



Minutes of the Roundtable between parliamentarians, housing and regeneration leaders & Richard Collins, Interim Chief Executive, RICS

Thursday 13th January 2022 (online meeting)

Members

Ben Everitt MP (BE) - Chair

In attendance

APPG Secretariat

Guests

Richard Collins (RC) - RICS

Gary Strong (GS) - RICS

Bradley Tully (RT) - RICS

Nigel Sellars (NS) - RICS

Luay Al-Khatib (LK) - RICS

JLL

Wates

LPDF

Stonewater

Places for People

Settle Group

Get Living

RPS

PPR Estates

Barratt

Meeting Started at 10:45

building safety, infrastructure, the housing crisis and planning reform.

Pre- meeting

JLL: Would like to separate the issue of Fire Safety from other unconnected issues around RICS, it's independence, and quality of governance. The government has withdrawn the consolidated advice note, putting the government in conflict with RICS published guidance. Would like to get some clarity on what RICS is going to do to resolve the conflict it currently has with the government and what changes RICS foresees. Would like clarity from RICS if they will capitulate to the government on the issue of if there are inherent risks to buildings under 18 meters.

Stonewater: His organisation has identified that sustainability, which Stonewater factor sustainability into their buildings in an attempt to reduce the need for the use of fossil fuel, is not recognised by the industry when doing valuations. Future-proofing seems to have very little impact on valuation.

RICS: Thanked Ben for the invitation. Said that being here was a demonstration of how important the issues RICS is currently dealing with are.

Places for People: There is a real struggle for clarity because things are changing so quickly around the Fire Safety guidance. Also wanted to talk about implementation and having access to the resources needed. Would also like to endorse the point on sustainability and the importance of discussing how to make building sustainable homes viable for them as a business.

Settle Group: Picking up on the sustainability point, wanted to say that they are making improvements to existing homes, as part of their landlord function, in the next decade. Wonders if there are specific learnings from the challenge surrounding the Fire Safety issue for ESG related issues.

Wates Group: Would like to echo many of the points already made in relation to when the industry can expect a unified position from the government and RICS of the Fire Safety issue.

RPS: Declared an interest (works as a chartered surveyor on the planning side and has worked for RICS in the past, including being chairman of its Planning Policy Panel). Mentioned the Planning Bill, which is meant to include an infrastructure levy. Would like to hear from Richard how he sees the new planning system working and what the RICS on the creation of the new infrastructure levy for communities and for the industry.

LPDF: Will be listening carefully to what Richard says on the cladding situation and analysing the impact it will have for the members of LPDF. On the point of future-proofing homes with sustainability in mind, LPDF endorses the idea that this point is important and looks forward to Richard and the RICS take. Hoping RICS will give LPDF a contact point as they are trying to lead on the issue of planning resource and get some public and private sector buy-in to do some research on Local Authority planning resource.

Get Living: Was pleased to see the 9980 reference this week which Get Living sees as a good step forward.

PPR Estates: Want to hear about what RICS has to say about how town centres and the way they are being used has changed due to the internet, COVID and home delivery. Have concern about the lack of resource allocated to the planning system on a Local Authority planning level. What is the RICS view on how we can use the potentially redundant office spaces in the town centres in the near future.

1. Introduction

- BE welcomed everyone to the first roundtable for the year.
- Individuals introduced themselves and explained their interest in the day's topic.
- BE introduced RC to the rest of the participants.
- RC introduced himself and RICS. RICS is a Royal Charter body with the remit of developing and maintaining standards, and advancing professional knowledge in relation to land and the built environment. This is all done for the public interest.

