

Environmental Audit Committee

Oral evidence: Environmental sustainability and housing growth, HC 439

Wednesday 4 June 2025

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[Watch the meeting](#)

Members present: Toby Perkins (Chair); Julia Buckley; Barry Gardiner; Anna Gelderd; Sarah Gibson; Pippa Heylings; Chris Hinchliff; Blake Stephenson; John Whitby; Sammy Wilson.

Questions 254 to 348

Witnesses

[I](#): Emma Toovey, Chief Land and Nature Officer, Environment Bank; David King, Managing Director, Meadfleet; and Niall McGann, CEO, Fexco.

[II](#): Dr Rufus Howard, Impact Assessment Policy Lead, Institute of Environmental Management and Assessment; Brian Berry, CEO, Federation of Master Builders; and Sue Searle, Managing Director, and Principal Ecologist, Ecology Training UK.

Written evidence from witnesses:

[Institute of Environmental Management and Assessment](#)

Examination of witnesses

Witnesses: Emma Toovey, David King and Niall McGann.

Q254 **Chair:** Welcome, everybody, to the latest meeting of the Environmental Audit Committee—part of our investigation into house building and the impacts on the environment. We are very pleased to be joined by our panel this afternoon. I will go to each of the panel in turn and invite them to introduce themselves, their organisations and then briefly what their organisation's involvement is in biodiversity net gain

David King: Good afternoon. My name is David King. I am the managing director of Meadfleet Open Space Management. We have been doing open space management on public open spaces for just over 30 years now. We operate throughout the entirety of England and Wales and our current portfolio is around about 350 developments, which represents about 40,000 households. Obviously with the new legislation coming in, a lot of our future schemes coming through will be subject to biodiversity net gain, so we are happy to be here today. Thank you.

Emma Toovey: Hi, I am Emma Toovey, Chief Land and Nature Officer at Environment Bank. We are the market leading provider of offsite biodiversity units, a product that can support developers in meeting their new compliance requirements under the biodiversity net gain regulations.

We have 37 live sites across the country at the moment, and we are scaling rapidly with another 15 due this year, which on the ground looks like more than 1,000 hectares of active nature recovery. We deliver it. We have about 7,000 units into the market right now. All of our projects are forward funded by our private equity partners, Gresham House and its institutional investors. It primarily comes from local authority pension funds.

Niall McGann: Welcome to all of you here this afternoon and thank you for having me. I represent Fexco Property Services. Similar to my panel colleague, we represent housebuilders in the management and the ongoing upkeep of habitats as they are created. Currently we manage in excess of 100,000 homes across the UK. Similarly, we will be challenged with implementing BNG as these schemes come into the legal framework, which we would anticipate would be towards the end of this year, which will be the first sites that we will be taking on.

Q255 **Chair:** Thank you very much. A very simple opening question to all of you, starting with you, Mr King. How well is biodiversity net gain working and what do you see as the key benefits and challenges to this approach?

David King: From our point of view, where we stand now with biodiversity net gain being in play for 12 or 14 months, we are assisting with the developers getting the first schemes ready for handover to the management company, being us. Our first biodiversity net gain scheme is not yet live because it has simply not been long enough for it to go



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through planning, be built and then be handed over to a management company.

A lot of the things that we are working on at the moment are about ensuring that customers are appropriately briefed on what the open space will look like to make sure that they know and manage their expectations of what a biodiversity net gain scheme will look like. We are trying to assist developers with making sure that the initial layout and installation are done correctly so that when we do take responsibility for those schemes in six, 12 or 18 months' time, they are at the right starting point. We can then start that 30-year cycle in a positive manner so that we are not starting behind where we should be. That is the key for us. We are in a very good position. We have four full-time ecologists employed by Meadfleet, so we are we are ready to get going, but it is early days at the moment.

Q256 Chair: Ms Toovey, from your perspective, how well is the policy working?

