been really good. Thank you.



Tim Morris, Richard Ballantyne and Dafydd Williams – oral evidence (QQ 149-156)

Tuesday 4 December 2018

4.15 pm

Watch the meeting

Members present: Lord Bassam of Brighton (The Chairman); Baroness Bakewell; Lord Grade of Yarmouth; The Lord Bishop of Lincoln; Lord Lucas; Lord Mawson; Lord McNally; Lord Shutt of Greetland, Lord Smith of Hindhead; Baroness Valentine; Baroness Whitaker; Baroness Wylde.

Evidence Session No. 18

Heard in Public

Questions 149 - 159

Witnesses

Mr Tim Morris, Chief Executive, UK Major Ports Group; Mr Richard Ballantyne, Chief Executive, British Ports Association; Mr Dafydd Williams, Humber Head of Communications, Associated British Ports.



Examination of witnesses

Mr Tim Morris, Mr Richard Ballantyne and Mr Dafydd Williams.

Q149 **The Chairman:** Welcome to this evidence session. You should have in front of you a list of interests that have been declared by members of the Committee. The meeting is being broadcast live by the parliamentary website. A transcript of the meeting will be taken and published on the website, and you will have the opportunity to make corrections to that transcript where necessary.

What broad benefits do all three of you see ports bringing to surrounding coastal communities?

Mr Richard Ballantyne: This is slightly different from the fascinating topic that we have just heard. I am the chief executive of the British Ports Association, so I come at it from a slightly different tangent from the previous panellists, who gave a cultural and emotional angle. I absolutely understand and appreciate that, but the pivotal point that we are talking about with ports is jobs and economic activity. Where you have things going on, you have people employed, and that can enable and facilitate wider economic activity. It trickles down to everything, from housing to community activities, tourism and transport schemes. That is a fundamental point for us.

Mr Tim Morris: To put some numbers around that, roughly 100,000 people are directly employed in the UK ports sector, and six times that number of jobs are dependent on the broader supply chain. Those jobs are 47% more productive than the UK average; they are good and generally well-skilled jobs, and typically paid more than elsewhere in the local economy, partly because they are in general heavily unionised.

On the connectivity point that Richard mentioned, typically every pound spent on a scheme that connects a port to the main transport infrastructure, such as a local spur road, generates £4 in value for the broader economy, in tourism and other businesses. It is not just about containers moving up and down by road or rail.

Mr Dafydd Williams: We should have talked to each other beforehand, so that we did not repeat each other. Jobs are important. I work for Associated British Ports, which is the biggest port operator in the UK, contributing £7.5 billion to the UK economy in GDP, and supporting around 119,000 jobs. I look after the four Humber ports, which are the biggest part of our business, contributing £2.5 billion to the UK economy and 35,000 jobs. About 1,200 people are directly employed by ABP in Humber, and a further 10,000 work directly in port-related jobs, so many of the 35,000 jobs are in the wider supply chain, across other sectors.

There is big embedding in the local economy, which is quite important for other sectors supported by the ports. Of our direct employees, I think 97% live in the local area and have a local postcode, so those jobs come from



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the local community, which gives the ports sector a vested interest in seeing those towns thrive.

Lord Lucas: When we talked to people from Rolls-Royce, they seemed pretty enthusiastic about the prospects for autonomous boats and the difference that will make to small ports in making them viable and economic again, because one or two lorries on a boat would become economic, whereas obviously it is not at the moment. Is that something you have factored into your calculations? If so, what view does it give you of the many little ports around the UK?

Mr Richard Ballantyne: It is a nice topic; I chaired a conference last week where we had a session on that. With autonomous vessels, as with other areas of the industry, we are some way off maturity, but we have a great offer in the UK with a diverse range of ports. That is partly why you have two associations here representing a range of ports. A lot of ports are available in regions where there are probably still niche cargo flows, and coastal and short sea shipping are still very viable.

The problem is in moving from established coastal shipping operations, with some vessels that are quite old, and getting investment to develop autonomous vessels. Making them mature and a reality is some way off. A lot of the advantages for coastal shipping are regulatory. The International Maritime Organization has not set all its legal standards yet for international shipping in this area, but in coastal waters, with domestic shipping, you very much still have the opportunity to do that. The MCA and DfT have a remit there. We see that as absolutely possible, and I understand that there will soon be some trials, probably on the south coast, possibly in the Shoreham area. That is something the industry will look to celebrate, promote and push forward.

Mr Tim Morris: The increasing automation of the economy is a fashionable debate in broader technology terms. It is worth bearing in mind that there is a considerable road to go in augmenting people doing things that make ports more attractive and efficient. At the moment, my members have the capability fully to automate some of their equipment on the port, but they choose not to. The equipment has been enhanced by certain parts of automation, but people are still pretty good at operating that kit in a way that is, at this point, more efficient than it being fully automated.

The Chairman: What is the jobs trend in port employment? Has automation led to a pushing out of labour? What are the movements in the labour workforce?

Mr Dafydd Williams: Where we would see automation playing a role is not necessarily to replace the role that people play but to separate them from the more dangerous bits of what we do. We would see a machine coming in to do bits of work that would replace that role, but you would still need someone to work the machine. People may have supporting roles; it just changes what they do, rather than replacing them.



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Mr Tim Morris: I mentioned 100,000 jobs for people directly employed in the ports sector, and that number has been relatively stable for five, six or seven years. What it does not include is growth in activity on the borders of ports. At Tilbury, the number of people employed in the port has been relatively stable, but thousands of jobs have been created by the Amazon distribution centre outside the port development. We would probably expect a degree of substitution and people doing different jobs, but it is probably too difficult to guarantee at this point that the trend will continue. You would hope that it would mean better jobs, different jobs and safer jobs.

Mr Richard Ballantyne: The recent situation with jobs is fairly stable. The word we use is "consolidated". There has been a steady decline over many years, but a lot of that has bottomed out, and we are back and, hopefully, pushing the other way, if anything.

The Chairman: Will AI and cybertechnologies reduce the workforce further in the next decade?

Mr Richard Ballantyne: Maybe not in the next decade, but there is potential for it to have a significant impact on port operations. As Dafydd said, rather than there being a cut in jobs there could be reallocation of types of job, with different skills.

Q150 **Lord Mawson:** What are the most significant challenges and opportunities for ports and port towns in the UK? I am conscious that in Hull there is the whole lagoon project and the opportunities that seem to be coming from being the UK city of culture. I am also conscious that in Liverpool, with the Peel estates and some of the community regeneration stuff near them, there is very different engagement with local opportunities and communities. It seems like two worlds passing in the night. Where are the challenges and opportunities, and are there good examples of relationships actually happening?

Mr Dafydd Williams: From our perspective, the greatest challenge and the greatest opportunity are the same thing, which is connectivity. By definition, most of our coastal resorts, ports in particular, are slightly more remote. They are not well connected in transport terms to other centres of population, and moving trade quickly is obviously what gives you the competitive edge. Hull is a really good example; it is not well served by road or rail, and both could be much better. The south bank of the Humber is very well served by road but badly served by rail. The quicker and better we can get things connected to ports to move trade into big centres of population in other parts of the country, the better the opportunity for us to grow.

Lord Grade of Yarmouth: Peel is using the canal, is it not?

Mr Dafydd Williams: We are also exploring that.

Mr Tim Morris: Peel uses the Manchester Ship Canal. The Port of London Authority and port operators along the Thames have ambitions to use the



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Thames more for freight. As Dafydd said, ABP is also looking for opportunities around the Humber.

Lord Lucas: One of our early visits was to Fleetwood. I remember an enterprising local doctor who was really getting involved in the local community, but we also had a presentation from the port, which I found very disappointing in its lack of any real inspiration for what might happen. There was a lack of engagement in getting back into the business, which Lord McNally will remember, of barges going upriver and servicing the big industrial sites.

To pick up on the point made by Wayne Hemingway in the previous session, there was a lack in terms of the port playing a part in the whole community and thinking through what it could be. Which of your organisations should we look to, to remedy that?

Mr Richard Ballantyne: That is an ABP terminal, is it not? Do you want to answer that question, Dafydd?

Mr Dafydd Williams: Thank you. That is kind. Unfortunately, I do not look after Fleetwood, but you are right that it is definitely part of what we should be doing as an organisation. I do not know enough about Fleetwood to give an answer.

The Chairman: This is what is known in football as a hospital pass.

Mr Dafydd Williams: I have experience of where we are doing something similar in a different place, which is Grimsby.

Lord McNally: Every time we talk to somebody from Associated British Ports, they refer to somewhere else, usually on the east coast. One is left with the impression that nobody at Associated British Ports cares about Fleetwood.

Mr Dafydd Williams: Obviously, we care about Fleetwood, but I cannot speak on it, because I do not know enough detail; I do not look after Fleetwood.

Mr Richard Ballantyne: Shall I give it a go, as I made the hospital pass? As I understand it, Fleetwood has suffered from the closure of the ferry service there, and there is a lot of competition. It still has a good facility. Something we probably did not specify properly at the beginning is that ports are private sector in their make-up and compete with each other. Any investments they make and any management of their operations is in a market situation, so it is challenging for them to find new businesses.

One potential growth area for the ports industry in the north-west was shale gas extraction, but that has become slightly more political. People were coming over from the Gulf of Mexico, looking at places such as Fleetwood and saying that it could be absolutely massive as an exporting area. But there is a lot of politics, so I am not sure that it will go ahead; shale gas extraction, or fracking, is not exactly flavour of the month.



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Fleetwood still has a good fish market facility—a perishables facility—and it has invested in a good new marina. On the marine leisure side, Fleetwood is trying to get people and tourism into the area. Presumably it is waiting for market opportunities in the north-west, but there are other ports around there, so there is a lot of competition. There is Heysham just down the road, where most of the ro-ro links to Northern Ireland run from, with Stena and another small ferry service out of there.

Lord Shutt of Greetland: Are you thinking of the steam packet?

Mr Richard Ballantyne: No. Oh, yes, it is. You are right. The other one is to Warrenpoint.

Q151 **Baroness Valentine:** I was going to ask a question about Fleetwood as well, but let me make it a two-pronged one. You have talked about the way ports are going, but you must have ports in terminal decline. Even if you put road and rail into Fleetwood, you would need to find a purpose for it, because the port is not strong enough to support economic activity, I believe.

We have statistics about how much housing deprivation there is around ports, and in the index of multiple deprivation 61% of fishing ports were identified as deprived. I assume that in your averages on jobs there are some very successful big ports and some very unsuccessful other ports. Could we hear a bit more about how you think about ports that are in decline and are probably not going to recover and go back to what they were? What imaginative regeneration is going on in those places?

To come back to Fleetwood specifically, I repeat what Lord McNally said; there seems to be an opportunity for imaginative and creative regeneration. The fish park is below standard and will be tackled by the local authority, if ABP does not do something about it. It would be helpful if you could move it to a different place on your land, which is a proposal you made, because that would facilitate imaginative regeneration. It would be good to hear anything about what the proposals are for Fleetwood, and for them to be creative. More generally, what are you doing about declining ports?

Mr Tim Morris: I shall try to pick out points on all three of the last things, because they are all about opportunities and challenges. On the challenges, we have touched on changing patterns in trade and port usage, which are a continual challenge.

On what is or is not terminal decline, King's Lynn and Lowestoft were enormous ports at the time of the Hanseatic League but are now different types of ports doing different kinds of things. More recently, in the last century and up to now, ports have lived and died by their ability to export and import coal, a trade that is now over. Over centuries, ports have gone through continual change and challenge; some ports have risen and some have declined. The challenge is how you cope with change, and some have done better than others.



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The opportunity is in responding to change and changing what the port is. The fact that it was a wool-exporting port at one point, or a coal-importing port, does not necessarily dictate its future. Part of what we as a sector are trying to do is to create the opportunity and flexibility for ports to change in the face of changing demand. Instead of a port just being a place of transit of goods, which is relatively low value, we want to add more value and have distribution or logistics parks on site, or manufacturing sites for wind turbines, as has been done in Hull, as well as adding more leisure activities. The opportunity is change and looking for new things to happen, but the challenge will always be that things change.

Baroness Valentine: We have some big players, you and the Crown Estate, around the edge of the country. I cannot help feeling that there is an opportunity to be more imaginative about how you do regeneration at the seaside.

Mr Richard Ballantyne: Tim is absolutely right that the evolution of the ports industry over hundreds of years will continue. In more recent times, as well as changing trade players we have also had changes in vessel types, size, et cetera. We have seen a general move away from expensive city centre ports, where land has been more challenging to get to and is worth a lot, and developers have come in.

After the privatisation of the ports industry, there were a lot of changes in land use, when it was sold off for residential and retail accommodation in places such as Edinburgh, Glasgow and London, with the Docklands developments. Port activity has not necessarily declined; it has moved, and those areas have been turned into places where you and I would like to walk late at night, whereas 50 years ago we would probably have felt a bit uncomfortable. There have been benefits. It has allowed us to concentrate ports in areas where there are not necessarily the same conflicts with other pressures.

Baroness Valentine: Who is the catalyst for positive regeneration in those places? You mentioned Docklands, for example.

The Chairman: That is a good question. In a sense, they are sterile areas, not entirely connected with the local authority, which can sometimes be a catalyst. There is a tension, I think.

Mr Dafydd Williams: The answer to that is a bit of partnership working. There are two examples from the Humber. Tim has just referred to Green Port Hull, which was a 10-year project in delivery. A bit of declining and disused dock space in Alexandra dock in the port of Hull was filled in. Siemens was brought in and is manufacturing wind blades for the offshore wind sector. It was a partnership. The original driver was identified by the local authority very early, and it worked with ABP to deliver the project and attract other businesses.

Another example of diversification is the port of Grimsby, which was seen to be in terminal decline. It was originally a very large port for the fishing



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industry, but fishing has long since declined in Grimsby. The port has diversified into importing cars and into wind; it is the biggest import port for cars and for offshore wind operation and maintenance. That is a big diversification.

Lord Shutt of Greetland: It seems to me that ports have been in continuous decline over the last 20 years. Some of it is to do with packet boats, but even Southampton, Swansea, Sheerness, Ramsgate, Heysham, apart from the Isle of Man, Weymouth, Fleetwood, Stranraer, Folkestone, Newcastle North Shields and Harwich are single services only. Not a single vessel can you get on to take you to Scandinavia, as a person. Is the decline in people being able to get on vessels to go somewhere going to continue? Will there be even fewer ports where you can get on?

You mentioned road and rail connections. Yes, that is splendid, but the port people themselves take the port away. For example, Stranraer is connected by rail, but somebody pitched the port three or four miles out to sea at Cairnryan, so it is no longer rail connected. I have heard a suggestion that that could well happen at Fishguard, and the railway could be taken a mile or so away from the terminus. It seems to me that the ports are not as interested in connectivity as they might be.

Lord Mawson: My question relates precisely to that. If you talk to old East Enders, they tell you about the Sunday boat trips from the East End of London to Southend, and the importance of that, which has sort of got lost. If you were to go down the Thames in a small boat at the moment, there would be nowhere to moor it. When you trace what is happening with the blocking of traffic on what is the M1 of London, as I have done, you find that it is down to the Port of London Authority, which is absolutely resisting the connection with the new communities emerging down the Thames.

The interrelationship between people, new development and the river is fundamental. The block on those really important connections is the Port of London, which is a real challenge. A good friend of mine called Eric Reynolds took it on over Orchard Wharf, which was very expensive, and he won. There is a mindset problem about ports that I am worrying about.

The Chairman: I think we have got the point on that one.

Q152 **Baroness Whitaker:** My question follows from the Chair's point about sterile areas around ports. One of the things that impressed me in Hull was that the heavy port is outside the regenerated port, and it looked extremely active when I was there. The smaller docks have been turned into marinas as part of the regeneration, which works extremely well. The whole thing is very impressive, as is the cultural side.

However, in many of the small ports that we have been talking about, the port is all mixed up with the town. I am involved with Newhaven, and it would be hard to separate the heavy industry associated with the port, aggregates and those sorts of things, from making the rest of the town a nicer place. Is that something you have ideas on?



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Mr Richard Ballantyne: Master planning is a great exercise. Newhaven is a good example. There was a full-on master-planning engagement exercise over many years, with the community. I was quite involved in it. The town was asked to help to shape the future strategy of the port. There could be potential conflicts.

Baroness Whitaker: It has not worked.

Mr Richard Ballantyne: There is an enterprise zone now, which is creating more jobs. There is a new relief road planned to connect to Newhaven.

Baroness Whitaker: I shall not go into the pros and cons of that. Do you think that is the way to do it?

Mr Richard Ballantyne: Newhaven beat several ports in the area for servicing the offshore wind farm, and it has maintained its ferry service, which a lot of people in the industry were quite surprised about, so it is doing quite well.

To go back to the first question, the ports that Lord Shutt mentioned are all passenger ports. The dynamics of passenger transport over the last 30 years have changed substantially. Budget airlines have undercut a lot of the traditional routes—the old-fashioned go over to Calais and fill up their boot with a load of wine routes. The budget airlines are just as cheap, and people want to go a bit further, so there has been a change of dynamics. We have lost duty free on those routes. One of the benefits of the EU has been to break down those barriers, but one of the negatives in the maritime passenger transport area has been loss of revenue from ships, and the opportunity for people to go to buy stuff abroad.

More people have cars and when they travel they want to be in their own car, so passenger maritime transport on ferries has gone down to probably less than 1% in places such as Holyhead, Fishguard and Dover. It is minimal. I take the point that sometimes the rail connectivity element is a bit challenging, but that is on the passenger side.

On both the freight and the private car transport side, road is essential. Unlike our European competitors, we are an island nation and road transport is essential. About 75% of freight in the UK is moved on roads, and about 85% of freight leaving ports landside is on road. It would be great to increase rail freight numbers, but that is a big political decision. A lot of investment would be needed.

The Chairman: There has not been much in that direction in the last decade or so.

Q153 **Baroness Whitaker:** Seaside towns tend to have low-skilled labour pools and a lot of unemployment. Of course, ports can contribute much in that area. What role can they play in providing opportunities for the enhancement and lifting of higher-tech skills training and employment? Do you have examples of ports that have played a proactive role in enhancing



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skills, in particular?

Mr Dafydd Williams: The good thing about the ports sector is that we offer a diverse range of opportunities for jobs, because there are so many different things that you could do when working in the ports sector.

Baroness Whitaker: Apprenticeships?

Mr Dafydd Williams: In our company, we have two different forms of apprenticeship. We have a general apprenticeship scheme, which particularly works for engineers. We also have a unique marine apprenticeship scheme; we are the only organisation in the country that offers one. People work in the marine sector in pilotage and other such roles, which are very specialist skills. You can often take people from very working-class backgrounds and train them up to do that, getting them on to a starting salary of, I think, £43,000 a year; they can get up to something like £70,000 a year. Those are very highly skilled jobs, through an apprenticeship scheme.

We also work proactively in local communities. In Grimsby, one of the things we struggle with, which is probably common to many coastal towns, is that there is a big drift of people away from the area to find work. We are determined to do what we can to attract people from the local area, so we have started engagement to try to do different types of work experience with some of the secondary schools in the area. Rather than having a kid coming in to do the photocopying and make tea for a week, we want them to have a period of work with us over six months, spending half a day in our IT team, half a day at the quayside, half a day with the engineers, half a day with the marine team, and so on. We want them to get exposure to the types of jobs that are out there, rather than getting them just to come and experience work for a bit.

Baroness Whitaker: Do you work with local education institutions to influence their curricula? How do you find that works? Are they receptive?

Mr Dafydd Williams: I shall try to stay off the political point, but there have been some issues with the academies; they are not always as receptive as the non-academy schools.

Baroness Whitaker: Can you expand on that a bit?

Mr Dafydd Williams: The door is more open when they are not academies than when they are. That is our experience, but yes, our staff spend time in schools; it is something we spend a lot of time doing, and we value it greatly.

Mr Tim Morris: The ABP Humber experience is quite common across the bigger port operators, where they have the capacity to do it. All around the country, from Tilbury to Grangemouth, there are dedicated training centres and staff, who tend to overtrain, above and beyond their need. They do not train just the people they need; they train people for supply chain



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partners too. As Dafydd said, those are what my dad would have called proper apprenticeships, to levels 2 and 3, multiyear and on day release.