- This work sits at the centre of the natural and built environment. Members deal with agency, management, development, viability, construction, carbon measurement and valuation, to name a few.
- Currently doing work on building safety and housing quality, which has been in the news recently.
- RICS is entirely funded by its members and not the public. RICS therefore recognises the importance of accountability and transparency that the privilege of being a Royal Charter body confers.
- The profession is self-regulated and the governance structure ensures that the regulation of RICS members is safeguarded from vested interests and is delivered in the public interest.
- In December of last year, Lord Michael Bichard was commissioned by RICS to carry out an independent review into the purpose and strategy of the institution.
- The provision of safe, high quality, affordable housing is a huge issue and one of large political significance. RICS members work throughout the housing industry and RICS is therefore keen to work constructively with the government to support it in its policy making agenda.
- RICS is aware of the challenges: needing to reform planning system, to make it simpler, providing clarity and certainty, while also ensuring it takes into account local needs and voices; ensuring supply chains are working effectively; the sustainability of the built environment and its impact on climate change as part of ensuring that the housing sector is helping the government meet its carbon reduction ambitions. RICS is working with the government and its global partners to create a consistent method of carbon measurement in order to support evidence-based retrofitting across existing housing stock. The global coalition, which RICS leads, has recently published an international standard in carbon cost measurement and is currently working on a project supported by BEIS for the Construction Leadership Council.
- Since Grenfell, surveyors and RICS has applied itself to finding constructive solutions in regards to building safety for the public interest, and in the interest of leaseholders living in unsafe buildings.
 - RICS has contributed to the inquiry led by Dame Judith Hackitt.
 - RICS has led work with the global coalition to create the first international fire safety standards, which have been widely adopted.
 - RICS created and delivered training to increase the skills of the fire assessor community.
 - RICS created the EWS1 process and support guidance to enable the market for residential flats to continue to operate at a point when it was in danger of grinding to a halt at a time when market confidence was low. That guidance, which is set independently by the RICS Standards Regulation Board, has been kept under review as fire safety guidance has evolved and ensures that it is operating proportionately. Feedback from the market and data on the use shows that EWS1 forms are used in a small, and now declining number of transactions.
 - RICS is committed to the remediation of the wholesale problems regarding building safety.

2. Questions and discussion

Q: What is RICS going to do to break the impasse between the government not liking where we stand as an industry and RICS having good reason why it articulated where we do stand as a profession? How is RICS planning on breaking this deadlock?

RC: RICS supports the announcements made by the government in the House this week, which have gone a long way to already break this deadlock. In July, a publication from the Fire Safety officers remarked that the guidance which RICS published on EWS1 in March, was not being used proportionately to buildings under 18 meters, which was well reasoned and was a valid check to the market as a whole. What RICS disagreed with, was the government suggesting and urging valuers and lenders that no building under 18 meters needed EWS1 Check, which was not supported by other people in the industry. This week's launch of the government's new initiative to remediate buildings under 18 meters at an estimated £4 billion cost, was, in a way, a vindication from the government. There is now a much closer alignment. RICS will do everything to ensure that the market and the EWS process is working and doing so proportionately and only where necessary. At the end of 2021, lenders stated that EWS1 were being used in a declining number of cases. The figure given was 3% transactions were using EWS1, and where it was used, they were identifying significant issues with buildings. People at heart of this problem, the leaseholders, expect us to take this task seriously and to resolve the problem.

Q: COVID has massively accelerated the way that a lot of our town centres are used. It has accelerated internet shopping. What RICS position on business rates and their purpose in this new paradigm where the government is saying that it wants to encourage town centre activity but the tax rates are discouraging it by giving online retailers like Amazon an unfair advantage? What is RICS position on planning resource in local authorities? Does RICS have any thoughts on offices being underused in town centres?

RC: Even before COVID, we could see the transition happening within town centres which had ripples to responsibility for the valuation of property portfolios. We need to accept that the old model town centres has to change and mechanisms need to be put in place so we don't end up with ghost towns. We do need to look at the taxation system for town centre properties and the fairness of that compared with warehousing and storage for online shopping. We must look at planning resource and I am sure that the industry would support that resource in local authorities being properly funded for increased capacity. Covid has also shown the changing nature of city centre office accommodation. We need to work with the government to coordinate plan action. We must keep in mind that it will largely be the private sector which will be delivering these changes in partnership with the finance sector and government.

LK: The issue of viability is at the centre of all of this, in terms of costs and enabling developers to justify moving forward with these changes. RICS has done lots of work of viability guidance for public sector housing. RICS, in its conversation with the Secretary of State and government departments, has been keen on enabling the expertise of the

profession to be used to resolve these kind of issues and provide this country with a first-class planning system

Q (LPDF): There is growing common ground among industry participants on the subject of local authority planning resource. LPDF is trying to get consensus for an independent piece of research. Would it be possible to have a conversation with RICS on getting them involved with that. It is clear that we need the right people to implement planning policy. It is also clear that morale is currently low among public sector planning professional colleagues.