Emma Toovey: From our perspective, we believe the policy is working incredibly well and absolutely as intended. On the positives, I have been working in the sector supporting developers for over 25 years, and prior to the BNG framework it was very unpredictable. It was a bit of a postcode lottery in terms of how local planning authorities dealt with ecological impacts onsite in relation to habitats. We now have this very clear, very quantitative rulebook to play by in terms of how to address impacts onsite.

Biodiversity net gain also brings a very robust governance framework in place. Crucially, there is also a brand-new private market, a free market, for biodiversity units, which is channelling private investment into nature recovery and avoiding the public purse paying for that.

Absolutely there have been challenges. The challenges that we are facing currently and over the last few years—we mobilised in 2021 when the Environment Act was given Royal Assent, and those challenges are around the fact that it is a brand-new regulatory regime, so not unexpected. Everyone is navigating this brand-new world. They are really just a symptom of a brand-new market and a brand-new regime for everyone to get their heads around. I think that the primary challenge that we are still facing now—which is perhaps the one that we are not seeing so much improvement on—is local planning authority capacity to implement and enforce and engage with this brand-new policy. It is primarily around capacity, resources and skills.

Q257 Chair: Thank you very much. Mr McGann, what is your perspective on how well BNG is working at the moment?

Niall McGann: It is quite new and there is quite a lot of uncertainty across all of the stakeholders involved. Many of the management plans that are needed are still going through planning, so there is not enough



working practice or evidence yet as to how the framework is going to shape up.

To the point on resourcing, that is a key challenge. Readiness to adopt is something that we need to be very mindful of. There is a strong correlation here to how the Building Safety Act was implemented, which was brought through Parliament relatively quickly and there were challenges that are similar here in terms of resourcing. To put that into context, local authorities are struggling at the moment, from a fire safety and a building safety perspective, to understand what they need to do to control the buildings within their jurisdiction. Similarly, in the private sector we are struggling with fire engineering competency to manage the compliance that we need to be able to uphold.

There is a clear correlation here in the LPAs, which will now have an additional challenge to overcome, and in the private sector. The natural habitat for an ecologist is field based rather than desk based, or desktop based, in a planning environment, so there is definitely a generational skills gap here if we are not careful. Other challenges—even though we are not managing anything under the statute at this point, there are lots of early adopters in terms of developers who have schemes out there in place that have wildflower and other natural habitats in place.

Resident engagement is a key issue that is surfacing. At the moment if we have a landscape plan that means that we cannot, for example, mow the grass around the pond area, or if we have wildflower with lots of dock leaves and lots of those types of species, it is ugly and it is not what buyers might come to expect at the buying stage. Therefore, there is a whole educational piece here to bring the consumer with us and to make sure that they really understand the value of the nature and the habitat that is there.

To be fair, quite a lot of the developers at the moment are working on that, the narrative around what good habitat looks like and the education around what good species can entail. That is coming together quite nicely. Similarly, we are having to upskill to make sure that we can educate and help people to understand that this is a very different type of habitat to what they may have come to expect.

Q258 Chair: You are presumably working with builders and developers who are interested in developing nature on their site, which is why they have taken your firm on. One of the criticisms or concerns about biodiversity net gain is that some developers will not fulfil their obligations. How strong will the oversight of that be? Have you seen examples either through people you work with or anecdotally in the sector of people who are not sticking to their biodiversity net gain commitments and obligations?

Niall McGann: It depends quite a lot on the resources of the developers. Some of the larger developers in particular are very competent and very well versed. They are ahead of the curve, and they are leading in terms



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of how it should be adopted. Certain developers on the SME side of things are grappling a little bit to understand, and they are obviously not as well resourced. However, there are good frameworks out there for sharing knowledge and best practice.

We have the benefit of the Future Homes Group, which is very effective in bridging the knowledge and the skills gaps. I do not think there is any excuses out there. From my experience, and we work with the top housebuilders across the UK, there is certainly a very strong commitment to get this right and to develop good practice on behalf of the homeowners.