Across my membership, people feel a personal responsibility to go into schools and tell students that the job at the port they could have, tomorrow or in five years' time, is not the same as the one their grandad had. It is a dramatically different environment from 20 or 30 years ago. To go back to the point about autonomy and automation, it will be a dramatically different environment in 10 to 15 years' time, and we have to keep moving on the skills journey.

We will be competing for people who could earn money elsewhere. If you are a programmer or systems operator, Dafydd would like you working in Grimsby. If you are from Grimsby or the Tyne, there will be a lot of call for those kinds of jobs, and we have a duty to make our proposition interesting and attractive for those young people.

Mr Dafydd Williams: Because the vast majority of people we employ come from the local areas we serve, we deliberately identify employees who went to a particular school and send them to that school. When they talk to the kids, they can say, "I went to this school and came from this community, and this is the job I do now". They talk about their experience.

The Chairman: Let us move on, away from that topic.

Q154 **Lord Shutt of Greetland:** You gentlemen are about ports. To what extent, in that role, are you in love with tourism? Are tourists a menace? You have told me about all the wagons you need for ro-ro, but imagine the tourists wanting to cross the road to get to the beach when there are all those wagons. As port people, where do you live with tourism? Is it something you can live with, or would you sooner be ports and ports alone, and not a twin ports and tourism operation?

Mr Richard Ballantyne: Ports are a reflection of the towns, cities and areas they operate in, and they very much support vibrant coastal tourism around them. I do not think that there is a natural conflict, although there are occasional operational challenges, such as cruise ships coming in when they are not regular callers in the same way as the ferries that go back and forth. There are congestion challenges and issues, but ports are established and mature operations in the UK, so they have built in procedures and reception areas for a lot of tourists.

The long tail of my membership is the recreational harbour and marina type of port operation, which is the lifeblood for smaller ports, and a lot of them depend on that. Where we have seen decline in certain trades and commercial shipping activity, it has been replaced in many of those small towns with nice marinas and areas that are probably a bit friendlier for families, with places where they can go and eat or visit connected tourist-type marine complexes. It fully complements tourism.

Mr Tim Morris: I can give two specific examples where a port has been instrumental in driving tourism. One is Port Leith, in Edinburgh, where



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“Royal Yacht Britannia” is currently moored and is a very popular tourist destination. The regeneration of the broader port estate around it has made a real haven for tourism, for people to come to eat and drink.

In Belfast, there is the Titanic quarter and the development around it. Port Belfast has worked with the local council and other agencies—not on its own—to develop and absolutely transform a city centre location into something dramatically different from what it was. It is still a very successful port, but it has the Titanic quarter and an attractive office development; it even has a new film studio. There can be elements of tension; I shall not try to make it sound as if that never happens, but there are specific examples where not only do those things coexist but they have promoted and transformed the broader area.

Lord McNally: A couple of sessions ago, Baroness Whitaker and I clashed bitterly about whether Barrow was a seaside town, and earlier today I was at a meeting where I heard that a cruise ship might be calling regularly at Barrow as a stepping-off point to the Lake District. You mentioned cruise ships as a new factor. Recently, in Greenwich, there was a big fuss because the local community found cruise ships intrusive. I believe that Hull is considering a cruise port. Where is the balance of advantages and problems? Is there a market for cruise ships calling?

Mr Richard Ballantyne: There is quite a different dynamic about cruise ships in places around the UK. I am from Greenwich, so I know the case very well and I know the actual developers. It is not the Port of London; it is London City Cruise Port development company, which is an investment company. I know it very well and know its business case.

There are some conflicts when there are big urban populations. In northern or western Scotland, on the east coast and in other areas, cruise is celebrated as a great opportunity. I was at a conference the other week. If you look at the growth in global cruise numbers, you can see that the UK, Scotland in particular, is the second area of most potential for growth in cruise. As a country, we have an advantage in our long network of different types of ports in some very idyllic places, where ships can make extra calls.

The cruise ports are getting together and marketing themselves through different associations, and encouraging multiple calls, and new ports will look at potential opportunities. Where a cruise starts, there is potentially more money for the port operator from retained business and ongoing services. For the odd cruise calls here and there, it is hard work; you have to attract those ships, and they are not guaranteed to come back. It is not like cargo, where ships go back and forth. It does not make a huge amount of money for ports, but it is good for the community, particularly for trust ports where an element of community engagement is required, and is built into their governance structure. They have really gone after the cruise ship market, particularly in places such as western Scotland, and networks of potentially competing ports are coming together to market themselves to big cruise conventions. I know that Dafydd has particular plans.



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Mr Dafydd Williams: Location and frequency are the two key things. If a cruise calls randomly or very occasionally, supporting infrastructure around it is quite problematic. If it calls regularly, there is something quite attractive about that.

The case of Hull, which you mentioned, is being pursued by the council, although obviously it works in partnership with us. Location is the key. The council is keen to attract something located fairly central to the city centre, which is where the advantage to the community comes. People could disembark at Hull and go off on trips to the dales, York or wherever. The council wants the people who spend the 12 hours or whatever it is while the cruise ship is berthed to get off the ship and spend their money in the local community. If you can locate cruise facilities where people can do that, if they are not going off to other destinations, there is a real economic benefit for the community.

Q155 **Lord Mawson:** I was involved in the Greenwich thing in London, and in the whole question of how you get cruise ships to stop on the Thames rather than having to get the train down to Dover—all that nonsense. In my experience, a lot of the questions were not joined up and engaged with at community level early enough. Part of the reason, although the reasons are complicated, is that at the heart of it is the role of the Port of London. The way it behaves is not connected to some of this micro stuff. In some ways, this is the opposite of the earlier session, which you were not in on—maybe some of you were—in how you respond to these things.

I am worrying away at this, because I hear good examples in what you are saying of what sounds like the kind of thing that needs to be happening, which is encouraging, but I know from personal experience that some of our port authorities are not getting this detailed stuff, and the consequences are precisely what happened in Greenwich. Opposite Greenwich are six and a half miles of waterways going up to the Olympic Park, and a fantastic opportunity for jobs and skills, with very rich Americans at those ports and a whole range of things. It is really serious stuff, and I am worrying away at the things we need to encourage to enable port authorities that are not getting this to take more steps towards it.

Mr Richard Ballantyne: I am quite surprised to hear your criticism of the Port of London, because, as one of the top five trust ports in the UK, it has a very good record on community engagement and listening.

Lord Mawson: Listening and doing are different things.

Mr Richard Ballantyne: The Port of London is unique in a way, because it is not even a landlord. It manages the river; it does not do the landside operation. The terminals are privately owned. Yes, it makes money from increased marine business, from ships calling at terminals up and down the Thames, but a lot of the dynamics of the terminals on the land are outside its control. The Port of London absolutely wants to see certain wharfs safeguarded.

Lord Mawson: I understand that, but I shall have to push you a bit on it.



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I have been in meetings with those people where they have not followed up on any of the details of relationships, which really matter. That is why the very large river outside this building is to a very large degree empty of boats and ships at the moment, apart from aggregates, waste and some transport. It is an M1 that is half-empty in the middle of London, and it has to do with those things. It is lack of imagination.

Baroness Valentine: I support that. In my relationship with the Port of London Authority, it seemed to me that transporting aggregates came first and tourists came second, and what you did when you got to Richmond was not really on the agenda at all. That seemed to be the mindset, which I am slightly hearing from all your replies; it is about big wind turbines, not how you make the river a pleasant place to go for people. The PLA has changed a lot in the last decade, so it may be absolutely perfect now. Forgive me if I am out of date, but it sounds as if your replies are a bit in the same place.

The Chairman: I remind the Committee that we are running out of time, so we need to be sharp on this.

Mr Richard Ballantyne: I do not want to challenge Peers, but the Thames is as busy as it has ever been. I went to a Port of London annual stakeholder meeting over the summer, and it manages the different interests very well. There are people concerned about noise from RIBs. Thames Clippers is doing brilliantly, but other people have interests there. There are all the different shipments of waste and aggregates going up and down.

Baroness Valentine: It is not exactly facilitating piers to get on and off travelling boats.

Mr Richard Ballantyne: The PLA does not own the piers, that is the thing.

Baroness Valentine: No, I know, but the facilitation role is part of this whole conversation.

Mr Richard Ballantyne: I cannot speak for the PLA, but I am sure that it has a vested interest in increasing traffic.

The Chairman: We will have to pursue that question outside, because I am quite intrigued by it.

Q156 **Lord Grade of Yarmouth:** Is there anything you can think of that you would like us to recommend to encourage investment? Is there anything in the way that you would like to get rid of, which you think is a deterrent?

Mr Tim Morris: If I had the Harry Potter wand you offered the previous witnesses, I would have the formation of port zones for planning and development frameworks. You could combine a number of what might seem relatively small and technical planning items, such as the extension of permitted development rights, with a couple of other things that you might see as enterprise zones. The port is important, and the coastal



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community that sits around it is important, but, as somebody said, it all too often suffers from poor socioeconomic outcomes.

Lord Grade of Yarmouth: You are looking for holistic master planning.

Mr Tim Morris: Yes, and that should be an opportunity to pick up on some of the points about engagement with the local community. That should happen in a better way than maybe it does on one or two occasions, although I know that it happens well on some occasions. I would have port zones designated with appropriate treatment, still with high standards, because no one is talking about a bonfire of standards, but helping to facilitate investment and the creation of opportunity and prosperity. That is my magic wand moment.

Mr Richard Ballantyne: Can I add to that, although Tim has eloquently described it probably better than I can? A lot of the challenges for ports come from having a lot of gateway ports in the UK, where the freight comes in, crosses the quay and goes straight out. What we are trying to push for and encourage is that more ports have the opportunity for themselves, their tenants and businesses in their areas to add value and do things, and undertake processes in the trade and freight that is coming in. You are looking very confused—I have thrown you. You could zone off around port areas and create a kind of stimulus. Tim mentions planning, but it could be business regimes and training.

Lord Grade of Yarmouth: You mean warehouses and fulfilment centres.

Mr Richard Ballantyne: Yes. Incentivise and stimulate economic activity, encouraging businesses to set up and build at ports and coastal areas, as opposed to deciding, when they make their investment decisions about a factory, or whatever, that they will do it in Birmingham or somewhere else in the Midlands. We want to try to make it an attractive business environment.

Lord Grade of Yarmouth: That makes sense for them, because of the raw materials coming in.

Mr Richard Ballantyne: Potentially, yes.

Mr Dafydd Williams: And access to international markets.

Mr Richard Ballantyne: And labour.

Lord Grade of Yarmouth: Why do they not see that now? It seems so obvious.

Mr Tim Morris: I can give a practical illustration of the barrier. You have a warehouse. You take rolls of steel off a boat, put them in a warehouse, and then stick it on a train or truck and it goes out. At the moment, there are probably three people employed in that warehouse. You could put a bit of machinery in it, bend that bit of metal into something, and then it would go out as a finished component, which might employ nine people, in the



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same building. You have not changed anything apart from putting in a machine. At the moment, as a port you cannot do that.

Lord Grade of Yarmouth: Why?

Tim Morris: Because you cannot change the use of the shed from being storage and transit of goods to value addition.

Lord Grade of Yarmouth: Oh my God.

Baroness Whitaker: That is a recommendation.

Mr Tim Morris: It sounds unbelievably technical and small.

Lord Grade of Yarmouth: It is change of use.

Mr Tim Morris: It is specialised change of use, and suddenly you have employed three times as many people in the same shed.

Mr Dafydd Williams: The great opportunity we present is that most port operators are also big landowners; we have large amounts of land attached to the ports, so there are opportunities to grow.

Lord Grade of Yarmouth: But not if you cannot get change of use.

Mr Dafydd Williams: Exactly, but if you could go through all that and zone some of the additional land for that work, you would have the opportunity to attract and co-locate manufacturing, and there would be a big growth in skilled jobs.

The Chairman: Has any research been done on economic regeneration for some of the ports? I understand the problem. At Shoreham, it is all aggregates and wood, but they could do other stuff on that site. It is vastly underused.

Mr Richard Ballantyne: They are a bit hemmed in.

The Chairman: Yes, but there is still reasonable access.

Tim Morris: There have been several pieces of research recently about the ultimate extension of that—free ports. We are undertaking some research right now that will be available just after Christmas, which we will be happy to share with the Committee.

Lord Grade of Yarmouth: Are there any statistics about the amount of land that port operators hold that could be put to better use, if there was planning?

Mr Dafydd Williams: ABP alone has 360 hectares of developable land.

Q157 **Lord Smith of Hindhead:** With three weeks to go before Christmas, which as you can imagine is a very busy time for the Bishop of Lincoln, if you were writing your list and you could have one thing on it, what would you like to see change to support the regeneration of seaside towns and coastal



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communities? How could that be achieved?

Mr Richard Ballantyne: I echo Tim's point on the development zone concept, and, as he has already gone there, I will supplement it with a connectivity ask. Road and rail connectivity to ports is good for ports, good for trade and good for the people who live in those communities. A coastal deprivation study was done two years ago. Who was it by?

Mr Tim Morris: The Social Market Foundation.

Mr Richard Ballantyne: Thank you, Tim. It looked at deprivation in coastal areas, and one of its strong recommendations was that connectivity could benefit those communities by creating a more attractive business environment for people to come in, invest and do things. It would enable people to commute and travel to other areas, generally opening up coastal areas. The connectivity ask is a big one.

Baroness Whitaker: Road as well as rail.

Mr Dafydd Williams: Added to that, specifically on rail there should be greater priority for freight on rail than is currently the case. We move an awful lot of trade by road, which has an environmental impact, apart from anything else. If you could put more freight on to rail, which at the moment is not attractive, because rail freight simply is not given sufficient priority as it is not passengers, it would make a big difference.

Q158 **The Chairman:** Can I ask the Brexit question? We have not talked about Brexit directly, and I appreciate that it is probably a long question to come to now. What do you see as the major problems that Brexit, whether it is hard or soft or whatever, will create for you? It seems pretty fundamental, given how much stuff comes in through the ports.

Mr Richard Ballantyne: I have just been speaking at a conference this morning on customs, so I had four hours of it; we cannot escape it with ports. Essentially, depending on what type of port operator you are, the industry could be substantially affected or not really affected at all. If you are a bulk handling or container terminal, you can probably build the new cross-border requirements for customs and other checks into existing procedures and facilities. If you are a roll-on, roll-off operator, which is just under 25% of our market at the moment—people facilitating lorry drivers and their wagons, or unaccompanied trailers—the processes to require new customs controls could be substantially disruptive. Bigger ports such as Dover could be more congested and affected than others.

That is a more immediate operational challenge. The long-term challenge for the ports industry and Brexit will be what it means for the economy. The trade going across the quay reflects the economic performance of the country. When we are building houses and investing, aggregates and other materials are going through, and people buy stuff, so more containers with finished products come in.



The main concern on which most port operators would join together is about economic performance, but there will of course be opportunities as well. Tim mentioned free ports, so that is the customs element, which may or may not be relevant for all ports, but is definitely an opportunity for ports with a lot of land. Then there are other regulatory things that you can get rid of to make our ports more competitive. You could streamline the planning process by adapting and amending certain things we have from Brussels. We are at the beginning of a journey on Brexit.

Mr Tim Morris: I support pretty much everything that Richard said. To expand it slightly, ports are working closely with the Government at the moment on a range of different contingencies. It is possible that you will see a broader distribution of freight traffic between Europe and the UK than currently exists; there is quite a heavy concentration of particular types of traffic through Dover-Calais, but you might see that distributed more widely across the UK, which might help some of the ports we talked about, with other ferry operators.

The Chairman: Why would that be?

Mr Tim Morris: There may be constraints because of new customs controls between Dover and Calais, so you might look at that and think that the slightly longer sailing times would be compensated for by the fact that you might spend less time moving through those ports.

The Chairman: Does anybody else have any questions before I wind up?

Q159 **Lord Mawson:** I think some of you sat through the earlier session. It is interesting to compare and contrast the traditional regeneration way of thinking with the thinking about shock troops. How much connection do you have with the shock troops around some of your ports? What is the connection?

Going forward with Brexit, innovation and those connections are going to be really important to this country—how we use our warehouses, for goodness' sake. It is really important that we free this stuff up.

Mr Richard Ballantyne: I jotted down some notes from the previous session. The catalyst the witnesses mentioned was much more at the cultural and design stage. Probably the message that we are giving you is more about an economic catalyst—jobs, investment, and so on.

One of my smaller members is a lovely harbour in Devon called Ilfracombe. Damien Hirst has a restaurant there, although unfortunately he is closing it and has put up a major sculpture in the harbour, which has completely changed the dynamic of a rather sleepy harbour area attached to the town. It has been really beneficial. That is a way for ports to embrace culture and sit side by side with it.

Mr Tim Morris: I was fascinated to sit through the previous session, and I took a lot of notes. Basically, to get the widest possible effect probably requires both approaches, but there may be more space for overlap.



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Lord Mawson: I agree. My worry with my experience with the Port of London is that it seemed to be very worried about the shock troops, when it should be giving them coffee and getting to know them.

Baroness Valentine: Who is going to choose where your port development zones are? Who is going to lead them?

Mr Tim Morris: I am not sure that it is a question of people choosing them; it is a question of people coming forward.

Baroness Valentine: Ports coming forward, or local authorities?

Mr Tim Morris: To be honest, it will probably be both in combination. It would be very unusual for a port to come forward with a major development where the local authority was completely uninvolved.

Lord Grade of Yarmouth: Enterprise zones are led by local authorities.

Baroness Valentine: They are not quite shock troops.

Mr Richard Ballantyne: If you want a free port and free trade area, it would be the port operator. If you want an enterprise zone, it is the local authority.

Baroness Valentine: Neither of those sounds like a solution to Fleetwood, which is where we started.

The Chairman: No. Fleetwood is possibly beyond us, but I am not sure. Thank you for joining us this afternoon, gentlemen. It has been of particular value. I am sure that members of the Committee have, like me, learned a lot from your presentation this afternoon.



Catherine Wright and Dr Ned Garnett – oral evidence (QQ 160-166)

Tuesday 11 December 2018

3.15 pm

Watch the meeting

Members present: Lord Bassam of Brighton (The Chairman); The Lord Bishop of Lincoln; Lord Lucas; Lord McNally; Lord Mawson; Lord Shutt of Greetland; Lord Smith of Hindhead; Baroness Valentine; Baroness Whitaker; Baroness Wyld.

Evidence Session No. 19

Heard in Public

Questions 160 - 166

Witnesses

I: Catherine Wright, Director of Digital & Skills (Flood & Coastal Risk Management), Environment Agency; Dr Ned Garnett, Associate Director of Research, Natural Environment Research Council.

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Examination of witnesses

Catherine Wright and Dr Ned Garnett.

Q160 **The Chairman:** Good afternoon. Thank you very much for joining us. In particular, I thank you, Dr Garnett, for joining us. I know that you were only able to confirm quite late.

Dr Ned Garnett: I was only asked quite late on, but I am delighted to be here.

The Chairman: Welcome to this evidence session of the Select Committee on Regenerating Seaside Towns and Communities. You should have in front of you a list of interests that have been declared by members of the Committee. The meeting is being broadcast live via the parliamentary website. A transcript of the meeting will be taken and published on the Committee's website. You will have the opportunity to make corrections to the transcript where necessary.

I will start the session by trying to understand better the nature of coastal erosion and flooding. In your opinion, how significant a threat is coastal erosion and flooding to seaside towns and communities, and which parts of England are most affected?

Catherine Wright: As a very brief preface, one of the roles of the Environment Agency is to have an overview of flood and erosion risk around the coast. It is one of a number of responsibilities that we have. Based on our current assessment of the worst case, about 1.8 million homes around the coasts and estuaries of the UK are at some sort of risk of coastal flooding or erosion. That is about 2,750 kilometres of coastline. We have about 6,000 kilometres of coastline in England.

We have made an assessment of erosion. With the planned interventions to protect coastal communities, about 700 properties around the coast will be vulnerable to erosion over the next 20 years; looking ahead 50 years, it will be up to 2,000 properties. A lot of work goes on already to manage the coast, but if we did nothing the risks on the coast would be significantly greater: 5,000 properties might be at risk of erosion in 20 years and 28,000 in 50 years.