RC: RICS would be happy to talk about how we can be involved and help. We don't spend enough time on the practical application on the ground. It will be a significant challenge for us to get the next generation involved in working in the built environment. Planning is an enabler but gets forgotten. I encourage you to get in touch.

Q: We are facing a constraint from a valuation point of view where sustainability enhancements in new homes and future-proofing is not being taken into consideration. Have you identified this issue in valuation? Future proofing is also not recognised by the consumer which may suggest there is a comms issue surrounding getting that information to the consumer.

RC: We need to recognise sustainability. It was one of the driving factors behind the commissioning of the independent review of valuation standards and our approach to this. Peter Pereira Gray is launching that review today.

LK: Valuation underpins many aspects including investment, housing and confidence in housing. The Red Book sets the gold standard for valuation around the world. Valuers have to be evidence led. We make sure valuers are equipped with consistent definitions, standards, and guides. The Red Book has been updated to clearly underline sustainability factors in valuation. Recently, we have released guidance on commercial property and sustainability. Valuation experts do have to take into account the market value on the day of the transaction, and not just the future market value. Valuers need to stick to the curve, not lead it. A stakeholder roundtable is being held and RICS would welcome input from individuals at this roundtable. I completely agree that the industry needs to better communicate to market what future-proofing will provide stakeholders.

Q: What are some lessons from RICS and its journey on building safety for how to move forward with ESG?

RC: The big concern, much like with building safety, is that one of the most significant issues is not just finance, but the availability of a workforce with the ability, knowledge and skills to do the work. We do not currently have the capacity, and the right people with the right skills to deliver remediation to these flats. Bringing up old buildings and retrofitting them to fit the net-zero targets has the same issue: we don't have enough people with the right skills, and capacity. We need lead times to train people. One of the big challenges is the scale training and development needed to train individuals in retrofitting. We need to excite the next generation to deliver those targets.

Q: Could we explore further the comment on the reducing use of EWS1. This is not something Wates is experiencing. In fact, we are seeing it going in the opposite direction which is leading to customer concern.

RC: What we are seeing from the high level figures from lenders, is a picture of modest and declining use. I am concerned by what Wates is saying and would be interested in continuing the conversation to gain further insight. In our discussions with our colleagues from the Department for Leveling up, we spent a lot of time talking about guidance. We need to get under the actual behaviour on the ground, and encourage being proportionate in the application of the guidance. We do not want people to be overly cautious, or hold back others by their concern.

Q: Echoing the sentiment regarding the need for skills and training, we do have concerns about repairs access. There will be a need for an ongoing body of people to not only install but also maintain these newly built homes.

RC: RICS is happy to get in touch. We want to speak to people in the industry to understand how the system works in practice. We would love to get Places for People involved in discussion on future workforce training.

Q: There is an issue happening here and now around water and nutrient neutrality. Natural England is currently trying to understand how they manage it and they are looking at an impact on around 40,000 plots across 35 local authorities where development has stalled. We will need to find a solution that is going to work to guide Natural England and dLUC. Secondly, on the topic of influencing the government around infrastructure levy, it would be good to know where RICS is going to sit on driving that particular agenda, because we do not want a taxation system that is going to have a false start.

RC: I am very eager to have the organisation focus on key areas in the UK where it can and should have an impact. The core of our profession is centred around the use of land and natural resources. Would love to have a further conversation with RPS to see what RICS can do. I am not sure where the institution is on the work surrounding the infrastructure levy at the moment, but I would be very happy to pick this up with RPS as well.

LK: I would like to add that it is important that we place the profession and all its skills and expertise at the government's disposal to help develop a planning system that has viability at its heart.

Q: Is there a gap between all of the discussion, regulation and guidance on the issue of resident safety and the concerns of insurers about building integrity and having insurable buildings?

RC: It will be interesting to see how the issues surrounding PAS 9980 play out. RICS did help write PAS 9980. Gary, who has been working on this, can pick up on this topic.

GS: In the PAS 9980, in terms of the risk approach, what we are looking for is still life safety but also taking into account property protection. There needs to be a focus on life safety, but also on things like preserving historic buildings and other important



buildings like schools and hospitals, which, if they burned down, would take years to rebuild and would largely disadvantage the communities that rely on them

BE thanked everyone for attending and special thanks to RC and RICS team.

Meeting ended 11:55