Q259 Chair: Ms Toovey, you will be aware that the Government are proposing to open up a more pooled approach where, rather than replacing and enhancing nature on a site-by-site basis, the Nature Restoration Fund would see nature gain maybe on a different site unrelated to where the nature loss was. What are the benefits and what concerns you about an approach of moving towards the Nature Restoration Fund and potentially moving away from biodiversity net gain?

Emma Toovey: We have been pleased to hear confirmation and clarity from Government that the biodiversity net gain regulations would not be encompassed by the Nature Restoration Fund. We believe that it is critical that the two things are kept separately. We welcome that clarity at the moment.

The BNG regulations are working and the mechanisms within that framework protect high-integrity outcomes for nature. There is a lot of thought, effort and consideration from a whole range of stakeholders that has gone into, for example, the biodiversity metric that ensures that good decision-making, positive behaviours and high-integrity outcomes are ensured for nature using that metric, with the trading rules, for example, and risk multiplier is built into that.

The concern is that if that were captured under a fund environment, there would be the potential for a more of a licence to trash, and those good behaviours and incentivising good behaviours to minimise and avoid instead of just offsetting and compensating would be lost.

We welcome thoughts on how the fund could be used in other capacities. There are strategic examples where there are more systemic issues that are difficult to address on a site-by-site basis—impacts on Natura 2000 sites, for example, in relation to nutrient neutrality or disturbance from recreation. Those impacts are quite hard to deal with on a site-by-site basis and may be better dealt with in a strategic way.

There are very specific examples of where a fund could be well utilised, but certainly from a biodiversity net gain perspective I think that it could undermine the policy altogether by removing some of those high-integrity principles that ensure that the right outcomes are delivered.



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Q260 **Chair:** Obviously you are promoting offsite opportunities for developers, so to an extent you are an example of this pooled approach. Do you think that there is any need to move away from biodiversity net gain, your proof that an offsite opportunity can work? Is there any need to introduce this Nature Restoration Fund or do you think the Government should just give biodiversity net gain more time to come to fruition,?

Emma Toovey: I would say that there is absolutely no need for a fund, because the way that the current framework is working is exactly that. We deliver these landscape-scale projects, they improve at the landscape scale, and they are having a huge impact in improving connectivity. They work with the local nature recovery objectives, and we are able to sell pooled resources from all of the developments in the local area to deliver meaningful change locally for nature recovery. It is genuinely working, the market is thriving, and we are seeing significant investment into this new private market.

Q261 **Chair:** What do you say to those who say the danger of this offsite approach is that the area that gets the nature loss is not the area that benefits from the nature gain, that you might have more and more nature loss in the cities moving off to give more nature restoration out in the country and that the communities that lose and the communities that gain are not the same? What do you say to that?

Emma Toovey: The reality right now is that probably around 90% of biodiversity net gain is still delivered onsite. Clearly developers are seeing that there is value in bringing green infrastructure into their development schemes. The people, the users of their development sites, want to have nature where they live and where they work and where they operate. There is a small proportion that is going offsite.

We should probably move away from the offsite-onsite debate and recognise that a balance of the two is what is going to provide a smooth consenting process for growth and deliver the best outcomes for nature. As long as the ecological outcomes are being the primary driver of whether you go onsite or offsite, I think it is a win-win.

Q262 **Sammy Wilson:** Thanks very much for your evidence so far. Obviously anyone buying a house will look at the environment in which it is set. I think that you are right in your last answer that house buyers do want to see green spaces and biodiversity impacting on the site. However, the initial and ongoing cost is obviously a big issue for the people who buy the houses. What is the average cost currently for developments where you have biodiversity net gain built into the management costs of the site?

Niall McGann: If we take a step back, it is important to think about the cost of well-landscaped amenity space versus the cost of biodiversity habitats. We can submit evidence afterwards to the Committee if you wish about the potential breakdown or the estimation of costs, but in



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general it does cost less to maintain a habitat than it would to maintain a fully landscaped amenity space.

Because of the organic nature of the habitat, it is not as maintenance intensive as it would be to mow or weed a fully landscaped amenity space. In terms of the indirect cost and how that might impact the cost of house prices, clearly as we move into more greenfield space the units required will increase and that is a cost will impact consumers initially.