The other area we are concerned with is habitat on the coastline. Coastal habitats such as salt marshes and shingle banks not only provide valuable wildlife but serve a useful function in protecting people, properties and communities from flood risk. They also provide valuable support to local economies, so part of our assessment considers the risk to habitat.

Some areas of overall flood risk are particularly on the east coast and around big conurbations—London, the Humber and Bristol—but conurbations all around the English coastline are at risk. When we look at the eroding coastline, the particular focus is around York. Holderness is the fastest-eroding place in the country; on average, it is 2 metres per year. There are also areas in Norfolk and Suffolk, Sidmouth, Lyme Regis, parts



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of North Yorkshire and the Isle of Wight. Those are the areas typically affected.

The Committee should be aware that our assessment is that the risks on the coast will continue to grow because of climate change. About two weeks ago, the Met Office published its latest information on UK climate projections. It is the first update that has been done for about 10 years. It points to a sea level rise on the coast of up to 1 metre by the end of the century. In addition, increasing storminess and increased wave heights present further risk to coastal infrastructure. That is an overview of the sort of risk now and in the future.

The Chairman: Is there a plus side to any of that? There is erosion, but is there also growth, as it were? Is there movement that provides for more land space as well?

Catherine Wright: An important part of our work is understanding the coastal processes and how the land is changing both for the communities there and in the natural processes going on. The fact that we are at risk means that we invest in protecting those communities and reducing the risk to them, which I hope we will talk about later. That investment also gives us the ability to create opportunities for local economies and the environment, as well as protecting communities and reducing the risk to them.

Dr Ned Garnett: From a science standpoint, the UK climate change assessment in 2017 identified flooding and coastal change risk as the highest priority in both the short term and long term. I do not have a great deal to add to what Catherine said; the UK coastlines in Yorkshire, Norfolk and Suffolk are among the fastest eroding in Europe, so there is an extreme problem in the UK.

Lord Shutt of Greetland: Is the land rising anywhere? Is it all going away or are there places where the sea is wandering off a bit?

Dr Ned Garnett: The UK is tipping slightly. The east coast is going down by between 1 and 2 millimetres per year and the west coast is going up a bit, so it is tipping at a very minor geological level. My understanding is that, if there is coastal erosion, sand-banks and whatever may build up as a result, but it does not recreate solid land that will be available.

Lord McNally: You say that we suffer more than the rest of Europe. We all know about the Dutch. Is there anything we could learn from the Dutch about creating new land or protecting existing land?

Catherine Wright: We work very closely with the Dutch. We have a memorandum of understanding that enables us to share technical knowledge and information. We learn a tremendous amount from working with colleagues in the Netherlands. Their learning helps us in coastal defence, particularly on the east coast and in low-lying areas. The challenge we face around the coast is that we have a much more varied



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coastline than the Netherlands—so we apply what we can, but some of it is not directly applicable to the UK.

Lord Mawson: I am certainly not an expert, but the other week my son showed me a picture produced by a scientist who had won a Nobel prize, so he probably knows a bit about science. It showed a picture of the sea at a place in the UK as it was nearly 100 years ago and a picture of it today. It looked almost exactly the same. The scientist was making the point that these things are rather more complicated than we yet understand. Is that true?

I know that often for universities and government agencies it is about following the money. There are other things in play, but when we all dance to a tune, it becomes the tune. I am not saying that climate change is not real. I have no idea; I am not a scientist. What you picked up from the presentation by that Nobel laureate was that it is rather a complicated matter and it is down to all sorts of things we barely understand. When you tell us that in 100 years' time it will all be such and such, I am worried as to whether that is true, because this picture suggests that in the last 100 years very little changed in that particular place—but I do not know.

Dr Ned Garnett: Coastal erosion is very variable around the UK. There will be areas that have not changed at all, but that is not true of the east coast of the UK. It is a complex picture; I would not say that it is straightforward, but I would not underestimate the problems we have with coastal erosion on the east coast.

Lord Mawson: What I am digging at is that it is very difficult to get a handle on what is going on, because it is complicated, from universities and government agencies. I know from experience that organisations follow the lead of government and all those things, and sing particular tunes, but there are other things in play, and the question is whether these things help us get a handle on the real complications of what is going on out there.

Catherine Wright: You are absolutely right. The processes on the coast and in sea level rise are very complex scientific problems to understand, but the Met Office is probably world leading in the scientific understanding that goes into climate change predictions. The figures I quoted are an example, but the Met Office has produced information at a much greater level of detail than the headline figures I gave, and that takes account of things such as land movement up and down; there is a net rise in sea level.

For the reasons of complexity you described, a lot of the work we do is underpinned by scientific evidence and technical understanding. When we are making the argument to government for investment in reducing flood risk, we have to make a credible case based on the risk, and we have some very real examples of coastal flood risk. There was a surge in December 2013 that did more than £1 billion of damage around the coast, notwithstanding the investment that had been made since the last major surge in 1953. There are already real risks for coastal communities.



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Lord Smith of Hindhead: I did not quite understand, Dr Garnett, when you said that we tip slightly in the west so that the sea level is higher in the west but lower in the east.

Dr Ned Garnett: It is a very small geological change. The underlying issue is sea level rise due to increasing temperatures. We talk about future projections, but we have a good track record of observations going back into the past.

Lord Smith of Hindhead: Holderness, which is in the East Riding of Yorkshire, suffers the most. I am surprised it is not somewhere else in the west if there is a tilt up.

Dr Ned Garnett: It is very minor. The major issue is the fact that the sea level has risen by about 16 centimetres in the last 100 years.

Lord Smith of Hindhead: The tilt is not really relevant.

Dr Ned Garnett: The tilt is between 1 millimetre and 2 millimetres per year; it is very small.

Lord Smith of Hindhead: When Ms Wright went through the towns, they were all round the UK.

Dr Ned Garnett: I have to say that I am a zoologist, not a geologist.

The Chairman: Dr Garnett, you said that it is rising slightly in the west and going down slightly in the east. Is that right?

Dr Ned Garnett: That is correct.

The Chairman: I am not quite sure where that leaves the south, but I see coastal erosion there, particularly at Beachy Head.

Dr Ned Garnett: The key driver of the increase in coastal erosion is not geological; it is the warming of the seas and the expansion from the melting ice sheets.

The Chairman: I think you have got that message over to us very clearly. Thank you very much indeed.

Q161 **The Lord Bishop of Lincoln:** I am the Bishop of Lincoln, so that includes Lincolnshire and Boston where we had the surge in 2013. My question is about funding for coastal flooding and erosion protection. We have had evidence from both Lincolnshire and Cornwall about the methodology you use in cost-benefit analysis. Can you tell us whether there is sufficient funding available to help tackle the effects of coastal erosion? What assessment has been made of the way in which funding projects to reduce flood and coastal erosion risk are made available to local areas? It is a question about transparency as well.

Catherine Wright: The determination on flood risk investment is made through the spending reviews. The last settlement, in 2015, for the first



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time covered a six-year period, to 2020-21. That programme, which is for all types of flooding, is for £2.6 billion, and will better protect 300,000 properties around England. What is important about the decisions that sit behind that is that the government approach to funding is that we try to optimise investment to get best value for money, because we are competing for public money alongside other vital services for the UK. The priority in the programme was to focus first on the homes at greatest risk of flooding. The programme was put together on that basis, but it also takes account of deprivation.

Minister Coffey announced additional funding last summer to support flood risk in deprived areas. About half of the £40 million she announced will go on the coast. We also take account of local economic benefits, environment and wildlife. Of that £2.6 billion programme, £1.2 billion is spent on coastal flood risk and erosion, and about 170,000 homes will be better protected as a result of that investment by 2021.

Because we have that longer-term funding mechanism, what the programme has allowed us to do, which is important in the context of the work on the coast, is to work in partnership, particularly with the local coastal authorities, and seek contributions from others, including LEP funding, EU funding and water company funding in some places. All of that helps to contribute to the pot of investment that is available.

Another important part of the programme, which cannot be overstated, is our work on maintenance. It is all very well having a programme of shiny new assets, but they have to be maintained over their lifetime. In face of the growing risk of climate change, those assets will be under greater stress. I have with me only the figures for total spend on our maintenance programme. Over the five-year period, we will be looking at spending on maintenance of about £1 billion. Coastal authorities also receive funding from MHCLG as part of the settlement to cover their work on maintenance because they operate a number of assets around the coast.

You asked me how choices are made. We have a network of 10 statutory regional flood and coastal committees. They have an independent chair and bring together a number of organisations: ourselves, but particularly elected members of local authorities, and people from water companies, highways and internal drainage boards, all of whom have responsibility for flood risk. They have a statutory role in allocating funds. The money is set by government, but they have a statutory role in making decisions about local priorities, taking into account local needs in influencing the programme of work. They also allocate money. Local authorities have a key role to play in coastal erosion risk, but those committees allocate about £200 million-plus to local authorities to fund about 71 coastal protection schemes.

The Lord Bishop of Lincoln: Does the formula include the number of households?

Catherine Wright: Yes.



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The Lord Bishop of Lincoln: Is it in the right place in the formula? Is it too influential or not influential enough?

Catherine Wright: It was the first time that we had had a mechanism such as the partnership funding formula under the six-year programme. It has been very useful in giving priority and focus, but a lot of stakeholders have told us that they think the funding formula could change, and there is an opportunity to do that next year in the spending review. That will be a key time when the Government will look again at rules for the funding formula. There is a case for thinking about the local economy, particularly investment in social infrastructure, such as schools, hospitals and highways, to make sure that we maximise the sustainability of those investments for the future when it comes to climate change.

Baroness Valentine: I want to understand a bit more about the qualifying benefits that are in your partnership fund. You have just talked about schools and hospitals, but would your money be funding that, or is it money from the LEP, the local authority or whatever you are aligning with? The question has two bits. I would like to understand whether it is your money going in. The qualifying benefits need to outweigh the costs to government of putting money into a project, so what sort of thing is a qualifying benefit?

Catherine Wright: I will take that in two parts. I have described the growing risk over the long term, so it is important that we continue, and we are making the case to government that we need to continue, to invest in flood. The Government are now investing in huge amounts of infrastructure for the UK. There is an opportunity to consider whether there is enough resilience for future climate change. Flood risk is being built into that investment. Government funding is allocated through other routes. As we have already started to do through the six-year programme, we look for opportunities to bring together investment to maximise the value for a particular place. How can we align the different streams of funding?

As we look ahead, there is a case for asking whether there is value in some of the flood funding going towards the benefits that accrue from social infrastructure as well as property protection. That is one part of the question.

Baroness Valentine: To check that I understand that, if you protect a school as well as houses, does that give you a tick?

Catherine Wright: Yes. The other half of the question was about the benefits.

Baroness Valentine: Yes. What is a qualifying benefit?

Catherine Wright: At the moment, the benefits are the property damage costs that would be avoided by putting in flood defence. That is the most significant part of the formula, but we also recognise the benefits to the environment, which can be quantified, and benefits to the local economy



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where we can capture them—but at the moment the greatest proportion is associated with properties protected.

Dr Ned Garnett: From the research standpoint, we work very closely with the Environment Agency. One of the key messages I would like to get across is the importance of the scientific community providing evidence to the agency in order to make the most effective investments. We have worked together on that over a number of years.

Lord Mawson: It is about having a handle on the systems you have. When we watched what happened in Somerset a few years ago, the complaint was that there was a lot of research, policy and theoretical stuff, but no one seemed to talk to the farmers and the people managing land in a properly informed way. In all this infrastructure, do you have proper engagement with farmers and people who manage practically the waterways and land, and understand it at that level, rather than from documents, theories, processes and all that stuff we seem to value so much but that sometimes do not work when it counts?

Catherine Wright: That is an important part of our work. I work in our national team, so my job is facing government in some of the overview that I have been describing. We have operational teams around the country that deliver coastal improvements. We have formal committees, formal groups and formal engagement with stakeholders, but they also undertake a lot of informal work with communities and stakeholders. For example, the internal drainage boards, which involve a lot of farmers, are important groups for the Environment Agency. We work with them nationally and locally, because they often have their fingers on the pulse of what local farmers are thinking. We have done a lot of learning since our experience in Somerset in 2013-14. We have invested a lot in local relationships, thanks to the Somerset Rivers Authority, which was set up in response to those floods.

The Chairman: Do you have a relationship with the National Infrastructure Commission? If not, would it be advisable to consider that, particularly in light of the different funding streams that seem to be available?

Catherine Wright: We have a relationship with the National Infrastructure Commission. Its role is to advise government on future investment. A report that it published earlier in the year made a whole range of recommendations and included water resources, water supply and dealing with climate change around flood risk. We work closely with the commission because we provide technical expertise, but it does not have particular oversight of the work of the Environment Agency.

Q162 **Baroness Wylde:** I want to go back to Dr Garnett's last point about feeding research into the decision-making process. We have touched on that. From what we see in the evidence, it is quite hard to predict future patterns on a long-term scale. Would that be right? If it is right, how will we be able to make effective long-term planning decisions and ensure that, for example, the funding we have talked about is used effectively?



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Dr Ned Garnett: There are different elements of the drivers. The science on sea level rise is fairly well established and reliable. There are uncertainties. The largest uncertainties relate to what will happen to the ice sheets, but that is on much longer timescales than we are talking about.

We have been investing in the geomorphology and we are getting a much better understanding of the way sediment systems move. In the next question, I will talk about some of the science around that. It is a matter of understanding the fundamental processes and then representing them in models so that you can predict how things will change, but there is now, and always will be, a chaotic element to the weather. Although we can predict over long periods what is likely to happen, over shorter periods there will always be an element of uncertainty.

Baroness Wyld: A huge number of people are involved in the decisions on funding and the distribution of funds.

Dr Ned Garnett: Yes.

Baroness Wyld: Are you confident that the whole process is joined up properly?

Dr Ned Garnett: There are flood forecasting groups that do that as well, and we work closely with the Met Office and others.

Catherine Wright: We have a complex network of decision-making, but it reflects the fact that to manage flood and erosion risk effectively you need a range of skills. You need to understand local communities and the local environment and take people's views into account. We have different organisations and authorities with different roles and remits. It is a complex picture, but we work really hard.

Bodies such as the regional flood and coastal committees play an absolutely key role in bringing together all the organisations. I have already name-checked a number of organisations involved in flood risk. The Environment Agency has what is known in the legislation as the strategic overview. We can take an overview around the country of overall risk, so we have that role in bringing together people on flood and coastal risk issues.

- Q163 **Lord Shutt of Greetland:** I want to look at value for money. Spending on coastal defences delivers good value for money. To what extent should these projects seek to deliver wider economic benefits that can support the visitor economy, such as improved public realm and access? Is it in the script of the Environment Agency to be looking out all the time for a bit of add-on for those communities rather than looking at just flood and erosion risks and so on? For example, if 10% or 15% was added to a budget, whether it is public or private money, would that make a bigger difference? In your experience, have you seen projects where, had there been 10% or 15% extra, a much better job could have been done on local regeneration? Have you been missing some tricks because that has not happened?



Catherine Wright: I think there are two parts to that question. The first bit is that, when thinking about the money for flood risk against all the other priorities, the first thing we have to do is demonstrate to government that we are managing public money well, and that there is a very clear and fair approach to allocating the funding and defining where the money should be invested around the coast.

The current criteria are focused on better protecting properties, but they give consideration to other economic benefits and environmental gains. The key thing is the current partnership funding approach, because the fact that we have a six-year programme allows us to look at how we can work with others to bring in funding, for example through LEPs, the EU and water companies that contribute funding, and get that money invested to add the extra value you described. We work very hard with our local partners—local authorities and other groups—to do that.

Baroness Whitaker chairs the Newhaven partnership, which is a very good example. We have an £18 million scheme, which Lewes District Council is leading. It will protect over 400 homes, and nearly 400 businesses in the area. It will also provide protection for road and rail—the train station—and a bit of regeneration. That is thanks to the fact that we have been able to bring in LEP funding to contribute to it; £18 million has come from flood funding, but I believe the LEPs will be contributing about £1.5 million to bring some of the wider benefits that come from investment in a particular location.

Lord Shutt of Greetland: Can you say hand on heart that you have pulled off something extra for those communities in all the schemes you have been involved with?

Catherine Wright: We do our very best to do that. We have provided the Committee with some written evidence that has further examples of where we have been able to bring in some specific funding. I believe the Committee has visited Clacton.

The Chairman: We did.

Catherine Wright: On that stretch of coastline, £100 million went into coastal protection. Of that, £30 million was from the two local authorities, and Anglian Water contributed to the funding. I hope the Committee saw some of the benefits accruing to Clacton.

The Chairman: We did indeed.

Lord Mawson: I am always interested in the use of the word “fairness”. Fairness to whom? What is this about? Is it fairness to the local community? It might be unfair to some people to get behind the best ideas about what you do. I am trying to dig a bit. How do you judge where you put your money, and what does fairness mean? Are you going for the best ideas or are you trying to keep everybody happy? My view of life is that you put the money behind the best ideas because ultimately that is where people will



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drown, or whatever. Maybe not. I am just interested in what you mean by fairness.

Catherine Wright: By fairness, I mean that we have objective rules. There is a finite limit to public funding; we are limited by that. The important thing is that we have an objective process for seeking that money and investing it. The six-year programme was the first assessment made about how to maximise the number of homes protected and reduce the risk as much as possible with that money. It is an objective process: how can we do that with our understanding of risk around the country?

You raise a good point about innovation, the best ideas and that sort of thing. No single flood scheme is the same; each protects a different community. We have already talked about the differences on the coastline. Every flood risk and coastal erosion scheme challenges us in some way. Innovation in engineering is an important part of delivering the best schemes. Partnership funding has enabled us to be more innovative than before in providing opportunities to bring together different sources of funding to try to maximise the benefits that accrue from flood investment in a particular location.

Lord Shutt of Greetland: Have you had any failures, where there was something you could have pulled off had there been a bit of extra money, but you did not?

Catherine Wright: The limitation of the funding formula is that for a scheme to go ahead it has to set out how much you can expect to get from flood funding. Based on that, you need to raise a certain amount of money to match or contribute to that funding. In some areas, the difficult bit is securing other sources of funding at a sufficient level to enable the scheme to go ahead. For all the ones that go ahead, there are other places where we would like to do work but we have yet to secure all the contributions we need to take forward the improvements.

Lord Smith of Hindhead: The difficulty I have is when you say that you are spending X amount of money to save X number of homes. The whole business should go wider than homes. A little earlier, you said you had spent £1.2 billion protecting 170,000 homes, which is just over £700,000 per home. That is quite a lot of money.

Catherine Wright: It is.

Lord Smith of Hindhead: I am sure that a lot of people in those homes would be quite happy to take the £700,000 and move. When you are describing the formula that you keep going back to, are you just concentrating on homes? I think it is a bit narrow and you should be speaking about businesses, infrastructure and the environment—everything. Homes is an awkward way for you to describe how you are funded.

The Chairman: Is there a hierarchy? Lord Smith is right to point out that



you mentioned businesses. In one of the areas we visited, Lincolnshire, we were told that about a third of the agricultural land space would be lost if there was a massive inflow of water with a failure of the coastal protection schemes there. It was a critical scheme for businesses. It seemed to me that it was very important for homes, because homes will be there only if there is economic activity as well.

Catherine Wright: I would like to separate the decisions that are taken. The criteria by which we prioritise for the current funding programme are set by government. That is the formula people have been referring to. There is a hierarchy. It puts homes and the risk to properties at the top of the pile. That said, it also includes benefits to the environment that accrue from making that investment, and other economic benefits. We assess the value of the whole programme. When we talk about the value of what we do, we describe those other benefits.

The biggest benefits from the £2.6 billion programme, under the current arrangements, come from damage avoided to properties. The £2.6 billion programme delivers benefits of about £22 billion in damages avoided; a £5 billion benefit to transport infrastructure commerce; a £1.5 billion benefit to agriculture because of the knock-on reduction in damage that those flood defence improvements can have on agricultural land; and a benefit of about £600 million in environmental outcomes. That is based on the rules we have. The NAO made an assessment of the value for money of flood investment back in 2014. That was the last time it made an assessment of the flood risk programme. Its assessment was that for every £1 we invest in flood risk, we get back a benefit of about £9.50 in avoided damages.

Lord Smith of Hindhead: That should have gone into your opening section because it means a lot more than what you said earlier.