Q263 Sammy Wilson: Can you divide that out? For example, to create a green space obviously there is a cost to the developer there. What is that adding to the average cost of a house? Despite what you have said about the maintenance and so on of these green spaces as opposed to manicured, landscaped sites, they do have to be maintained. The danger is, of course, that if you reduce the amount of money spent on the long-term maintenance, they become an eyesore for residents not an amenity space. Can you give us some idea of the comparisons of landscaping to the high standard of these natural areas as opposed to the manicured areas

Niall McGann: It is important as well to think of the overall costs. You have the maintenance cost for the upkeep of the habitat, but you also have the compliance and upkeep costs for the BNG compliance and monitoring and oversight. That is an additional cost that residents will have to bear and that is an unintended consequence of where we are with BNG. We can provide estimates for that but in general we would estimate that it is something like 30% to 40% less per hectare to maintain good general habitat versus fully landscaped amenity space.

Q264 Sammy Wilson: You are saying about 40% less, but in terms of pounds and pence every year to residents, what kind of figure are we talking about?

Niall McGann: We can provide those figures back to the Committee after this, if you wish.

David King: We have not seen any evidence to suggest that biodiversity net gain increases the cost of maintenance. Fundamentally it is very different to maintain formal amenity space in a biodiverse, wilder area. It is different contractors with significantly different machinery. Yes, there is maintenance completed less frequently, but when it is typically you are not cutting grass that is that tall. You are cutting meadow grass that is tall. It is a substantially different way of working with contractors, and working with residents, trying to educate them.

I would not say that we have particularly seen that it is any cheaper, because what we are trying to do is show them that there is a formal area and there is a less formal area, even if that is as simple as a formal amenity strip between the footpath and a wildflower area or a meadow grass, to show them that maintenance is happening and this is an intentional move.



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It definitely has not increased the cost of any of the estimates that we have seen. From a compliance point of view, we made the decision nearly 10 years ago to bring our ecology in-house with employees. We are not levying any additional charges to our homeowners for biodiversity net gain compliance. It is just something that forms part of the charges that we already make and as a business we can make that work because we have such a substantial portfolio.

I do not need to send a resident an additional bill to send out our ecologist for a day to go to do an assessment and then do the reporting on it and submit it or make adaptive management suggestions to our operations team to say, "This isn't quite going in the direction we need it to. We need to make a slight adjustment to approach to make sure that we do hit the biodiversity net gain targets in the 30 years' time". Our average annual fee across our portfolio is £200 per annum. We are not seeing anything to suggest that, as we move into this new era of biodiversity net gain schemes, that will have a material impact other than inflationary rises to the future.

Just to go back to the previous points, we have to recognise the biodiversity net gain hierarchy. The hierarchy says onsite should come first and that has to happen. They should only be going offsite where that cannot be delivered because there simply is not enough open space to deliver the calculation that is needed. Where we can show that we are delivering that onsite first, that is vitally important to show that the improvements are being made locally and not just taking the easy option to do it 50 miles down the road.

At the moment the statistics are saying that for offsite contributions, fewer than 50% are within the local planning authority, but I think that that statistic will improve over time as more units become available in the marketplace and as developers are given more opportunity to find the different locations of where they can buy these units. Over time there is potential that offsite units will be able to come closer to where the development is, but it is way too early days to measure whether that is or is not going to be the case at this point in time.

Q265 Sammy Wilson: These schemes are in place for 30 years, so over the 30 years the landscape that you have provided at the very beginning is going to change. Trees are going to die, for example. Things are going to need to be replaced, overgrowth or undergrowth can become very, very dense and sometimes makes a place totally inaccessible. When it comes to replacement and that heavy maintenance or heavy changes required, who takes the responsibility for that, the developer or is that part of the management cost?

David King: We always look for the developers to cover an initial period to make sure that anything they install establishes. It should establish correctly. There will always be failures over time and that will be borne by the homeowners, but it should not be from an installation defect of where they install the hedgerow in July. We have seen an incredibly dry spring



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this year, to the point where any planting that has been done this winter has really struggled. It is too early to say whether it will survive this year or not. If this is an early scheme, should the residents pay for that? Realistically not.