Lord McNally: As you say, you have a job that is flood defence. We have seen examples of sea walls that cut off the community from its major asset, which is the seaside, but that will tick a box as far as you are concerned. Referring to your written evidence, I have direct experience of what has been done along the Fylde coast between the Ribble and the Wyre. It is imaginative in every way; it shows a lot of thought about how to make the defences work and add to the tourist offer, the regeneration offer, et cetera. We have seen both examples on our trips. What gives you the best advantage in being able to make sure that the money going into defence as the No. 1 priority can also be used for more imaginative projects?

Catherine Wright: The Anchorsholme scheme is a great example of the sorts of things we have been able to do with the available formula. The scheme was led and run by local authority partnerships all along the Blackpool coast. We provided funding, expertise and know-how, but we worked with partners to design a more imaginative scheme.

We have a legacy of flood defences around the country, some of which were built at a time when things were not so imaginative. Not all of them



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are Environment Agency owned. Around the coast, there is a complicated network involving the Environment Agency, local authorities and others.

The Chairman: We will come on to those arrangements. That is very helpful.

Q164 **Baroness Whitaker:** My question follows very neatly from that. Newhaven is grateful for the flood defences. They certainly protect residences and they are very attractive, so they enhance the place. To what extent do they and other examples enable industry? The sea is very good for the extraction of aggregates and for docks and harbours, apart from agriculture. Can you give us a couple of examples of wider economic impact and environmental impact in the widest sense of enhancing the place?

Catherine Wright: I will give a couple of examples. Medmerry in West Sussex is the largest managed realignment scheme of its kind in the country. It cost about £28 million and was opened in November 2013. There were some very old defences on the coast that were crumbling, but we needed to protect some properties and coastal communities. The approach, which was quite innovative, was to open up that stretch of the coast and allow the flood risk to occur in an area away from the properties by realigning the coast.

Baroness Whitaker: That is an interesting idea.

Catherine Wright: You take out the old defence and allow that land to flood. That creates intertidal habitat, which serves a flood function but also provides habitat benefits. Medmerry created about 180 hectares of habitat that is attractive to wildlife. The RSPB now runs the site. There are cycleways and walkways, and the site brings in 22,000 visitors a year. It is interesting that local businesses have started rebranding to “Medmerry” because they know the pull of the site.

A really big example of some of the considerations we have is the Humber estuary.

Baroness Whitaker: That is terrific.

Catherine Wright: Yes. It is a huge project. There has been a lot of investment in the Humber estuary in recognition of its importance to the UK economy, because of the trade that goes through the port. There is a huge amount of farmland around the area, plus the 500,000 or 600,000 people who live in the vicinity and depend on the port. The challenge there is how to manage a programme of work that reflects the changing and growing coastal flood risk in the estuary and protects the economy, jobs and growth in the area. We are making investments, and developing a long-term strategy with 12 local authorities and other partners for the long-term programme of investment we need to make over the next 100 years to sustain Humber, which is such a key part of the UK economy.

Baroness Whitaker: How long do you think you will be engaged in the



Humber estuary project?

Catherine Wright: While there is an Environment Agency we will be engaged with partners there because it is a long-term approach.

Baroness Whitaker: That is very interesting.

Dr Ned Garnett: From a scientific standpoint, in addition to work we are doing on conventional geomorphology and the movement of sediments, we are funding some of the areas Lord Shutt raised. What are the co-benefits in those areas? What is the natural value? What is the value to the local economy? There is an example in the south-west called SWEEP. They all have acronyms. The South West Partnership for Environmental and Economic Prosperity is getting considerable co-investment from local business. That is a good example. I do not know whether you plan any further visits to the south-west.

The Chairman: No.

Dr Ned Garnett: It is looking at the value of the environment and natural flood management, but also at opportunities and jobs. I think Catherine's example of the RSPB reserve is a very good one.

Q165 **Lord Smith of Hindhead:** Here we are as an island with the sea coming in all along the coastline, but the sea does not distinguish between county lines, so it hits Hampshire and Dorset as well. What joined-up thinking and talking is going on between local government administrations along the coast to make sure that whatever they put in place will work with whatever is happening next door? I imagine a kind of Maginot line-type situation where Kent and Essex do something and East Sussex does nothing at all and the water just comes around. Do they speak to one another?

Catherine Wright: We do, a lot. As you rightly recognise, this has come up a number of times; local authorities and coastal authorities have a key role in managing the coast. We work with all the coastal authorities. The excellent Andy Smith and Bill Parker gave evidence to you. They are just a couple of the people we work with closely in that community.

There is a network of coastal groups that represent all the coastal local authorities. We work with them to look at processes on the coast. The network is underpinned by key technical support, the first of which is the shoreline management plan. There are 20 shoreline management plans around the coast. They are divided up not by political boundaries but the processes that happen on the coast. They reflect what happens in managing the sea, but importantly they bring together not only technical understanding of the risk but local authorities and, with them, understanding of the communities, the economy and the different responsibilities. That helps us to map out the actions we need on the coast sustainably to manage it—be it defences, managed realignment or even just leaving well alone because nature will take care of things itself. Those coastal groups and shoreline management plans are absolutely key to managing things on the coast.



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Lord Smith of Hindhead: In your view, are they working?

Catherine Wright: They are working, but there could be improvements.

Lord Smith of Hindhead: In what way?

Catherine Wright: The adaptation sub-committee recently published a very good report on managing adaptation on the coast. I do not know whether the Committee has seen it. It looked at SMPs. One of the recommendations it made was that about a third of local authorities could still take up the advice in shoreline management plans and better reflect them in their planning decisions. That link between shoreline management plans and planning decisions by local authorities is a key improvement.

Dr Ned Garnett: Data management and the monitoring of particular issues is done on a nationwide basis, so there are no political boundaries, and that certainly helps.

Catherine Wright: It does.

Q166 **Lord McNally:** Thirty years ago, I was an adviser to the Water Authorities Association. I still shudder at the examples I saw then of how we pumped raw sewage into the sea and our rivers. I was very pleased and proud to note that this year Blackpool got a blue flag for its beaches. How much has been done and how much still needs to be done to get bathing water quality up around our shores?

Catherine Wright: Bathing waters have been a good news story since the early 1990s. The big factor has been the water companies, which have invested £2.5 billion in a coastal clean-up programme. If we were to make an assessment of bathing water quality back then compared with what it is today, just over a quarter of bathing waters would have passed the standards we have now. We are now just under 98%. That is a huge transformation.

That said, we still have to continue working. Water companies are not the only source of pollution. We continue to work on urban run-off, with farming and business. Misconnections can cause problems. We continue to monitor bathing waters, and water companies are still investing. Under their five-year programme, they are spending about £350 million currently on further bathing water improvements. It is a really good news story. In the early days of my career, I worked on bathing waters. We were not sure we would ever see the day when Blackpool got a blue flag. We were all delighted when it did.

The Chairman: Thank you very much indeed. That has been very instructive and helpful.



Adam Bryan and Jonathan Sharrock – oral evidence (QQ 167-174)

Tuesday 11 December 2018

4.10 pm

Watch the meeting

Members present: Lord Bassam of Brighton (The Chairman); The Lord Bishop of Lincoln; Lord Lucas; Lord McNally; Lord Mawson; Lord Shutt of Greetland, Lord Smith of Hindhead; Baroness Valentine; Baroness Whitaker; Baroness Wyld.

Evidence Session No. 20

Heard in Public

Questions 167 - 174

Witnesses

I: Adam Bryan, Managing Director, South East Local Enterprise Partnership; Jonathan Sharrock, Chief Executive, Coast to Capital Local Enterprise Partnership.



Examination of witnesses

Adam Bryan and Jonathan Sharrock.

Q167 **The Chairman:** Good afternoon, and thank you both very much for joining us for the 20th evidence session of our Committee. The areas that you cover are a significant chunk of the south and south-east, so I am particularly pleased to meet you.

You should have in front of you a list of interests that have been declared by members of the Committee. The meeting is being broadcast live via the parliamentary website, and a transcript will be taken and published on the website. Of course, you will have the opportunity to make corrections to the transcript where necessary.

My first question is simple and direct. How do you feel that LEPs can help seaside towns to diversify their economies and support regeneration? Are there lessons to be learned from LEPs' work with universities and local authorities in promoting place-based approaches to regeneration in our seaside towns and communities? Diversifying the local economy seems to be a strong indicator of success, certainly from my observation, but I think that colleagues have found the same thing, and I am sure that you can tell us quite a lot about that.

Jonathan Sharrock: Good afternoon, I am from Coast to Capital LEP. It is very nice to meet you all. To take your question head on, I will start by explaining the role of LEPs.

LEPs are a grouping of local authority leaders, local education leaders and local business leaders, working to a geography that may look politically complex but is designed to make a lot of economic sense, so it covers a functional economic area. To answer your question directly, yes, it is from that local approach that we get a very good understanding of the challenges that face the seaside communities in our patch.

In Coast to Capital, we have a long and quite diverse coastal strip, with Brighton and Hove, a certain type of city, in the middle, and then other coastal communities that may have more of the challenges that you see across the country; places such as Newhaven, Bognor Regis or Worthing have more typical coastal challenges. The approach that we have taken is designed to address a functioning coastal community, where, in reality, many people who live there work in Brighton or, even further, in Gatwick or London. The challenges for the community are specific to that.

The second part of the question relating to what we have learned from working with universities and local authorities is spot on. The university side is very important; universities drive cities all across England and Wales, Scotland and Northern Ireland, and a university in a coastal community is a very precious asset. Away from Brighton, one thing that we have done in the Coast to Capital area is to fund the growth of Chichester University. We have funded the creation of a new STEM centre, a science and engineering faculty, in Bognor Regis, creating a different type



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of development in a typical seaside town, and bringing jobs, students, money and a different economic model to Bognor, which it probably would not have otherwise. That is a really promising way to drive the growth of Bognor Regis in future, and a very good model for the country as a whole.

The Chairman: We have looked at some of the issues in Hastings. I appreciate that it is not within your boundaries; perhaps it is within Mr Bryan's. There, the introduction of part of a university did not seem to have quite the same beneficial impact as it has had in and around Chichester and the Bognor coastal strip. Is there a reason for that?

Jonathan Sharrock: I am not familiar with Hastings, but the reason we funded the development in Bognor is specifically that it is for STEM skills. That is not just because STEM is very important for the country as a whole but because, in that part of West Sussex, there is a significant cluster of advanced manufacturing jobs. Rolls-Royce cars are made there, for example, and there is a lot of high-value work in all sorts of different sectors. Because it is a remote labour market, they find it very hard to recruit people nationally. By investing in the local area and recruiting from the local area, we are trying to grow the local workforce. The facility has just opened, but we are very optimistic that over the next few years it will make a big difference.

Adam Bryan: I am managing director of the South East LEP, which comprises six authorities across Essex, Southend, Thurrock, Kent, Medway and East Sussex, so we enjoy a significant coastline. From our perspective, the way to deal with the question about Hastings is to ensure that we have all the local HE and FE fraternity involved in the conversation about how to move forward positively. I am aware of decisions made in relation to the university centre in Hastings. We need to make sure that we draw on everything available to enable a fully inclusive discussion. In the deployment of the UK shared prosperity fund in our area, for example, we need to make sure that colleges, universities and businesses locally are all involved in helping to inform the best possible decision as to where to direct investment.

As a LEP, we decided to undertake a study on coastal regeneration specifically and agreed it at our board meeting on Friday. Part of the reason for doing that is to understand some of the specific barriers to growth and the opportunities in particular local areas. Obviously, we have areas with acute challenges, but also huge opportunities, and I would put Hastings firmly in the latter bracket.

Baroness Whitaker: It is good to see you. We have a very positive relationship in Newhaven. I was interested in the Bognor example of building on a cluster. Do either of you have it within your remit to enable or create clusters. The poorest seaside towns with challenges have the potential to be in a cluster, because accommodation is usually cheap, and they are near places where there is a lot of work, but they need a bit of a push. Is there anything you can do about that?



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Jonathan Sharrock: We certainly have it within our remit to enhance clusters. That is how I would put it. The role of LEPs is to invest public money in the infrastructure needed to help the regional economy grow. To give some examples, the investments we have made in Brighton are all about helping the digital and creative cluster grow there—the 5G hub.

Baroness Whitaker: But it is there already.

Jonathan Sharrock: It is there already, but the money we have put in, specifically to the 5G centre in Brighton, has allowed Brighton to get a head start, which it would not otherwise have had. The LEP money has helped it to create a new facility in New England House, around which the industry is growing. That comes to the role that government gives us to take responsibility for investing infrastructure funds in the regional economy. As you say, in reality, transport infrastructure helps with the regeneration of towns, as do things that address market failure in local economies, so that businesses can invest on the back of them. That is what we aspire to do.

The Chairman: Do you see your role as providing a platform with your investment so that business can grow from it?

Jonathan Sharrock: Yes, that is absolutely right. There are many examples. In Newhaven, we are responsible for an enterprise zone, which looks at eight separate land sites in the town, a very significant part of the town in totality, and we are working with local authorities to make sure that the land can be cleared and new investment can go in. It is not for us to say which industries go there. Obviously, that will be a market decision.

The Chairman: Does anybody have a follow-up on those points?

Baroness Whitaker: Perhaps we should hear from Mr Bryan.

The Chairman: Sorry, you are right. I missed providing Mr Bryan with the opportunity to comment.

Adam Bryan: We have invested in a project called England's Creative Coast, which covers our whole coastline and supports the creative sector specifically, recognising the link between the creative sector and tourism. Good research will tell you that cultural visitors to an area spend more time there than do leisure visitors. We are trying to use the project to push that, with an international feel, to bring more people into the area. It is very much led by local partners, our creative-cultural group and businesses in the field. It is a further example of what we are trying to do to encourage the growth of particular sectors for the benefit of the continued economic growth of our coastal communities.

The Chairman: That is very helpful.

Q168 **The Lord Bishop of Lincoln:** I would like you to take a national view and help us with a national perspective, rather than one limited to your own particular areas. There seems to be a perception that LEPs fail to take sufficient consideration of the needs of coastal communities. We had some



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evidence from Bridport: "The experience of the Bridport area is that it has been almost impossible to engage properly with the Dorset Local Enterprise Partnership. The LEP focuses on strategic projects in larger urban areas or larger development sites and does not appear willing to invest in the needs of smaller coastal communities". Is that something you recognise? Is it right? Should there be more focus on seaside towns?

Lord McNally: We also got some of that evidence from Thanet as well, just in case you think that it is all up north.

The Lord Bishop of Lincoln: It is out there, and we have heard it from several sources. Can you help us, please?

Jonathan Sharrock: I can try. It goes to the autonomy of local enterprise partnerships. Government created us to take a locally led approach to the challenges in the regional economy; there are 38 LEPs and 38 boards, and they have all taken a different perspective on what that means. Certainly, my board has always relished the freedom we have been given to invest the money as we see fit, and we have spread our money quite widely. We have more than 80 projects across the region, many of which are in seaside towns, but I know that some LEPs have focused money a lot more on bigger projects. It is entirely a local decision.

The Lord Bishop of Lincoln: Would you say that across the piece there is some truth in the assertion about neglecting coastal communities?

Jonathan Sharrock: An area with a coastline would always be very conscious of the challenges that that coastline would bring. It is the same with rural areas. We also have a large rural economy, and we are immediately drawn to the challenges that it faces. I do not know whether projects would come forward; part of the challenge in coastal areas is that the capacity in smaller towns, whether in the local authority or civic society, can be quite low for developing such projects. It is easier to fund projects if they are well developed, very visible and easy to engage with. That may be part of the problem. In my experience, there is no lack of commitment to addressing the needs of coastal communities in our LEP.

The Chairman: Is your LEP fairly unique in that it goes a long way inland, up to Croydon, around Gatwick and so on? It seems quite an unusual shape in economic terms.

Jonathan Sharrock: It is a functional economic area.

The Chairman: I understand that.

Jonathan Sharrock: It is one of the bigger LEPs, but the reason why it is a functional area is the Southern rail franchise. What all those towns have in common is that they are all served by Southern rail, so the economy goes into and out of Gatwick and into and out of London. That is a very natural geography in Sussex and Surrey.

Baroness Whitaker: What proportion of your investment goes into



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Gatwick?

Jonathan Sharrock: Into Gatwick airport?

Baroness Whitaker: The Gatwick area in general.

Jonathan Sharrock: I do not have that data offhand, but I am more than happy to share it with you offline.

Baroness Whitaker: That would be very helpful. Thank you very much.

Lord Lucas: I am a resident of Eastbourne. Lewes-Eastbourne is part of both your LEPs. I hope that is something you are happy with, because I think we are. I am just an observer and not part of the structure of the thing. We regard ourselves as part of the south-east, but you pay us very little attention and do not do much for us, Mr Bryan; nor do you pay us a lot of attention, Mr Sharrock, but our economic interests are very much part of your corridor. Are you happy with that split responsibility? It seems to balance our interests well, but is it a structure that you are happy with? The seaside should be able to plug into the great economic engine in the middle but, at the same time, be part of something that has a broader, overarching interest in the seaside.

Adam Bryan: I shall answer your question and then go back and add a supplementary to the previous conversation about the split of investment. The Government have been looking at overlaps of LEPs as one of the areas in the LEP review. Notwithstanding any decisions from government in that respect, the relationship between the two LEPs is very positive. There is commitment to working together on areas such as the enterprise zone in Newhaven and across Lewes. A mutual approach is beneficial for the local area and for us. Having a holistic approach to what we do, we always work in those terms.

Lord Lucas: Where you have a relatively small, isolated and distant bit of the economy, such as Eastbourne, would you look at delegating authority, under your supervision, to something within the community that really understands what is going on in the community? Is that part of the way you see handling isolated communities?

Adam Bryan: The way we work is very much like that anyway. South East LEP was made on a federal model. In your case, we have something called Team East Sussex, which represents the interests of the county.

Lord Lucas: That runs a long way, and Hastings is the centre of it. We do not feel that we get attention.

Adam Bryan: The spread of investments across East Sussex is fair. The LEP has invested a lot of money in Devonshire Park, for example. We take direction from the local board first and foremost, and work from there. If there is an issue for us to deal with in having the right balance across the locality, we can absolutely look at it, but I think investment across the county is fair.



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Lord Lucas: You are actually quite fond of keeping things central; you want the decisions to be taken in the middle.

Adam Bryan: On the contrary. We are very keen to ensure that we operate well as a LEP, but we are nothing without the local approach. Without our federal model, the soundness of our decision-making would be taken away. We fully embrace that; it is the way we are, and what makes us what we are, and it means that we make the right decisions. We are a lot closer to things such as Devonshire Park in Eastbourne than we might otherwise be.

To return to the previous question about LEPs investing in coastal areas, we certainly see it as a priority. In our coastal districts, we have roughly 1 million people and a population of 4.1 million overall. Our local growth fund of some £580 million is invested to the tune of £185 million in coastal areas, so it is a good third of our funding; per capita, there is more in coastal areas than elsewhere, so the numbers stack up. For us, it is about making sure that we invest in transformative things—big projects.

Lord Smith of Hindhead: Is that £500 million each year?

Adam Bryan: That is for the lifetime of the local growth fund programme.

Lord Smith of Hindhead: Which is how long?

Adam Bryan: It runs from 2016 to 2021.

Lord Smith of Hindhead: It is a five-year plan.

Adam Bryan: Yes, it is a five-year programme. Currently, all LEPs are having a conversation with the Government about developing local industrial strategies that have a link to the UK shared prosperity fund.

Lord Smith of Hindhead: You have £100 million a year to spread around.

Adam Bryan: Effectively, yes.

Lord Lucas: One of your responsibilities is to work with the Careers & Enterprise Company on enterprise ambassadors and that sort of thing. To take Eastbourne as an example again, it is very hard to get kids in seaside communities to realise that there is anything beyond looking after old people, either in hotels or nursing homes, because that is all that is visible in their community. How are you setting out to tackle the fact that the industry you want to interest them in is an hour away on the train?

Jonathan Sharrock: We have always been fully invested in the Careers & Enterprise Company programme, which is about getting local businesspeople into local schools. We now have 100 local businesspeople assigned to a school, with a full-time team in my organisation supporting them. We have learned that it is about the quality of the individuals from the local community and the relationship they can build with kids in schools. The evidence shows that, if the teaching staff and the children



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themselves are meeting and engaging with local businesspeople, they understand much more clearly the purpose of study and the value of getting education, as well as how to align their skills to what the local workforce needs. Many businesspeople, particularly in coastal communities, are not from bigger companies but people who have built their own company.

Lord Lucas: Is it not a bit worrying that you are saying to kids who are as capable of anything as anyone in the country that they have to focus on local jobs, which are very restricted?

Jonathan Sharrock: It works at all points of the attainment scale. The evidence shows that it helps children who might be at risk of being a NEET, and might not necessarily see the point of staying in school to 16, to get their GCSEs and move productively into employment. Kids at the higher end of the attainment scale might be thinking of university, and it helps them to choose the right sort of degree to qualify them for the workplace. In many cases, particularly in parts of the country such as ours, it is about giving young people who go away to university a reason to come back. If they come from a part of Sussex and go to university in Manchester, we need to make sure that they come back to add to the local economy. The whole point of the enterprise adviser network, which is what we call it, is to give them a much clearer understanding of pathways through work.

Q169 **Lord Lucas:** We understand that it is likely that LEPs will be responsible for administering the UK shared prosperity fund. What should the key priorities be for the fund, and how can we ensure that it will be of benefit to coastal towns and communities?

Jonathan Sharrock: We are just beginning our dialogue with the Government on local industrial strategies, as Adam said, and we expect that when those strategies are agreed it will unlock the shared prosperity fund. There is a lot I do not know about the fund, because it is tied to Brexit and the future government spending review on regional investment and one thing and another.

In our local industrial strategies, we know that it is our job to describe clearly how our regional economies can grow and, specifically, how we can increase productivity at regional level. In our region, we published our strategy in the summer; it is called Gatwick 360 and describes how we think our regional economy will grow around a thriving airport, not just from an aviation point of view but because so much of our economy is linked to Gatwick and the towns around Gatwick. We will make sure that specific challenges for coastal, rural or urban communities, all of which we have in our area, are addressed as part of that.

Adam Bryan: Similarly, we have a strategic economic plan in place that will inform the local industrial strategy. Jonathan is right to put the emphasis on productivity; it is a big shift for LEPs to move away from being measured on jobs and homes as outputs towards being measured on increasing productivity.



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A point made by various of our coastal communities is that there is an expectation of better alignment of the funding streams that might be accessible to coastal communities. Perhaps the UK shared prosperity fund will give us an opportunity to do that. For example, a coastal project seeking funding from the Arts Council might have an opportunity for Coastal Communities Fund money. There might be something else out there that could connect to the current LEP local growth fund. Something that enables a more holistic approach to accessing funding would be really welcome, particularly in our coastal communities. The UK shared prosperity fund could possibly get us closer to that.

The Chairman: I want to pursue this point with both of you. I have nothing against LEPS, but I rather liked RDAs because they had size and capacity. Is there more scope for LEPs to work together, particularly on projects in smaller seaside communities? It seems to us that perhaps the smaller towns are falling behind the Brightons of this world. Is there scope for acting to intervene and to have the system on a more regional basis?

Jonathan Sharrock: We are very small; that is absolutely right. Our organisation has only 30 staff, and 12 of them are directly funded by government to deliver particular services, so it is a far, far smaller outfit than an RDA would have been. Through necessity, as Adam was saying, we have to collaborate. On an issue such as transport or innovation in the economy, if the south-east is to articulate its potential, we can do it only through collaboration, but the feeling is that it is not just about collaboration as if we were government.

LEPs come from local authorities, which partly fund us, and from the business community, which makes up the majority of our board. The collaboration we try to bring is across all those different sectors, and all board members, regardless of their background, are from the local area and passionate about it. That is where we are rather good at working with local communities. An example is the work we are doing in Newhaven, which Baroness Whitaker is involved in. We have a business leader from the town, and we have the involvement of the local authorities, which understand it very well, so we are able to tap into what Newhaven has to offer. That is a very effective type of collaboration.

Adam Bryan: For us, too, the key difference between ourselves and RDAs is size. My team is just 11 people, 10 of whom are probably watching this. We live or die by the extent to which we collaborate with our neighbouring LEPs and others. Another good example of working together with Jonathan and the Enterprise M3 LEP, for example, is what we have done around an energy strategy. Very recently, half way through last year, BEIS came to us and said that we should go away as LEPs and develop energy strategies. We thought that it would be ridiculous to do it on our own, so we came together very quickly and pulled together a piece of work that looks at that sector across a huge geography and is very clear on action for what happens next. The more we can collaborate, the better.

The Chairman: Does the structure enable that? Does it work with the



structures you have?

Adam Bryan: The structures make it a lot more likely than if we were RDAs, to be honest. I had experience of working in an RDA some years ago. The difference is the personal touch: I know that I can meet Jonathan tomorrow on any number of issues. It is easy to do. We have smaller teams, which are expert in their areas, and that lends itself to having a closer working relationship across key issues.

The Chairman: The downside of RDAs was that they were too big, and you wondered sometimes what Milton Keynes had to do with Margate.

Q170 **Lord Shutt of Greetland:** Given that seaside towns and communities suffer from very similar socioeconomic issues, I am concerned that you collaborate. Yet we heard in Lincolnshire, for example, that Skegness felt that it was miles away from Lincoln and did not really know the LEP at all. To what extent is there collaboration across the country as a whole? You two gentlemen may well collaborate, but I am not clear at all that there is collaboration in the country as a whole. Is there really collaboration on seaside issues? If not, it seems to me that you two gentlemen are very well placed to buy 36 postage stamps and get in touch with the rest of the LEPs to make certain that there is collaboration throughout the country.

Jonathan Sharrock: I agree. There is a LEP network, so we know our colleagues in other parts of the country. In reality, because our two LEPs are very close to each other, we collaborate. I agree that the lessons we are learning could, I am sure, be applied in Lincolnshire, the north-west or another part of the country. Because those places are further away and we do not necessarily know our colleagues as well, it is a challenge; we try our hardest to collaborate, but it happens more naturally at local level. I agree with what you say.

Lord Shutt of Greetland: Is it possible to take an initiative?

Jonathan Sharrock: Yes, it is.

The Chairman: Mr Bryan, do you have anything to add?

Adam Bryan: I could not be more positive about the role that the LEP network plays in helping us to come together on specific issues. We have done it in the past on a range of topics, and there is no reason why we should not get serious and do something for the area.

Q171 **Lord Smith of Hindhead:** This is our 20th evidence session. Each week, we have picked up on this or that bit of public funding being used, and I am astonished at the amount of public money that seems to be floating around. At the end, I shall add up all the bits being spent on coastal towns; I have just added the third of a million a year for your patch, which you mentioned earlier.

We have seen and heard of quite a few regeneration schemes that have had public cash and not worked. A lot of money has been written off and



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then some private sector money has come in, which has helped, but it has not always helped, because sometimes the private sector has tried to do things that have not worked either. Do either of you have any good ideas about how public funding could be used better on seaside town regeneration schemes, bearing in mind that they often take a long time to get off the ground? If the public cash could be used slightly more wisely, do you think it would be easier to attract private investor funding?

Jonathan Sharrock: I do. I would introduce enterprise zones to the discussion; they are a national tool that the Government created four or five years ago, and they exist across the country. We have them in our areas. In the Coast to Capital area, the enterprise zone is in Newhaven. What is attractive about them is that there is a 25-year commitment to regeneration, and business rates are reduced for companies investing in the town. The uplift from business rates is retained by the local community and the LEP, and we work with the local community to invest it in the local infrastructure.

There are a number of appealing things about that; it is a long-term commitment and not just a question of a year's money, or money that the Treasury requires to be spent within one or two years, so you put it on a project and then wonder what happened to it a few years later. You have to think about the strategy for the town. In our area, we were given only one enterprise zone; there was a competition between Newhaven, Lewes and Bognor Regis in Arun, and Newhaven won. Looking at those towns a few years down the line, you can see that the enterprise zone has brought real focus, engagement and strategy in Newhaven. Without similar tools in Bognor Regis, we are having to run hard to keep up. My feedback to you and the Treasury is that it is a tool that seems to work quite well in our areas.

Adam Bryan: For me, one issue is the project approach that has been taken in the past. As you can imagine, we have had a few conversations with colleagues in some of our coastal areas over the last few days. A consistent message has been that something that stymied progress has been having a project here and a project there. Some of those projects work and some do not. That is just the way it goes. If we could move to a programme approach with a longer time period, it might inspire confidence from business investors, for example, and give us an opportunity to plan properly. It would probably encourage multidepartment alignment, which I mentioned earlier. It is incumbent on us as LEPs to have a look at that for our coastal areas.

At a time when we are developing local industrial strategies, and looking at the opportunity that the UK shared prosperity fund will bring, we should really think about a programme approach to supporting our coastal economies. To link to what I said about the piece of work we have just commissioned in our LEP to look at opportunities for investment and barriers to growth in our coastal areas, I suspect that a major recommendation from that, albeit short, piece of work will be exactly that.



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Lord Smith of Hindhead: Which coastal town scheme has your LEP been involved with that has been most successful?

Adam Bryan: It would be unfair to pick out one in particular. The impact of the supporting work around the Turner Contemporary in Margate has been significant.

The Chairman: But that predated the LEP, did it not?

Adam Bryan: Some of the work has happened since the Turner went there, certainly in supporting the cultural sector.

Lord Smith of Hindhead: It is strange that everybody seems to want to claim the gold medal for that Margate one.

Adam Bryan: But we are the only LEP that can.

Lord Smith of Hindhead: To be fair, there is also a question mark over how successful it has been. We had two top economists who said that it had not changed the underlying socioeconomic part of the town at all.

Adam Bryan: As I think is referenced in one of the questions, some of the projects we get involved in have longer lead times. We are invested in a housing regeneration scheme in Margate. We cannot expect to see the results of that instantly.

Lord Smith of Hindhead: Can you name one that is not Margate or Folkestone?

Adam Bryan: In Southend, we are making investments in the town centre action plan. There is the airport business park—albeit removed from the coast—and a whole programme of activity that links to everything happening across the Thames estuary, which is something we are deeply involved in and where we expect to see huge results.

Baroness Whitaker: Enterprise zones are a wonderful tool to enable growth, but the applications that come forward do not always go down very well with local communities, which tend to be mistrustful of things planners have done to them in the past. What sort of public engagement programme and consultation do you go in for to try to inform local people about the real options, and all that sort of thing?

Jonathan Sharrock: The projects we fund, whether through the enterprise zone, the local growth fund more broadly or any of the other support we give, tend to originate from public bodies. We put a lot of strength into the work that a competent local authority, a university or college will do to build an understanding of why they are doing it. It is not for the LEP necessarily to identify the projects.

Baroness Whitaker: But you encourage them.

Jonathan Sharrock: We encourage them and we are always giving feedback to people who are looking to get funding in future, to make sure



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that they get it. One really important thing is to know how it will work through the planning process; there is no point in us funding a project if it is not going to get planning permission. In fact, we never would, unless we knew that a project could get through the planning process. We have to work in partnership with local authorities and local public bodies on how they do their work.

In the enterprise zone, as you know, there is a focus on the work in Newhaven, where there is a much bigger issue, which is whether the town council, district council, the county and local community understand what we are doing. Of course, you are absolutely right: people want to make sure that the town develops in the right way.

Much of the debate on economic growth, particularly in the south of England, is about understanding how economic growth changes places, and making sure that it is the sort of growth that people feel part of, rather than something imposed on them. That is true all over the place, not just in coastal areas.

Lord Lucas: Can you tell me more about how the project approach would work? To take Hastings as an example, just to get a bit off my patch, the pier is an example of something that was not done under that. If the LEP controlled or had a say in all the development funds and was therefore looking to make things integrated, how would you want that sort of project to be approached?

Adam Bryan: To go back to elements of what Jonathan said, we are partnerships of existing public bodies and businesses; we are not huge corporate entities in our own right, so the starting point for us is absolutely to make sure that we have all interest groups around the table. At a fundamental level, we do that to the greatest extent we can across the LEP board, but, specifically, if we were looking to do something in a particular place, we would ensure that every player with an interest was there, and, importantly, that there was representation from the local authority fraternity, further and higher education and business.

Our role is to co-ordinate and give local communities a voice. For me, that is a key part of what LEPs are there to do. We do it well, because we start at the bottom and work up. Ultimately, that is what gives us confidence in the decisions that the LEP board makes; we know that they are grounded in full co-operation from the beginning, with a very inclusive approach. For me, that would be the basic starting point.

The Chairman: Mr Sharrock, do you want to add anything?

Jonathan Sharrock: No.

Q172 **Baroness Valentine:** What consideration should be given to seaside towns and coastal communities during the development of local industrial strategies? Can I give you a little add-on?

My observation on how LEPs approach these sorts of things is that it is,



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first, by extrapolation of the past. You talked about supporting existing clusters, but that does not seem very helpful if you are trying to get into disruptive economic activity; you can never quite get there if you are supporting what used to happen.

The other thing is that you tend to be on the economic rather than the social side, which is obviously where your origins are, but there is not much sitting on the social side at the moment to make sense of a socioeconomic package. I assume that the shared prosperity fund, which is apparently going to solve all our ills, will start to put those things together. Your mission is still an economic as opposed to a socioeconomic one, or sort of, except that productivity gets you a little bit into it.

We have a briefing from the *Local Industrial Strategies Policy Prospectus*, and I shall read you a sentence from it, because I cannot make sense of it: "Local Industrial Strategies should, however, remain strategic documents and not contain any proposals that require new funding or have spending implications outside of existing budgets". I cannot see how those two things fit together. I have never written a strategy and been told to use last year's budgets.

Jonathan Sharrock: That is an excellent point, and we are right in the middle of engaging with the Government to try to unpack what it means. I will give you my best shot. If I have heard them right, I think they are saying that there is a two-stage process to delivering the shared prosperity fund, and the first of those stages is to agree local industrial strategies.

The key word is agree. They are not going to allow the LEP to turn up and say, "Hi, here's our strategy; give us some money". The strategy has to go through the Treasury and HCLG and be agreed by government analysts, because it is all about the analytics. Once we have agreed on a local industrial strategy, we will be able to talk about the projects that help to deliver it. That is the basis on which we are working. We have set out our strategy for the region, and we are expecting an engagement with government next year when they tell us the further detail.

Baroness Valentine: And you are using local industrial strategy to mean your entire region.

Jonathan Sharrock: Correct, yes. It is for the whole region.

Baroness Valentine: But you have the opportunity to go subregional.

Jonathan Sharrock: Potentially, but as I keep saying, the region is a coherent economic area, so we will have a single strategy.

Baroness Valentine: Right.

Jonathan Sharrock: Of course, what works in Crawley or the towns closer to Gatwick airport will be different from what works in the coastal communities, and that is where the different projects will come forward.

Baroness Valentine: What you have just described sounds like a recipe



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for failing to address coastal communities: top-down, agreement, analytics, et cetera—the whole thing.

Jonathan Sharrock: We are following the framework that the Government set out. To your point about economic versus socioeconomic, our remit is clearly economic, but there is a strong emphasis on productivity within that. Certainly, our view is that to address productivity you have to look at the way broader socioeconomic issues work. Labour productivity is a key thing that we have touched on, and social mobility is a really key thing too. Then you have to look at issues such as transport, affordability of housing and the predominance of the London labour market. Many of the economic issues relevant in the south-east are socioeconomic.

Baroness Valentine: You are doing a strategy with old funding. Is that correct? Your local industrial strategy is based on funding that somebody gave you last year.

Jonathan Sharrock: Not quite, no. We have spent the last six years delivering the infrastructure funding that the Government gave us—£300 million in our case and more in a bigger LEP, such as Adam's. Those projects have been delivered and they will be finished by 2021. In parallel, we are developing our strategy for the region, which is a prospectus or government-style strategy for the region. That will be the basis of our negotiation with the Government, and if that negotiation goes well we expect more money through the shared prosperity fund: the next tranche of funding.

Baroness Valentine: But why is the old funding relevant to a strategy you have just written?

Jonathan Sharrock: Because we are learning from what has worked, and the difference the old projects have made, to inform what happens next.

Baroness Valentine: Even in straight economic terms, do you not tweak it? You spent some money doing something or other last year, but next year your priorities shift a bit, so I would have thought that your funding would shift a bit.

The Chairman: There must be emerging trends that change the direction of where you are heading.

Jonathan Sharrock: Very much so. The money we have invested is infrastructure money, so it is paid over five years, and many of the projects will deliver over an even longer period, but of course the economy is changing all around us. In our area, to be specific, the huge change is the predominance of people commuting to London, a trend that is accelerating every year in the south-east of England, where more and more local jobs are going, and people have to commute to London to earn the money they need to be able to afford to live in the region. It is an accelerating trend.

The Chairman: That is part of the process of out-of-London migration,



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too, with people commuting from where they are now living, having relocated from London.

Baroness Whitaker: You mentioned the huge importance of transport and communications. How do you address that? What priority do you give it, and how do you think improvements ought to be funded?

Jonathan Sharrock: It works on two levels. Through the money that we have discussed, we are able to make some investments in local transport infrastructure, although not as many as we would like, because transport infrastructure is ridiculously expensive. Typically, we invest in a local road network in order to unlock land for housing and development. That is the sort of area where LEP money can make a difference. The second thing we do, with all our local politicians and communities, is to lobby government, Highways England and Network Rail to make the big investments that make a difference to the region. For us, that is on the Croydon bottleneck rail upgrade that is needed.

Baroness Whitaker: I hope you lobby successfully.

Jonathan Sharrock: I hope so, too; it is a work in progress.

The Chairman: It is possible that we might be required to vote on a group of amendments to a Bill, so we may suddenly adjourn for 10 minutes and rush out. If we have not finished our session, we will return.

Q173 **Baroness Whitaker:** How do you see LEPs linking to the recently announced sector deal for tourism and the sector deal for the creative industries? They are not quite the same, but there are links, obviously.

Adam Bryan: LEPs as a fraternity are watching sector deals really carefully. We have a keen interest in tourism and creative industries, as you can imagine. One of the projects I mentioned touches on both very cleanly.

An element of the sector deal for tourism is careers for life and trying to address issues such as seasonality of employment. In supporting our coastal areas, we should aspire to encourage sustainable businesses. A question there, which links to the point that Jonathan has just made about infrastructure, is whether we need to be slightly more wide-eyed about what we mean by infrastructure. Quite a lot of the conversations we had in the past related to road investment and rail enhancement. Should we be focusing on 5G in coastal areas to make them specifically more attractive business destinations? Being on a different level for career aspirations and careers for life is specified as one aim of the sector deal for tourism. It may be an open question, but it is an interesting area to look at, as we go down the route of the local industrial strategy.

As regards the sector deal for the creative industries, to speak for my LEP, something quite specific to us is the South East Creative Economy Network, which we barely do anything to manage. It is a group of venues and arts organisations and other bodies that have come together because they



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recognise the vitality of the sector in the area, as well as the benefit of working together across East Sussex, Kent and Essex, and the Thames estuary, with a focus there. The joy for me is that it happens organically; the group advises on and directs investments in various things. I have already talked about projects linked to that group. That gives us a really strong, business-led footing in the conversation.

Another project we are involved in, with the GLA, is the Thames estuary production corridor, which looks at opportunities to invest in production facilities to support the creative sector across the estuary from east London into north Kent and south Essex. For me, that has to be a major part of playing into the sector deal. We have huge plays into both those things, and we will do our businesses a disservice if we do not have a particularly loud voice in both sector deals.

The Chairman: Mr Sharrock, do you want to add anything?

Jonathan Sharrock: No, that is very good coverage, although it is a slightly different story in our area, which I can go into in more detail if you would like.

The Chairman: Yes, if there are particular points that you think need to be picked out.

Jonathan Sharrock: They would illustrate the difference between the different regions. Adam has just described how his region is responding to the challenge. In our area, the huge strength is in Brighton; the creative and digital sector in Brighton and the towns around it is growing strongly. The Bazalgette review identified that as a strong growth sector, and Brighton has a particular role to carve out there. In all the new emerging sectors, we want to make sure that, whether it is immersive technology or the things that are dependent on 5G, they are produced in the UK and, specifically, in our part of the UK. It is about creating an environment where those businesses can really thrive.

The Chairman: I looked at the Brighton & Hove City Council evidence to the Committee recently, and the business formation rate that it describes is pretty exciting. It seems to be one of the most energetic in the south. Is that right?