The way that we try to manage these types of issues is that we are there in perpetuity for the life of the development. We should not be leaving things to go to ruin and then we need to send them a massive bill to put it right because we get an enforcement notice. We should be constantly looking at these schemes on a regular basis to work methodically through the scheme to make sure that replacements in a suitable timeframe are broken up to the point where residents are not burdened with an excessive bill to replace every tree because we have just not bothered for the last 20 years and, "Oh, my God, we've only got 10 years to go, we'd better do something". That is not the way to manage it, and that is not the way that we think that it should happen. That is why we have brought the ecology in house so that we can make sure that does not happen.

Q266 Sammy Wilson: Is that contractual? You say you should and that is the way it should happen, but is that part of the contract that you have with the residents that that kind of replacement is carried out not at the residents' expense?

David King: What else is happening on the side is the Leasehold and Freehold Reform Act, which has given all of homeowners who have a charge levied on them the ability to dispute the charge, whether it is right and reasonable. I do not think it is unreasonable for a resident to dispute that: to say, "Why am I paying for 20 years of wrongs being put right?" That is not an unreasonable request for somebody to make if they think that is the case. However, fundamentally, the open space is where they live and it needs to be looked after properly, but they need to have the right to dispute that as well, which is what they are being given at some point in the next 12 months.

Q267 Sammy Wilson: You mentioned the costs of ensuring that you are compliant, and administrative costs. Many people think that when they are paying these costs, they are paying for the maintenance and for the upkeep to make sure that the area does not become unsightly or dangerous or whatever.

Some of the evidence that we have been given is that up to 60% of the charges could be in administrative charges and the 40% minority part is the ecological work that you have been describing in your answers. Is there a case for saying that administrative charges, or the money that residents are paying, a higher percentage should be ringfenced for the work on the ground? Why are administrative charges so high in some cases?

David King: It is very easy to get bogged down in a percentage, but you can lose track of what is actually on the ground. That percentage can



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massively be skewed from a small scheme with a lot of open space to a small scheme with very little amount of open space. However, fundamentally the administration costs of us inspecting that development on a monthly basis, billing, customer care, insuring it, there is a minimum level. Even if there is a postage stamp of open space, the administrative costs of managing that scheme are nigh on the same. There is not this massive spectrum of, "If there is not a lot of open space, then I can do it for £2.50". It just does not happen.

I do not think that percentages are an appropriate way to assess that. I think you need to look at the monetary value. What is the cost of the management side of what the management company is providing? We recognise that it is massively open for manipulation in this marketplace that we operate within. Back in 2015 we fixed the price that we charge for managing a scheme and it can only go up by a maximum of inflation, to recognise that people need to know with clarity what the split of their bill is going to be.

We provide an estimate with every contract that a homeowner signs, to say what the total bill is but also what the breakdown is between maintenance and what we charge for managing it, and that management element is fixed. They need to have that certainty. It is not something that should just chop and change because we have decided to do something different. Once you get to a business of a certain scale like we are, you have data, history and knowledge to know what this business costs to run. Residents should not have yoyo-ing bills, because of that.

Chair: We will move on if we can. Can I bring Barry Gardiner in briefly?

Q268 Barry Gardiner: Mr King, I think many residents would say that they would love to be managed by your company if that is the way in which you do business. However, many of us around this table have the experience of constituents where the estate managers see service charges as a way of racking up their profits. We can name them—FirstPort and a good many others.

Given what you said about knowing roughly what they should be costing, would it be simpler if there were a fund the beginning so that the residents were not paying year on year on year? The polluter, the developer, would pay that fund upfront to a management company and it would not then coming back on the residents, who would have that uncertainty built in and not know from one year to the next how much more they might be asked to pay. You as a company with that capacity would say, "Over 30 years, if you amortise it, this is what we would need upfront to be able to know that we can then administer it properly". Then the polluter pays. Ultimately the resident will pay, of course, in a higher price for the property, but it is a certainty that is giving them that assurance and that comfort in their homes.