Jonathan Sharrock: For sure. There is huge generation, with loads of start-ups and microbusinesses in an ecosystem of different companies coming and going, all linked to the infrastructure we have there now. There is massive 5G infrastructure in Brighton, and AI and things like that are all starting to come out of the two Brighton universities, which will generate a very strong local business base.

The Chairman: This is perhaps a question that I should not be asking, but is there a danger that the local economy will overheat at some point?

Jonathan Sharrock: Brighton is unique among the seaside towns and cities in our area, because it is so successful. What we are seeing



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increasingly is people working in Brighton but living in Worthing, Shoreham, Arun and Newhaven, creating a kind of city region along the south coast, outside local authority boundaries.

The Chairman: Yes, that was always part of the aspiration.

Baroness Wyld: On your point about young people, and encouraging those in the upper levels of attainment to go off to university and then come back, do you think that is realistic, given that people want to go off and do something different? I am more interested in how you attract people in their 30s and 40s, when they start to make decisions about where they are going to settle and bring up their families. You have made points about businesses and environment, but what work have you done around that idea, allowing the town to grow again?

Jonathan Sharrock: It is one of the major streams of the strategy I was just explaining. Our area, which is not a city region but a group of towns, will never compete with Greater Manchester, Birmingham or London, as a huge area. Young people will always gravitate to cities, but, as they get older and have families, Sussex and Surrey are obvious places for them to come back to. For us, it is about an environment where people can be economically productive, rather than living in Surrey or Sussex and commuting to London.

Baroness Wyld: How do you get to them? How do you drive that decision-making process?

Jonathan Sharrock: We have to create an environment that does that. It is a socioeconomic challenge, as Baroness Valentine said; it is about having housing that is affordable, transport that works, as well as schools and the natural environment. It is a different pitch from what you might have in a purely urban environment, but that is where we should see coastal towns as a huge asset, because they bring so much quality of life.

The Chairman: Mr Bryan, do you want to add to Mr Sharrock's observation?

Adam Bryan: No. I support everything Jonathan has said. I recognise those issues in my LEP as well.

Q174 **Baroness Wyld:** How much priority do LEPs give to funding tourism projects? You may feel that that is not the right thing to do. If so, do say.

Jonathan Sharrock: We have funded some tourism projects, but I would not say that it is an overall priority. We have funded two or three; the Brighton Pavilion is probably the best example. Some smaller institutions have made a very good pitch for using the money, but more of the money goes into transport infrastructure, regeneration and skills because, if the economy grows, the tourism sector will evolve. But it is certainly part of the mix for us.

Baroness Wyld: That is very helpful.



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The Chairman: The Minister is summing up, so we may have a Division shortly.

Baroness Valentine: In economic analysis, tourism is always second fiddle, for some reason. I think it is because tourism does not deliver jobs, but there is some connection that means that, whenever it is processed through whatever the Treasury processes it through, it gets downgraded. You two must know what it is. Presumably, it is not as good as manufacturing for jobs and GVA.

Jonathan Sharrock: I do not immediately recognise that as regards the analytical detail, but a huge challenge for the sector is that it is very fragmented, with a lack of large anchor employers. The ecosystem of the tourism industry in our area is lots of small companies working together, which is a huge challenge, because it says something to career progression, skills development, pay, continuity of employment, and all that sort of thing.

Baroness Valentine: Does productivity map across on to tourism?

Jonathan Sharrock: Yes, I think it does.

Baroness Valentine: You would invest in tourism to get productivity increases.

Jonathan Sharrock: For sure. Our investments would always be in infrastructure, but there are examples where tourism infrastructure, once it grows, drives regeneration. The i360 on Brighton seafront is a great example, as is the way Butlins works in Bognor Regis, where there is huge private sector investment. Butlins is the anchor business in Bognor and a massive national success story. It drives the whole town as a result. When it is done well, the tourism sector can be very effective, but too many tourism operators are very small and do not invest in skills or their infrastructure as well as they could.

The Chairman: This is slightly cheeky of me. I rather like the i360, but it is not universally seen as the best thing on Brighton seafront to have spent money on. Is it generating more visits? Is it good bang for bucks, as it were?

Jonathan Sharrock: As a business, there are documented issues about how well it is doing on its tourism numbers, but there is a strong case for renovating that part of the seafront and bringing tourists down to the western end of the city, and a wider business case for its regeneration. That is why we have been very pleased to work with the business.

The Chairman: The visitor numbers are slightly disappointing, but it is working.

Jonathan Sharrock: Yes, it is working.

The Chairman: Does anybody else have anything to follow up on in that



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area? David, I think you asked your question earlier.

Lord Shutt of Greetland: I did, and they have accepted the challenge.

The Chairman: Okay. Does anybody else have a question or anything else they want to follow up on? No.

Thank you very much indeed. That was very interesting, particularly for those of us who live in the south and south-east.



Jake Berry MP – oral evidence (QQ 175-187)

Tuesday 18 December 2018

3.25 pm

Watch the meeting

Members present: Lord Bassam of Brighton (The Chairman); Baroness Bakewell; The Lord Bishop of Lincoln; Lord Lucas; Lord McNally; Lord Mawson; Lord Shutt of Greetland, Lord Smith of Hindhead; Baroness Valentine; Baroness Whitaker.

Evidence Session No. 21

Heard in Public

Questions 175 - 187

Witness

Jake Berry MP, Parliamentary Under-Secretary of State, Minister for the Northern Powerhouse and Local Growth, Ministry of Housing, Communities and Local Government.

Examination of witness

Jake Berry MP.

Q175 **The Chairman:** Good afternoon everybody, and welcome, Mr Berry. Thank you very much for joining us this afternoon for our Select Committee evidence session. You will find us a friendly bunch, but we have some good, hard questions to ask you.

You should have in front of you a list of interests declared by members of the Committee. I remind you that the meeting is being broadcast live via the parliamentary website. A transcript of the meeting will be taken and published on the website, and, of course, as always with witnesses, you will have the opportunity to make corrections to the transcript where necessary. As I understand it, we have you until about 4.45 pm. It is very kind of you to give us so much of your time; I am sure you are very busy.

First, how often do you liaise with Ministers in other departments regarding the challenges faced by coastal communities that are not covered by your own ministry? Does that liaison include health, education, transport and environmental concerns?

Jake Berry MP: I am very pleased that we have an extended session, because there is a lot to talk about. Thank you for advance notice of some of the issues you are going to raise.

We have to recognise that not all coastal towns are failing, but it is quite right that we have this inquiry to see what more the Government can do to support them. You correctly ask whether that is done on a cross-governmental basis. I regularly meet colleagues from other departments, including Defra, the Department of Health and Social Care, and the Department for Transport, to talk about how we can drive forward our shared desire to tackle the challenges shared with coastal towns.

Although meetings take place at ministerial and sometimes political level, for ease of getting them together, I understand from my preparation to talk to you today that, historically, there was a cross-Whitehall, official-level meeting with nominated people from departments at a senior level in the Civil Service to talk about the cross-governmental challenge to coastal communities, and that has fallen away. Without seeking to prejudge any of your recommendations, if the Committee was minded to suggest that that should happen again, to ensure that at an official level government is joined up to tackle all the challenges and opportunities faced by coastal communities around England, I am sure my department would look at it favourably.

The Chairman: I am rather disappointed to hear that, because it seems to us that issues relating to seaside and coastal communities should be dealt with more strategically. Perhaps you would like to turn your attention to how that might be done, apart from political-level meetings, across Whitehall, to ensure that the various ministries with an interest work together and have a common agenda.

Jake Berry MP: I would not want to leave you with the impression that Ministers do not meet regularly in an official capacity, as well as politically; although I say politically, sometimes it is quicker, as people know, to grab someone in the Tea Room than to organise a meeting through diaries. I do not want to give you the impression that Ministers do not meet; we meet regularly to discuss issues facing the coast. I was quite surprised myself to find that that official-level meeting no longer took place. It is certainly something I intend to action if it is part of the Committee's recommendations; it is something we will look at in any event.

Lord Mawson: How many seaside towns have you actually visited? I work in the north, where there is quite a concern about the lack of visits from government Ministers and Secretaries of State north of Watford. I am going to ask a Question at some point about how many visits there are north of Watford and how many around London and the south. I am interested in that because, as I know from experience, meetings in Whitehall are one thing, but smelling the coffee, getting out there and understanding the detail is another.

Secondly, it is fine to hear about Ministers' roles and responsibilities, but I am wondering what your personal background and experience is of these issues, outside the world of Westminster. It is the detail that matters.

Jake Berry MP: Absolutely. What a great question. I am really pleased to be able to answer it, because it gives me the opportunity to use my favourite quote from the Mayor of Liverpool, Steve Rotherham, who said that I have conducted more tours of the north than the Rolling Stones. I hope that people are minuting that, because I really like it. The reason is that part of my other governmental job is as the Minister for the Northern Powerhouse, so I rarely do visits south of Manchester, let alone south of Watford.

I will happily write to you and give you a list of my own visits to coastal communities, but, off the top of my head, I think I have visited Blackpool twice if not three times. I have visited the Fylde coast and been over to the Northumberland coast. I have visited Berwick and the coastal communities along the north-east, including Newcastle, County Durham and near Sunderland. I get about a bit; I have been up to Whitehaven in Cumbria and down to Weymouth, in one of my rare visits to the south. I hope that you put that Question in, because I would be very interested.

I visit coastal communities a lot. It is not that we never go on holiday, but I commented to my wife this morning that we had not been abroad for two years. We holiday in the UK as a family, because I cannot think of anywhere better to go, although I understand that other places are available.

On my background and experience, in my day job I am a property lawyer, with a specialism in development and social housing. I was working until the Prime Minister appointed me to this job about 18 months ago; I was one of those Members of Parliament who keep a foot in the business community, as well as being a Member of Parliament. People have differing views about that; I personally believe that it makes you better at your job,

but people have their own view. I have worked extensively in property and development, some of which, although not all, obviously, has been based around our coasts.

In addition, to get the rest of my CV out there, in the coalition Government I worked under Eric Pickles and was PPS, an unpaid ministerial bag carrier, to Grant Shapps. We did quite a lot of work around regeneration of housing, because he was the Housing Minister. It is an area I have actively tracked in my professional and political career, because I think it is very interesting.

The Chairman: Do you have any idea when the cross-departmental ministerial meetings stopped taking place?

Jake Berry MP: In 2010.

The Chairman: That is quite a long time ago. That provides quite an insight.

Lord McNally: When you have an inter-ministerial meeting, who takes the chair?

Jake Berry MP: We do not have an inter-ministerial group—a formal IMG—for two reasons. First, they are quite hard to get set up, because they have to be approved by No. 10. Even when they are set up, it is quite hard to get people to turn up, because they get pulled in different directions. I have not attended or chaired a meeting in which we have come together as a group of Ministers to talk about coasts specifically. We come together as a group of Ministers in the inter-ministerial group on flooding, for example, where we have discussed east coast tidal surges, coastal flooding, and rainwater runoff, although that is away from the coast. There is no IMG for coasts specifically, but there are IMGs dealing with issues that happen on coasts.

The Chairman: Not even for climate change issues.

Jake Berry MP: I am not aware of one. If there is one for climate change issues, it is not one that I attend.

On the point about official meetings, although officials have not met officially since 2010, they meet regularly on an ad hoc basis, both as a group and bilaterally, to discuss coastal issues. What I think is disappointing, to be frank, is that we do not have across government and at official level the formalised drumbeat of a meeting every month, every two months or even every quarter, to sit down and tackle in a deep dive one of the issues that we are going to cover today. That is certainly one of the action points I shall take away to see what can be done.

The Lord Bishop of Lincoln: You did not mention the Lincolnshire coast. I am the Bishop of Lincoln, and you would be very welcome there.

Jake Berry MP: I have been.

Q176 **The Lord Bishop of Lincoln:** Good. Excellent. You are very welcome to

come to see us in Lincolnshire.

On our travels as a Select Committee, we have been to various places, including Blackpool, like you, and Margate. One of the things that struck us was the HMO question, and what appeared to be perverse incentives for landlords to maintain houses in multiple occupation rather than develop them. We saw a good example in Margate of the council addressing that. Are there any plans to introduce further powers or financial freedoms and flexibilities to allow for greater activity on the part of local authorities to undertake redevelopment of poor-quality HMOs?

Jake Berry MP: That is an important question. The challenges relating to HMOs are not solely found in seaside towns, although I accept that you will have seen them on your visit to Blackpool, as I did myself. I know that Baroness Valentine has been very involved in tackling that locally. I absolutely accept that there seems to be a real concentration of them.

In April 2018, we introduced a system for banning the most serious offenders providing substandard market rental properties, along with encouraging and mandating local authorities to create a database of rogue landlords and property agents to enforce breaches of housing law, particularly in the HMO area. We intend to make that database publicly available, but that requires us to find parliamentary time. It builds on the measures introduced in April 2017, which included civil penalties of up to £30,000 and an extension of rent payment orders. The new power gives local authorities the tools they need to crack down on a minority of landlords who disregard the law and take advantage of their tenants.

In October 2018, we introduced mandatory licensing of houses in multiple occupation. We extended it to include two-storey properties, because we identified that the previous regime, which included only properties of three storeys, led to perverse incentives for people to convert into HMOs properties that would previously not have been thought acceptable for HMOs. That one measure alone is estimated to have brought another 170,000 properties into the HMO mandatory licensing scheme. Local authorities have the ability to do selective licensing in areas of low demand, where they perceive that challenges around HMOs have a negative impact on communities. That is quite a lot of recent change, and we have no current plans to go further, although that does not mean that we will not. There is probably a period when we need to see whether the changes we have made have worked before we talk about new statutory powers.

More generally, there is quite a challenge for local authorities, after a period of constrained finances, when all local authorities have played their part in tackling our nation's deficit. They already have significant powers, which they are not using, so we certainly hope to work with local authorities to find a way to encourage them to use the significant powers they have already, before we rush to introduce new laws.

The Chairman: Those of us who visited Blackpool were quite impressed by the market intervention that the borough had made through one of its housing companies, which took over properties and refurbished some of

the HMOs so that they could be rented back to the community. That seemed to be quite a successful strategy. Is it something the Government would consider supporting more widely?

Jake Berry MP: As you rightly say, it is already happening, so there is no law that we need to pass in Westminster to get them to do it. As a department, we continue to work closely with boroughs across the UK, not just in the north of England. Where we see things that are working, it is very much expected that the Government will be cognisant of that and look at whether it is something we could roll out on an appropriate scale nationally, although it must all be evidence based.

Lord Mawson: What sort of handle do the Government have on what local authorities do on housing, and how much they are charging? As far as I understand it, some are charging nearly £1,000 to register HMOs, when a person actually does it all themselves. What is going on? It will distort the whole thing if it is a money-raising exercise for local authorities. How much of a handle do you have on what is really going on, and the charges that people incur?

Jake Berry MP: As you rightly say, coastal communities have a very broad system of challenges and opportunities. I am not specifically the Housing and Planning Minister and I am not aware whether we as a department collect that information centrally. If it would be helpful, I will happily write back to the Committee and let you know whether we collect it centrally. As I say, I am not aware of it, but that does not mean that we do not collect it.

Lord Mawson: I would be interested to know what the general number is, whether there is a number all over the country, and what is going on. It could have unintended consequences for people if you get those numbers wrong.

Jake Berry MP: I think it is best if I write back.

The Chairman: Yes, that would be very helpful.

Jake Berry MP: My understanding is that there is no set figure across the country.

Q177 **Lord Lucas:** We were told in Blackpool and in other communities that, within certain patches, the prices of properties are dictated entirely by the level of housing benefit, and the level of housing benefit maintains those properties at a value a long way above the value they would command for any other use. The diagnosis we have been offered is that it is because housing benefit allowance is set at a large scale and includes a lot of smart properties as well as areas of difficulty, so it is set much higher than the price a property can actually command in the open market in a local area. That makes it extremely difficult to do anything about bringing the quality of the area up; anything you do to refurbish a property loses money, because you have to buy it at the HMO price and you can sell it only at the open market price. Is there a possibility of allowing councils to focus on

the areas over which the level of housing benefit is set, to get something more fine-grained?

The Chairman: I think your question is quite relevant to that, Jo.

Baroness Valentine: I shall try to follow on, because I recognise that analysis. What assessment has been made of the impact on the local housing market of high concentrations of HMOs let to recipients of housing benefit? I absolutely agree with the analysis of the problem, from what I see in Blackpool; it makes it very difficult to intervene when there are artificially inflated prices.

The other aspect is that Homes England does not have grant funding for intervening in that type of area. The greatest concentration of deprivation in England is in Blackpool, with no real policy or finance tools for intervening there, that I am aware of, and with that counterintuitive problem of inflated prices because of housing benefit.

Jake Berry MP: The two questions are related. In response to an earlier question, I said that this is a problem all over the country, but there is an acceptance in government that there is a specific problem that seems to be concentrated in seaside towns. My department is currently working with the Department for Work and Pensions; we are committed to working together to understand how we can best make use of the financial levers currently within government to improve support for tenants and improve the quality of life for tenants in seaside towns, particularly in HMOs. We are working with Blackpool Council on the issue. Although it is a complex area with lots of challenges, and not one we would seek to address overnight, our approach is more co-ordinated than ever before, and we want to demonstrate the seriousness with which the Government treat those issues.

Part of our work with the DWP is to consider the future of the local housing allowance—the issue you specifically raised. The rates are frozen until the end of 2020. Then we will look at the data with the DWP and the data capture with local authorities, and work out how we can look to tackle the perverse incentives to create additional HMOs, or support too many HMOs in specific areas, including seaside towns.

Baroness Valentine: I appreciate that it is a level of detail that may not be in your zone, but I want to ask about quality standards. Decent homes standards are not used as the baseline for private rented accommodation, so, even if HMOs were meeting quality standards, they would still be quite a long way below decent homes standards. That is my understanding. I am concerned with the big picture. How do you get a dynamic whereby you actually start sorting out the slum? Can you create a housing action zone rather than picking at bits that may never solve the problem?

Jake Berry MP: That is what we hope authorities can tackle through things such as selective licensing schemes and licensing HMOs, to ensure that they are inspected more regularly and are fit for purpose.

Baroness Valentine: But that is to the low quality standard.

Jake Berry MP: There are significant requirements in the Housing Acts generally, as pieces of legislation. You are right in saying that they are not the same as the decent homes standard, but they still set out significant obligations on landlords to ensure things such as electrical safety certificates, and that homes are fit for human habitation. I know it is a low bar, but there are tests for condensation and dampness that they have to comply with.

To respond to Lord Mawson's question, there is a direct link to the money used for selective licensing; there is an expectation and a requirement that it is used to ensure a rigorous inspection regime. That is why I also started off with the new steps the Government have taken to create a database of rogue landlords, to ensure that there are severe penalties, up to £30,000, when standards have been breached.

The Chairman: Have you had any prosecutions yet?

Jake Berry MP: I am not aware of any, but the new regime is only a few months old.

Lord Lucas: Do you share my conclusion that to allow great concentrations of low-grade HMOs to develop is a bad thing, that it makes it very difficult for a community to thrive if there is more than a certain concentration of people who are really not in control of their own lives and that, therefore, we should provide ways to help local authorities to prevent that happening and, where it has happened, raise the level of the community back to a functioning one?

Jake Berry MP: I share your conclusion, although I do not think that it is for my department, or even central government, to get into setting quotas for the number of HMOs in an area. It seems correct to me that that would be locally determined, although I share the conclusion that having too many is a mistake and that it hollows out and undermines communities.

The Chairman: It was pretty clear to us that in Blackpool, for very understandable reasons, they are trying to shift the demographic by raising the quality of housing through intervention in the marketplace. That seems quite a rational strategy.

Jake Berry MP: That is not the only thing they are doing, of course. We might come on to how great Blackpool is shortly. There is a real drive to create grade A office space in the town. That is the beauty of a locally determined approach, and not setting in Whitehall a floor or a ceiling to the number of HMOs. In Blackpool, they have a full wraparound approach. If we want to change Blackpool, we need to do things such as investing in the Winter Gardens, for which they have had a significant government grant, and provide grade A office space, which they have done on their own as a local authority, I think without central government support, as well as tackling HMOs and working very closely with the LEP, as I know they do, because we share the Lancashire LEP.

Rossendale and Darwen and Blackpool work closely with the LEP to see how they can change Blackpool's economy. That seems like the right sort of locally driven approach, while accepting that too many HMOs in one area damages communities. That is why I am so pleased that we are working with the DWP to see what levers government has to support local authorities and work closely with them on how we change that.

Lord McNally: From time to time one hears complaints from seaside towns that they are having problem families and individuals dumped on them, and that is part of the problem. Is that an urban myth, or is there some truth in it?

Jake Berry MP: I do not have data on that and I am not aware that we collect it centrally. Again, I think that is for local authorities to do. Like all urban myths, I am sure there is a grain of truth in it. In Blackpool, because of the collapse in the number of boarding houses and hotels, they have found themselves with a surplus of larger houses available as stock, for which there was no natural occupier or tenant. I think that drove landlords to turn them into HMOs, and it became a problem. It is a bit like the TV programme, "Benefits By The Sea"; people move to Blackpool and there is a concentration of deprivation, challenges and troubled families, which is very difficult for any local authority to deal with.

The Chairman: That is absolutely true. You referenced LEPs, which brings us neatly to Andrew's question.

Q178 **Lord Mawson:** How well served are coastal communities by the current LEP structure? It has been interesting on some of our visits to discover that serious entrepreneurial individuals are driving some of the changes in coastal towns, so it is not about structures but about people. I am interested in that area.

How will the development of local industrial strategies ensure that coastal areas benefit from efforts to improve local economic prosperity? Again, it is very interesting to look at some of those people questions. How will you encourage joined-up behaviour in bodies? You talked about the DWP. I have not myself ever found it to be the most joined-up organisation in the world. It spends millions of pounds of taxpayers' money, sometimes, I feel, consolidating dependency cultures. How will we absolutely ensure more joined-up behaviour?

Jake Berry MP: There are three questions—it is a good job I am not Speaker Bercow—and I shall tackle each in turn, if I may. The first is how well served coastal communities are by LEPs. The performance of LEPs across the country has been a bit mixed. They started under the coalition in 2010. There was a Chairman Mao approach of letting 1,000 flowers bloom, and in some cases they failed to blossom. That is why one of the first things I did when I came into government, when I had the privilege of being appointed, was to start a LEP review, a granular look at local enterprise partnerships to see where they performed well or badly.

There are good examples of LEPs working closely with coastal communities, particularly the Coast to Capital LEP, and those in Cornwall and the Isles

of Scilly. The Lancashire LEP has worked very well with Blackpool. I have a great list of numbers that I could read to you, although I shall not. There are some good examples. I can write to you and set them out, but I do not want to spend my time here reading lists of figures.

The Chairman: No.

Lord Mawson: But it would be good to have the information.

Jake Berry MP: We will provide that. There are areas where LEPs have not done so well. What did we decide to do about it in the LEP review? It is a very wide-ranging review, but I shall concentrate on the things that I think are the most important. We have prescribed that LEP boards have to be as diverse as the community they represent, and that is diverse in many ways. We had a recommendation that 50% of board members should be women. In east Lancashire, we have some of the leading Asian entrepreneurs in the country, but we do not have one Asian member of the LEP board, which is bizarre. LEPs have to be as diverse as the communities they represent.

There is a big problem with SMEs not going on to LEP boards. We have required them to ensure that SMEs, many of which are small businesses in our coastal communities, are better represented. Those changes, which are part of a broad suite of changes, will ensure that LEPs go out and discover businesses in a much more granular way than many have done in the past, although there are some very good ones.

Lord Mawson: Democracy and delivery get very confused around these things. Sometimes you end up with an appointment being made because it matches the fit rather than being about having the right people there. In some ways, it is irrelevant what gender or race they are; it is about having the right people to drive those places. Have you not found that things sometimes get a bit confused when you try to tick all those boxes?

Jake Berry MP: My experience of LEPs is that people often almost appoint themselves, and those people will be in all sorts of different bodies, from the health body to the LEP to the council. It is important that we push LEPs to look beyond the usual suspects. Whether they be men or women, I think people are aware that there are usual suspects who volunteer themselves for public service. That is very important, and one of the ways we are driving it is by altering the balance between the public and private sectors on the board.

Lord Mawson: I get that, but it is about how you make sure you get the right people. We are coming across some really good people in these areas. It is about how you make sure that those experienced people, regardless of the tick boxes, are in the right place to drive the economies. In my experience, sometimes when you are ticking the boxes, the very people you need—whether they are men or women does not matter—often do not appear in the right places, so you end up with the wrong people for the best reasons in the world.

Jake Berry MP: But it is difficult when people do not volunteer themselves. We are specifically saying to LEPs that we expect them to develop a pipeline of people, and there is provision for more regular changes and the refreshing of LEP boards, including the chair. It is part of our annual conversation, and the conversations I have with them through the sub-boards, which many of them have, that they should develop a pipeline of good people. It is quite hard to expect people to volunteer to do something quite onerous, and to do it for free. In my experience of business, people who are good in business, the self-starters, are too interested in driving their business forward to volunteer to do something for free. That is about development.

Gender diversity is very important. He shall remain nameless, but I had a conversation with the chairman of a LEP in England who said, "If I have to have a board of 20, there aren't 10 good women in the whole of my area". That told me that the problem was not the people on the board; the problem was the chairman. If the chairman truly believed that, he was a fool. Anyone who has ever been involved in a business does not turn their back on 51% of the talent pool. That individual obviously had no understanding of the diverse business community the LEP represented.

There is something the Government should and can do. It is not about a box-ticking culture; it is about saying to bodies that are spending public money, and should be accountable, that we expect them to have the brightest and the best on their boards, which certainly should include 50% women. It is not about picking people just because they are women. I am not saying that you are saying that it is any different—

Lord Mawson: I get the merit question.

Jake Berry MP: That example demonstrates where we are with LEPs.

The Chairman: It is good to hear that we have leadership from the top on the issue. Ralph has a question and then Janet.

Jake Berry MP: There were two other parts to the question.

The Chairman: Sorry, I am not trying to cut you short; I was just trying to get through the questions.

Jake Berry MP: I shall cover local industrial strategy quickly, although it is a very important area. There is a real opportunity for seaside towns to be part of that. It is a two-phase approach. First, the LEP comes up with a strategy and then my department scrutinises it, and it will form part of our scrutiny to ensure that all areas are represented.

A very interesting emerging trend is that LEPs are listing natural capital as one of the real areas where they seek to expand their business community. The Heart of the South West LEP and other coastal LEPs have sought to list the environment, and the North Yorkshire LEP is doing it as well. The natural capital idea, to maximise all the benefits of an area, including its coast, is something that as a department we should work with LEPs to develop, to ensure that coastal communities are joined up.

How do we join up departments? For economic development, they will all join up under the industrial strategy and the local industrial strategy, and we expect departments to work together.

Lord Lucas: I declare an interest as a resident in what I expect will become the Lewes and Eastbourne local authority in due course. We are happily a member of two LEPs at the moment, the Coast to Capital LEP and the South East LEP, which suits us extremely well, because our economic activity is directed towards Coast to Capital, but as a type of community we are very much more aligned with the South East LEP. I hope you will allow that to continue; it is an oddity, but there are occasions when dual membership helps peripheral communities near big conurbations, if the LEP boundaries happen to have been drawn that way.

Something we have been told a lot as we go round the country is that some LEPs are relatively small organisations that cover big areas of the country, and to promote big ideas they need to centre them on big conurbations. As a result, they ignore the interests of relatively small communities peripheral to the centre of the LEP; I exempt Lincolnshire, which had the good sense to put Butlins on the board, so the coast is very much central to its thinking.

To go back to the evidence we had from the South East LEP, when members were thinking about how to improve our education locally they decided that it should be education for the hospitality and care industries, because that is what we have there at the moment. It seems to me that that sort of thinking would be improved if there was a greater local voice in what was spent locally and, if we are looking at bringing more funds through the LEP channel, having something that would allow even quite big seaside communities, such as Eastbourne, to have a fair voice in what was supported locally.

The Chairman: Janet had a supplementary question. Let us take the two together.

Baroness Whitaker: It is sort of related. Minister, you will be aware that there is quite a bit of research into what makes local economies thrive, and one of the key things appears to be a good place. If it is attractive, firms want to invest, clusters of SMEs develop and managers want to live there, bringing with them high expectations of education and services, so the place takes off. What role do you see for place making in the framework for LEPs? Does the department give them any guidance on what priority to give to place making?

Jake Berry MP: To answer the first question very directly, there will be no overlapping geographies once the LEP review is fully implemented. I am sorry to disappoint you. The reason why we are focused on removing overlapping geographies is that, when LEPs are spending significant amounts of taxpayers' money, a direct line of accountability back to a single LEP is very important.

The Chairman: But that does not stop LEPs working together, does it?

Jake Berry MP: We actively encourage LEPs to work together. I often say to people that Warrington, which is part of the Cheshire and Warrington LEP, is equidistant from Liverpool and Manchester, and the vast majority of the population of Warrington work in Manchester or Liverpool, and manage to do so without Warrington being part of either Manchester or Liverpool's LEP. We actively encourage continued co-operation. In areas that have historically had overlaps, people are looking at inventive solutions that, effectively, will get round the Government's new guidance, and setting up joint co-operation committees. I am completely relaxed about that. More power to their arm.

In relation to ensuring that all areas get a local voice, we have to remember that LEPs are a partnership, and that is their great strength. It is about bringing the public and private sectors together to drive their economies, and we expect local authorities absolutely, with their role as place makers and their powers in planning, to remain at the heart of driving forward LEPs and to be at the heart of the local industrial strategy.

We expect local industrial strategies to talk about skills, infrastructure, employment and things such as the spatial spread of housing and opportunity. We hope that is how place making can be addressed through the local industrial strategies. The giveaway is in the title; they are local, and we expect them to focus very much on driving the local economy.

Baroness Whitaker: You expect local authorities to pay attention to that, but do you explain to them that that is what you expect in terms, or is it just taken for granted?

Jake Berry MP: No, we are providing guidance to areas that are doing LISs, but it is quite important that we do not put local industrial strategies in the straitjacket of a definition with very strict guidance: "You must do this. You must do that". It is very much a collaboration between my department, the Business Department and local areas to ensure that we have a local industrial strategy that is fit for purpose.

Local industrial strategies replace something called the strategic economic plan. We spent some time looking at strategic economic plans, and the approach tended to be that every area said they were good at everything: "We are good at engineering. We are good at services". We hope that local industrial strategies will very much focus on the main driver of productivity and growth in which they happen to be a nationally recognised centre of excellence. For example, in Lancashire, we have the fourth biggest aerospace cluster in the world. Bristol would certainly have some claim to a strong aerospace industry, but, in our national economy, Lancashire is the workshop and driving seat for aeronautical engineering in the UK. Without seeking to put it into a straitjacket of definition, we very much expect that the Lancashire local industrial strategies will focus on what they are good at and will talk about how the Government can support that.

The Chairman: We want to move on to that.

Baroness Valentine: I have a quick two-headed question. On the point

about place making and the trickle-down from the top on industrial strategies, there are two things. One is that once you get down to a coastal town you are really looking at socioeconomic things; it is not just about economics. Productivity, which is the question we are about to come on to, joins the social and economic side. What is not quite clear to me is how a top-down trickle through the hierarchy of the economic stuff meets a coastal town at the bottom and, when it meets it, becomes place-shaping socioeconomics, or more so. It is interesting that it is all coming down an economic hierarchy. Do you think that is right, or does some sort of tweaking need to be done to get bottom-up place making better into the mix?

I have an observation, and then I shall come on to another question. The *Local Industrial Strategies: Policy Prospectus* guidance says that you must be strategic in what you do locally, but it also says that you must use only existing budget lines, which sounds like a Treasury observation. I do not understand how you write a strategy genuinely with a local voice and so on, and then use only the money that you had last year in the way you were told to use it last year. I do not see how those things fit together.

I know this is an impossible set of things for you to answer, but, finally, could there be guidance specifically for LEPs that have coastal towns in their make-up about how to do industrial strategies on the coast?

Jake Berry MP: I do not accept the premise that it is simply a top-down process. There is a top-down element; there is the national industrial strategy, which will be informed by the local industrial strategy.

Baroness Valentine: Sorry, I did not mean that as pejorative; I was just referring to the hierarchy and the way it comes down.

Jake Berry MP: To focus directly on the issue of hierarchy, there is very much an expectation that LEPs at local level will engage with their local authorities. They are partnerships, and that is their great strength. There will be an expectation that coastal community teams, where they exist, will be engaged with LEPs as part of the local industrial strategy. I guess they will be pushing stuff up and we will be pushing stuff down, and I hope that where we meet in the middle will accurately reflect the local economy.

In relation to guidance that the Treasury says there is no new money, I have never seen a government document in which the Treasury says anything other than that there is no new money. We are entering the comprehensive spending review, and, along with all other government departments, I will be fighting my corner for LEPs and others.

Q179 **Lord McNally:** On our travels, we have come up with a number of worrying factors, such as low educational achievement, lack of employment opportunities, limited access to health services, and worryingly low aspiration, particularly among some young people. With an industrial strategy that puts bridging the productivity gap as one of its priorities through local industrial strategies, will there be a tendency to go for areas that are potential successes, rather than taking on the more difficult job in

areas facing those problems? They are far from low-hanging fruit, and it will be really a difficult job. If the task is productivity, will some of them not feel that they are at the fringe of the effort rather than at its heart?

Jake Berry MP: Tackling productivity is a national challenge. I know you would accept this, but it is worth saying anyway that it is often about tackling educational inequality, poverty and aspiration, so it is right that local industrial strategies seek to tackle that. What I mean by productivity is that, in our coastal communities and everywhere else, I want more highly paid and secure jobs for people that can enable them to go out, earn money, bring it back, put it on the table and pay for their rent and their family, or whatever it may be. To me, tackling productivity in our economy really means creating more highly paid jobs. I guess that is probably our understanding.

It is important to say that the local industrial strategy and the LEPs are not viewed by the Government as an absolute panacea to the challenges, particularly those faced in local coastal communities. We will shortly launch our prospectus for the high street, a fund of more than £600 million announced in the Budget. That will be available for coastal towns specifically to bid into, to talk about how they can develop their economy. Developing the high street economy is about having an all-year-round economy, which may to some extent break those towns away from the seasonal jobs created in coastal communities.

Our coastal communities fund looks on a very granular basis at how we as a Government can support communities across the country. We are not the first Government in history to think that we need a specific fund to tackle the challenges of coastal communities; under the last Labour Government, there was a fund called the sea change fund, which very much sought to tackle some of the same issues. I am always quite jealous, because I think it is a much better name than the coastal communities fund, but we are not allowed to use it because they used it first. I see that has tickled you. In the latest round for the fund, we are going to make £40 million available to coastal communities to tackle some of the left-behind places.

For me, government funding should be spent on tackling productivity, but the idea of inclusive growth is hugely important, ensuring that no community is left behind. That is something we should very much turn our mind to, as we have done in a fairly unique way, which we may talk about, in the Grimsby town deal. Among other things, that is something coastal communities could look at taking up.

Q180 **Baroness Whitaker:** We are hearing quite a bit about how coastal communities have particular problems not faced by non-coastal communities. In the department's very good evidence, quite a lot of the support you cite is not particularly targeted at coastal communities, apart, of course, from the coastal communities fund itself. What work has the department undertaken to ensure that the shared prosperity fund meets the needs of coastal communities, previously supported, of course, by EU regional funds? Have you thought about a focused fund for coastal

communities as part of the shared prosperity fund, because of the specific problems of transport and other things?

Jake Berry MP: I am sure that as a Committee you are aware that we are currently working on the UK shared prosperity fund. Our commitment is to have a national fund that tackles challenges wherever they may be faced. Last week, I appeared before a Select Committee on the challenges faced by the rural community, particularly rural isolation. It called for a specific fund for rural areas, to tackle some of the great challenges. As part of our work in developing the fund, we have had a long list of specific requests, and of course we will consider them. We will shortly go out to consultation, and I hope that you will all take the opportunity to make the case for the coast and coastal communities.

We have seen a lot of European money going into coastal communities. In Cornwall, it was the greatest proportion of any European funding spent in England. That has happened for decades, and it strikes me that, if that funding was well targeted and worked, and actually drove economies and shifted the dial on growth, those areas would not still be getting it. We hoped that poor communities with concentrated deprivation would have turned around in some way, following the hundreds of millions of pounds invested of European money. The way previous European funding streams were spent, and where, was dictated in Brussels, and there is a real opportunity, as we develop the UK shared prosperity fund, to look at how we can tackle deprivation in those communities, making sure that the work we do works, as I am not sure that it always has with previous funds.

Baroness Whitaker: Will there be a ring-fenced, specific fund?

Jake Berry MP: All ideas for ring-fencing are currently under consideration. Of course, lots of suggestions will come forward during the consultation, all of which we will consider.

Baroness Bakewell: Why do you think that the injection of EU money has not been as fruitful as you hoped? What is the reason?

Jake Berry MP: It is more anecdotal than absolutely evidence based. My home city is Liverpool. Garston in Liverpool, where I was brought up, had Objective 1 funding; lots of areas in Cornwall have had similar levels of funding. With round after round of European funding, the money tends to go back to the same communities. If the money being spent worked, those communities would be moved out of the most deprived communities in the UK and move up the ladder. The money seems to go back and back to the same place, so it strikes me that it may not work. It has not worked in Garston, in Liverpool, where I am from.

Baroness Bakewell: If you withdraw the money, what will you do?

Jake Berry MP: I am not suggesting for one moment that we withdraw the money; I am just saying that I am not sure that money spent along the priorities set up by the European Union is always well spent. People have their own opinion about it; it is not my department's opinion, by the way, but my opinion. The UK shared prosperity fund, for the first time for

generations, gives us the opportunity to look at the UK, the UK economy and concentrations of deprivation. It could be the real golden thread that should run through all government policy on inclusive growth, to make sure that the money is invested in a way that shifts the aspirations and economic performance of communities.

The Chairman: That is a very good point.

Lord Mawson: Successive British Governments have invested billions of pounds in Whitehaven over the years, so let us not blame the EU. If you look at education, health and other data, it is a disaster, with massive dependency cultures. How much time have you spent looking back into some of those government investments? Some areas have had lots of different government investments over the years, many of them in my experience littered with three-year programmes that start and finish, then here we go again. It is a whole little world.

It is too easy to blame the European Union, and I myself would be a critic, because I have had to deal with it, but what it has done is very similar to what we see in UK government systems. How much digging have you really done historically into the machinery of the state when it gets involved in these kinds of areas?

Jake Berry MP: That is certainly the process we are going through, as we develop the UK shared prosperity fund, which is why I made the point that not all money spent through European bureaucracy, or even British bureaucracy, was spent as well as I would have hoped. That is why there is an opportunity in year zero for such investments to make sure about that. We are not coming from a green field; we know what has worked and what has failed, and we must be cognisant of all that, as we develop the UK shared prosperity fund and, crucially, look at the bids when they come in.

Specifically on Whitehaven, which has been a significant beneficiary of the coastal communities fund, I have visited the rum museum and the harbour wall, which we have invested in massively, and I have seen the memorial for the last invasion of the United Kingdom, which I think from memory was led by John Paul Jones, the founder of the American navy.

Lord Mawson: And Washington, of course.

Jake Berry MP: There is a cracked plastic sign in Whitehaven that commemorates that event. I understand that in America they have a permanent guard of honour around his tomb. We have been looking at how we can properly mark that event, which is historic for the UK and, of course, the United States of America.

Q181 **Lord Shutt of Greetland:** Can I come back to the coastal communities fund? On our seaside excursions, and, indeed, in evidence we have had here, it seems very popular. Nobody has said that they do not like it; it is popular. Is there to be a formal evaluation of the fund, or are you just evaluating as you go? We understand that it will be going strong until 2020-

21. Is that an area where you would be pitching for it to go forward further?

I have seen figures for 2016, and it looks as though 75% of the money has been tourism related. We are rather in favour of tourism, but not exclusively. Is there the right balance in the use of the fund between tourism-related elements and others that might be useful in the seaside economy?

The Chairman: Before you answer that, Minister, I think the next question is related.

Q182 **Lord Smith of Hindhead:** I have waited a long time to ask this question so I have had a long time to think about it. It is very short. The Government have signalled their intention to deliver a tourism sector deal. What do they expect the priorities of the potential tourism sector deal to be?