David King: The problem with commuted sums is what happens when that time period elapses. You have mentioned 30 years, biodiversity net



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gain is 30 years, but the life of a house is 150 or 200 years. What happens? Because all of these open spaces are not just biodiverse areas, they have play areas on them. They have footpaths on them. They have subs features on them. All of these things do not require maintenance for 30 years; they need maintenance for the rest of the life of the development.

When you start talking about a calculation of a commuted sum for the life of a development, nobody can afford to pay that. The returns are so low—unless you are good at the stock market and you can get a 10%-plus return, but that comes with risk. If you want a safe return on that commuted sum, you cannot get a big enough return to pay for what you are talking about there. It just simply does not work, and that is why it does not really exist in the marketplace anymore.

Q269 **Barry Gardiner:** That is why local authorities used to have the estate management responsibility. It was not privatised so that it could then be a means of rent extraction on the householders.

David King: That is why local authorities stopped doing it, because they just could not afford to do it. It did not work. It does not work now.

Q270 **John Whitby:** A question for any or all of you, and you have touched on this already. How effective are local authorities in assessing whether BNG is actually being delivered?

Emma Toovey: It is a bit too early to tell in terms of their ability to assess the successful implementation of BNG. Biodiversity net gain is a pre-commencement condition, as I am sure you know. Those planning applications that went in from February last year, they are only just about getting to a point where there is spade in the ground. Developers are developing those sites and the BNG is being implemented on the ground. Similarly, the offsite market is still extremely nascent. There are not that many examples of a fully implemented offsite scheme yet.

Notwithstanding that, I do think that there are good examples of similar requirements and obligations on local authorities historically where they perhaps do not have a strong track record. This again is likely to be a result of under resourcing. There are some good statistics. You may know the Wild Justice report that came out earlier this year, and the University of Oxford has done quite a lot of studies around ecological mitigation, the delivery of landscaping and green infrastructure. At least 50% of it has been shown to be undelivered by developers onsite. A key contributor to that is that the inability or the lack of resourcing in local authorities to actually enforce their section 106 agreement.

The only thing I would say is that, with the biodiversity net gain regime, there are a number of additional mechanisms in there to improve the governance aspect of biodiversity net gain and the addition of responsible bodies to support the enforcement and oversight of BNG delivery, which spreads the burden beyond local planning authorities. Essentially, a



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responsible body is another competent authority that can take on that responsibility as well. They are a competent organisation approved by the Secretary of State. It means that under the BNG framework there is more resource out there. It can be delivered also by the private sector to provide that third-party oversight verification and enforcement.

Q271 John Whitby: It is planning enforcement that would come out and make that assessment, is that right, whether that is onsite or offsite?

Emma Toovey: Yes. For offsite, every single offsite biodiversity net gain delivery project is underpinned by a legal agreement, either a conservation covenant or a section 106 agreement. For onsite only biodiversity net gain that is deemed significant is subject to that same legal agreement, so it has to make a substantial contribution to the biodiversity net gain calculations for that scheme. If it is seen as substantially significant, it has to also be underpinned by a legal agreement. Small-scale enhancements do not have that same binding legal agreement upon them.

Q272 John Whitby: Who would be accountable if BNG targets are not met or maintained?

Emma Toovey: Under those agreements, all offsite and significant contributions onsite, it would be the signatories to that agreement. For offsite, for example—and I will cover that off—it would be those who had the legal interest in the land for the full 30-year term. That could be the landowner—it could be a land manager; it could be an operator like us. We take out a long-term tenancy on land so that we have legal control of what happens on the ground for the full term and therefore we are fully accountable for the delivery of that biodiversity net gain on the ground and have to address it if we are failing.

Q273 John Whitby: If organisations fail, what are the penalties? Are the penalties strong enough to ensure that they are delivered?