Jake Berry MP: I shall deal with the coastal communities question and then come back to the tourism sector deal, largely because I need to find the page in my pack.

We have a manifesto commitment to continue with the coastal communities fund until 2022. Obviously, we will comply with our manifesto, but the future of the fund is up to my dear friends and chums in the Treasury. It will very much form part of the comprehensive spending review bid from my department.

My department does ongoing evaluation of the fund and the money we have spent so far. We have issued three annual reports on the work of the fund since 2014, which have highlighted the collective achievements of individual projects and the fund in general. Projects approved over the first three-year funding round were forecast to deliver more than 18,000 UK jobs and generate £363 million in new visitor spend. Up to 2016, our annual reporting showed that 500 new businesses had been started, and 7,000 jobs had been created. Analysis of that 2016 progress report has shown that, for every pound invested, £8 has been created in economic growth in our coastal communities. That is why it is so important that we continue with the fund; although I do not have the power to commit the Government beyond 2022, that is the case I shall make.

The ongoing review process has been quite good, but we need to go further. For coastal communities funding round 5, which we are in, I have asked my department to strengthen the monitoring of projects and do retrospective reviews of the projects that we are going to fund to try to capture what goes right and what goes wrong, and learn lessons for the future. Our delivery partner, helping us to score and evaluate the project, is Groundwork UK; it is currently proposed that we continue to work with Groundwork UK on a granular basis to understand the value for money that has been delivered to the taxpayer from spending coastal communities fund money.

Finally, on the balance of tourism to other projects, the fund is competitive, and not all bids that come in are related to tourism. You are correct to say that the majority of them are. As regards the split, we give the money to

what we think are the best bids that will drive jobs and growth for coastal communities. We have no preference for or against tourism as a project.

On the Government's potential priorities for the tourism sector deal, we are concentrating through that on how we can drive productivity in a successful tourism industry, although you will be aware that it is very early days. We are looking at digital schools and working with the industry, including on economic productivity. We are going to look at extending the tourism season through that sector deal, taking it into the spring and autumn months, and we have already invested in that in Blackpool. Blackpool is getting a lot of coverage today, but it is rather a nice place. We are supporting the illuminations there. We are currently in negotiations about what should be in the sector deal, and I know that the Secretary of State for Culture has asked the industry to engage very heavily with the sector deal.

We started off this session with me talking about my experience of tourism. As it happens, our family business is a holiday lettings business, so I know a bit about it, but I bet there are people in seaside communities up and down this country who will have forgotten more than I will ever know about how we can attract people to our coasts. They must be part of driving the sector deal.

Lord Smith of Hindhead: An entrepreneur who gave us evidence would be very helpful with that, Minister. We have had witnesses from the coastal communities fund, VisitBritain, the Arts Council, the Heritage Lottery Fund, and the list goes on. They have spent hundreds of millions of pounds. I asked them all roughly the same question, which was to name a sustainable business they had been involved in helping to set up that employs, say, 15 people or more. We are still waiting for answers from all of them.

While I accept that an awful lot of money has been spent, we have not actually seen much tangible evidence of their involvement with a successful business that has thrived as a result of public funds being spent. Perhaps if you asked them the same question, Minister, you might get a better response.

Jake Berry MP: Certainly, we can provide the information we hold centrally on that for you, and we will do so with the greatest of pleasure. It links to the point I made: we have decided as a department, in this round, to have a much closer look retrospectively at which projects have delivered.

I have to do my tax return at the end of next month; every time I do it, I do not necessarily wonder whether the coastal communities fund is going to spend money well, but I always wonder whether the Government will spend it well. Surely, it is the job of every Minister, regardless of which Government they serve, to ensure that the money they spend gets the maximum benefit for communities.

Lord Smith of Hindhead: Absolutely right. That goes back to the original

point about Ministers meeting on a cross-government basis. It is not just because it is good that Ministers meet up; it is so that officials have a grip on what they are supposed to be doing, and can evaluate what they are doing and report back.

Jake Berry MP: It is a bit more important that Ministers have a grip on what officials are doing. My officials are probably panicking behind me now.

The Chairman: That is a debate that will continue for ever.

Q183 **Baroness Bakewell:** Minister, it falls to me to mention the elephant in the room and ask about Brexit and its impact on the hospitality industry. Kate Nicholls of UK Hospitality told the Committee that, "nationally, 24% of the hospitality workforce is made up of EU workers". She said that what is critical is, "whether we will have either a supply of labour domestically to train, and at the moment we are at almost full employment, or a supply of migrant labour that meets our needs. If we get the wrong system, it could be devastating for the sector". Indeed it could. Anecdotally, simply because it is happening in London, which is obviously not a coastal resort, 44% of the V&A museum's front of house staff are EU migrants, which is an enormous percentage for one place. There is clearly a major hurdle ahead.

Jake Berry MP: It has taken us a while to get on to the B word, not Blackpool, but Brexit. It is important that the Government ensure that we remain an open and tolerant country where migrant workers, when required by our economy, can move in and out to support the economy. Frankly, that is why I am backing the deal on the withdrawal agreement, and the proposed future relationship agreement that is on the table at the moment. I hope for people working in the hospitality industry, as well as in other industries I represent, which are very heavily—

Baroness Bakewell: People working in the entertainment industry are on the whole very low waged; if they are to be given visas to work in this country, their incomes fall below what the Government are discussing as the standard level of annual income.

Jake Berry MP: This is a developing policy area. The Home Office is about to bring out its immigration White Paper, and I know that will be covered in it. Generally, as the coastal communities Minister, it is important that I take on and accept the point that we must remain an open economy to enable people to come in and out to work in hospitality and other industries.

Baroness Bakewell: Is your voice heard?

Jake Berry MP: I like to think that my voice is always heard. Not many people in government have had to deal with a scouser before, so I tend to get my point across quite well.

There is a responsibility for the UK hospitality industry to look at developing the homegrown talent we have in the UK. We are moving near full employment, but there is an obligation on the UK hospitality industry,

through the sector deal, to look at how we can improve and upskill members of UK society.

Baroness Bakewell: Is the apprenticeship scheme that the Government are hoping will take off working in your interest at all?

Jake Berry MP: I believe that apprenticeships are very much working in the Government's interest. We have seen a huge increase in the number of people undertaking apprenticeships.

Baroness Bakewell: In seaside resorts?

Jake Berry MP: I am heartened that 35% of apprenticeships in the UK start in the north of England, even though we represent 25% of the population. Many of those will be in the UK hospitality industry because, actually, a career in that industry is a good one, and I would like that message to go forward from this Committee to young people across the UK. It is an exciting and a good career, which they should very much consider, and the best route is through an apprenticeship rather than, in my opinion, a university degree.

Baroness Bakewell: But are the apprenticeships serving coastal resorts or the northern powerhouse?

Jake Berry MP: I think they are serving the hospitality industry, which is very much focused on coastal resorts. There is no coastal apprenticeship that I am aware of, nor should there be; it is important to train people with a nationally recognised skill so that they can work in Blackpool or central London as a chef, for example, with a nationally recognised skill that is portable and part of a dynamic labour market.

The Chairman: I am very glad to hear you being so positive about the hospitality sector. We have noticed in some coastal community areas that there are going to be labour shortages. We visited Scarborough and Whitby last week, where they have full employment, and they are shedding young people, who are an important part of their local economy. There is clearly a bit of a mismatch, which we will need to address; it is one of the issues for the Committee to consider.

Lord Mawson: The idea of extending the tourism year is interesting. This stuff is all about talking to the right people. We had a really interesting visit to Skegness and talked to the managing director of Butlins there. It now has 52-week-a-year operation; we were there in October, and there were 4,500 people there, which is pretty impressive. When we dug into the detail on apprenticeships, we found that he was clearly very concerned, because they were not working for his business. He wanted to employ more young people from the area, but centralisation by government, failing to pay attention to the detail that he has to deal with, meant that he was withdrawing from some of that area.

The idea of extending the tourism year is a good one, but it is about talking to the right people, not to the council but to the managing director of Butlins, who is doing it for real and grappling with an apprenticeship

scheme that he said to us was not working for him. I would get him in and have a conversation with him.

Jake Berry MP: I shall take that away.

Lord Lucas: To jog back a bit to a couple of earlier questions, it is clear that the coastal communities fund is really popular locally. It gives small communities a chance to bid for something that means something to them, but the criteria for the fund are very much directed at peripheral things, such as community facilities and public areas, rather than helping a coastal community to develop new areas of business and new diversifications to strengthen its economic base.

You really notice it in projects such as the Hastings pier, although I know they are not your projects. They have a lot of virtue but are developed without reference to the community as a whole, without the roots they need to be able to flourish. That has certainly been my experience of one or two other coastal communities projects. Could we not have a fund that, even if it involved some level of supervision from the LEAs to bring in business expertise, actually helped coastal communities to move beyond where they are now, rather than just making them slightly nicer tourism destinations?

Jake Berry MP: That is a fair challenge. I cannot answer for previous rounds when I was not doing this job and making the decisions, but I can give you an absolute guarantee that I shall not do anything just because it is nice, although it is always nice to do nice things. I shall do things that I feel are actually going to move the economy on.

It is a competitive round. Some of the bids we have in at the moment are for infrastructure to deliver housing. There are projects for new, large-scale tourism attractions, predicted to add in one case 120,000 visitors to the tourism economy of the north-east. When I make decisions, in collaboration and co-operation with Groundwork UK, we are going to look for projects that will drive jobs and growth, without prejudging the competitive round of bidding. We are moving beyond crazy golf courses and piers, although they have their value.

Lord Lucas: That is very encouraging. Looking at tourism as a whole, it seems to me, to go a long way back to when we listened to the tourism authorities, that there is no understanding in the middle of what could be done to support the periphery. For instance, you could do a lot with mobile phone data; you could really understand who your visitors are, where they come from, how they behave around the country as a whole, and where you might look to bring more people in. That sort of data needs to be sourced centrally. I know that the mobile phone community would be delighted to collaborate, but it requires the attitude in the middle to be an interest in doing things that enable the periphery to feed off such initiatives. Another example would be doing something about Booking.com, in the way the Australians have. Can we hope for greater energy from the middle to come out of the new tourism initiatives?

Jake Berry MP: In my direct experience, coastal communities tend to look at a cocktail of government funding to drive their economies. Some of it is from the coastal communities fund and some from the high streets fund, and some is European and LEP funding. It seems appropriate to me that when it is LEP funding it drives the productivity argument from the centre, and that with coastal communities funding it comes from the family of coastal community teams around the coast.

I made a relatively recent visit to Cleethorpes. I did not just go to the largest fish and chip shop in Lincolnshire, which I think is the largest one in England; I visited a street called Sea View, which was a runner-up in our high street competition two years ago, and talked to people about how they are in a very intelligent way collecting data on consumers who shop on Sea View, sharing it with tourism businesses and other businesses in the town, to talk about how they can bring people back and increase the amount of time they spend there.

The problem with data is not that there is not enough; in fact, there is too much out there. The problem is that people do not know how to use and consume it. That is why I pointed to things such as the high streets fund, for which the prospectus will be launched shortly, and which will have both revenue and capital available for high streets and business communities with exciting projects, within the constraints of that prospectus, to talk to government about how they can drive their economy. It is an exciting time, but coastal communities and every other community will have to continue to look at a cocktail of government funding to drive it.

Q184 **The Chairman:** I am sure that is right. On funding, a number of organisations have suggested to us that uncompetitive rates of tax in the tourism sector, particularly VAT, dissuade tourism businesses from investing in the sector and put the UK at a disadvantage compared with other countries. What assessment has been made of the potential benefits to the tourism industry of reducing VAT for certain tourism-related activities? We have been pressed by pubs and food providers on the issue.

Jake Berry MP: The Government have made a recent assessment, which was published by the Treasury alongside the Budget this year. It found that a reduction in VAT would cost approximately £10 billion in the first year and would be balanced by increased borrowing related to public spending and increased taxation elsewhere. That is the Treasury view, after it undertook that recent review.

Notwithstanding the contents of that report, it is certainly something the Government should not close their mind to. We need to accept that the tourism industry in our coastal communities employs more people than the motor or aerospace industries. I think that Treasury document will hold for a period, but we should not close our mind to looking at variations in VAT, particularly when we have left the European Union. Ultimately, that will be a decision for my friends at the Treasury.

The Chairman: On the basis of that, I look forward to you becoming the Chief Secretary to the Treasury.

Jake Berry MP: The Treasury is a bit like Gringotts in Harry Potter, taking the money and never giving it out.

The Chairman: You are a brave man.

Baroness Valentine: Once we come out of Europe, if we come out of Europe, I think we can vary VAT in different regions of the UK, which we cannot at the moment under European law, so that in itself is interesting. There could be a geographic variation. It is also about what you put VAT on, whether accommodation, food or investment in heritage properties. I believe that they all have different impacts on jobs and the return on investment, or it would seem likely that they do.

Did the Treasury look at that full package of things? Some of them are less costly short term and people would argue that they pay back longer term. Obviously, the Treasury is never much persuaded by having costs earlier and payback later, but some of those things would be much less painful. Doing something in the coastal communities is obviously much less painful than doing it across Britain.

Jake Berry MP: My understanding is that there was a full review of the impacts of varying VAT more generally within the leisure and tourism industry. There was a specific call for evidence, but I refer the Committee to the response published alongside the Budget this year for further detail.

Baroness Valentine: Thank you.

The Chairman: We have another five minutes. I do not know whether you have some Fergie time available for us to finish off our questions.

Q185 **Baroness Whitaker:** To quote from your own department's evidence, Minister, paragraph 38 says: "Some transport connectivity issues are intrinsic to seaside towns". They certainly are. Are there any plans in the industrial strategy or in government policy more generally to improve transport connections specifically for coastal regions?

Jake Berry MP: Coastal communities face a real challenge. By the nature of where they are, they are literally at the end of the line for transport and our road network. We recognise across government the importance of transport to coastal communities and the regions, and the geographical extremities and challenges they face. We have brought forward infrastructure investment by the DfT and we are providing £11 billion of capital funding for local transport, which includes £1 billion per annum of local growth funding for more than 600 transport schemes up to 2021. Coastal projects have included a major rebuild of the A338 in Bournemouth; that was a £22 million project, which was delivered on time and on budget and helped to unlock growth in the town. I visited it myself. Bournemouth is another place I have visited.

The Government have supported major local schemes benefiting coastal areas; for example, the £110 million Kingskerswell bypass outside Torquay, opened in December 2015. The Government recently committed to tackling coastal connectivity on the west coast, specifically from

Whitehaven to Barrow. I do not know whether anyone has ever driven that road, but it is not normal to have a major A road going through a farmyard, literally. There is a commitment by the Transport Secretary to look at that and other schemes.

Bus services are also very important to our coastal communities.

Baroness Whitaker: They are pretty minimal in all the places I know.

Jake Berry MP: We are committed to continuing with our concessionary travel scheme for people who benefit from the concession. Since January 2004, we have provided a £40 million bus service operator grant to fund local authorities to support less well-supported routes, many of which service our coastal communities. The Bus Services Act 2017 gave additional powers to local authorities to look at how they can develop the network, with specific concentration on rural networks and coastal areas.

The Chairman: That is helpful. We felt on our various tours that we could do with a bit more investment in the rail network as well.

Jake Berry MP: I have a paragraph on the rail network, but we are constrained for time. The rail network provides crucial links. There are 60 community rail lines in operation to support coastal communities, including the Devon & Cornwall Rail Partnership and Community Rail Cumbria. Rail franchises have included specific commitments and obligations for the community rail sector; for example, the Greater Anglia franchise includes a £3.5 million investment in various community rail lines to support areas such as the Wherry line in Norwich, Great Yarmouth and Lowestoft and the East Suffolk line connecting Ipswich, Lowestoft and Felixstowe, in our coastal communities.

Baroness Whitaker: Does any of that include a focus on rail freight? Many seaside towns have port activities, so import and export have a role.

Jake Berry MP: None of what I have mentioned to the Committee includes rail freight, although the Government continue to work on improving rail freight connectivity. Specifically, we are looking at the moment at the business case for opening the line between Pendle in Lancashire to Yorkshire to enable wood pellets imported at the port of Liverpool to make their way more quickly to Drax power station.

The Chairman: We are very grateful for that piece of detail.

Jake Berry MP: As a Government, we continue to look at how we can support industry through improvement to our rail freight.

The Chairman: Minister, I am very conscious that we have got you until only 4.45. I do not know whether you have any extra time; we have a couple of questions left.

Jake Berry MP: I am sure that we can get through them, unless they are hard, and then I shall have to leave.

The Chairman: No, they are more about detail.

Q186 **Lord Mawson:** We have heard that the cost to local authorities of maintaining the public realm is often increased by factors such as coastal weather and the pressures of maintaining standards, but that these costs are not recognised in funding support. Are there any plans to provide dedicated support to help local authorities to meet those needs?

Jake Berry MP: I saw that very directly myself, on a trip to Weymouth, looking at the challenges that it faces with its sea wall. The challenge and the really difficult decision for the local authority is, from memory, that it needs to spend about £1 million on the sea wall, but, at the end of it, it will be left with the same sea wall; it just will not leak. The authority faces very difficult decisions and challenges. Generally, the Government are conducting a review of funding to local authorities that looks at relative needs and resources, and seeks to address concerns about the fairness of current funding and funding distribution around our country.

Q187 **Lord McNally:** I have been very impressed by your knowledge of Blackpool. I am sure you will be warmly welcomed on your next visit. I hope that you will use your influence to get the Conservative Party conference to our new conference centre.

In the meantime, what lessons have you learned from enterprise zones? I know that some seaside towns have enterprise zones; we have heard talk about perhaps a whole seaside town becoming an enterprise zone. What is your thinking on that? Is there a benefit to the enterprise zone approach?

Jake Berry MP: The Government have no current plans for new enterprise zones. The lessons I have learned from enterprise zones is that their performance is very mixed and tends to be linked to the performance of the LEP. The great urgency of implementing the LEP review is to ensure that we lift performance for LEPs.

I do not think at this stage that enterprise zones have anything new to add to the conversation around coastal towns, although there are some successful enterprise zones; in Berwick-upon-Tweed in Northumberland and Falmouth in Cornwall they have been delivered well by the LEPs. As part of the sector deal, there is some consideration of tourism action zones, and the Government are looking at developing that.

To go back to the cocktail approach, to drive seaside economies we need to look at whether enterprise zones work and whether our coastal community teams—146 of them over the country—are delivering for the communities they represent. My direct experience is that they are, where they have a strong local leader.

We should continue to look to expand the idea of a town deal, which was in our industrial strategy. There was a commitment to pilot it in Grimsby, and I think it lends itself to coastal towns. In truth, it feels as if there has been very little in public policy for as long as I have followed it, for 15 or 20 years, that seeks in a direct way to address the challenges of our towns rather than our major cities. There is even less that seeks to address the

challenges of our coastal towns. The Grimsby town deal, supported by government funding, but largely supported by local funding, is an opportunity to look at how we can do things differently. It lends itself very well to coastal towns. I shall watch with interest how the pilot deal is implemented.

I am excited to note that the Secretary of State for Business recently met my colleague Paul Maynard to talk about how we can advance a town deal for Blackpool. If we can commit to it, it would be a good way to expand town deals to see how they work for other coastal towns. I rather hope that we can celebrate the signing of the town deal by me and the Prime Minister eating fish and chips on the front as part of a Conservative Party conference in the newly refurbished conference centre. That is a personal view rather than the Government's view about the conference.

Lord McNally: You realise that this is going out to the nation.

Jake Berry MP: I hope so.

The Chairman: As long as they come to Brighton occasionally as well.

Jake Berry MP: It is a real shame that political parties have stopped going to seaside towns. It is a time of year, in October, when we often have what people refer to as an Indian summer. The weather is nice, and it would be a nice break from Westminster or wherever you live to have the opportunity to visit our great British coast. I call on all political parties to go back to our coastal communities for their conferences.

The Chairman: We are probably all agreed on that. Minister, you have been extraordinarily generous with your time and answered our questions with great diligence. I am very grateful to you, and I am sure members of the Committee are too. We look forward to presenting you with a report that is not just interesting but challenging, with some ideas in it to boot.

Jake Berry MP: I hope so. Thank you.