Emma Toovey: Yes. It all does come down to the specific legal agreement and there is some flexibility in there, but typically there is a process of steps. The third party, whether it is responsible body or the local planning authority, will outline requirements for remediation measures to be implemented and over a very specific timeframe. Then it holds the accountable party to account to deliver that. If they continue to fail, it is able to use their legal teeth to order payment for a remediation and it can appoint another party to come in and address the failings.

There is also a mechanism under those agreements to have step-in rights to take control of the site. There is also funding security bound up through those legal agreements so that third party can step in and appoint someone else and there should be funding in place in order to do that.

Q274 John Whitby: A final question from me. How do you ensure that offsite BNG sites are ecologically appropriate substitutes for onsite biodiversity



loss?

Emma Toovey: This is all wrapped up in the biodiversity metric, which is has been brilliantly designed to manage exactly those risks. It takes account of the habitat type and quality of habitats that are lost onsite. It is absolutely imperative and a requirement that the trading rules are met and the risk multipliers are applied in the calculations and then, in order to compensate for those losses, you have to address using very specific types of habitats to meet those rules. It is either like for like or better in terms of quality and value and importance.

Q275 **Chris Hinchliff:** Earlier in May our Committee published “The role of natural capital in the UK green economy” report, in which the Committee highlighted that it is unclear how biodiversity net gain assets are to be maintained for the 30-year time period and who, in practice, should be responsible for their maintenance, particularly beyond that 30-year point. We highlighted, “For onsite gains—it is unclear whether the developer, the estate management company or the property owner should be responsible for maintaining the asset—For offsite gains—there is no standardised provision establishing responsibility for checking on continued delivery of gains”. Starting with you, Mr King, given your earlier comments, is there sufficient clarity about what happens once the 30-year period of the biodiversity net gain is up?

David King: The only thing that I can say is that in the last 12 or 18 months we have seen an increased number of developers come to us because they are concerned about the current structure that they are using and the current management company that they are using for biodiversity net gain. They want to make sure that it goes into the right hands to give them the comfort and their customers the comfort that it will be looked after properly for the 30 years.

We have seen positives come our way from biodiversity net gain because of where we are positioned in the marketplace. Once the 30 years expires, for us, as I said earlier, we are looking after the development for the life of the property. The 30 years is irrelevant for us because we are there longer than 30 years. We have already done 30 years historically. Doing another again—I am not sure if I will be working; hopefully I will not, but someone will be.

We are there longer than 30 years, so I do not see a problem with what happens after the 30 years, because we have to look after the play area for 100 years. We have to look after the footpaths for 100 years, we have got to look after the subs features for 100 years, so 30 years for me is neither here nor there.

Q276 **John Whitby:** Ms Toovey, from an offsite perspective, do you have a different view on that?

Emma Toovey: To clarify, the statutory requirement is to manage the land for BNG purposes specifically and maintain a very specific type of criteria, essentially—habitat types and the condition that they need to be



in for that 30-year period. At the end of 30 years, for a landowner or a land manager that has that land, it releases that obligation and gives them the opportunity to seek additional natural capital revenue streams beyond BNG, before which they are quite constrained and tied to what they have to do within that 30-year period.

What it does not do at the end of that 30-year period is give them the right to turn their amazing, incredible habitats back to potato growing or building 100 houses. If the existing regulatory framework gives amazing habitats the protection that we see currently, any significant change in land use like that would be well triggered for EIA regulations, for example, and biodiversity net gain requirements.

It is a positive thing that there is a very clear timeframe over which the long-term management and maintenance of habitats is defined so that they can cost that out. They know that at the end of that 30-year period they can find a new and economically viable way to continue to maintain those habitats in that way and deliver other natural capital ecosystem services. It is another reason why capitalising other emerging nature markets is really important, because it does provide landowners an incentive to continue to maintain and manage land for nature.

Q277 Chris Hinchliff: Can I follow that up a bit? Would you have specific recommendations that you would like to see this Committee come forward with, with regards to catalysing those other nature markets for the management of these sites beyond 30 years? Just to clarify, from what you have said just now it does not sound like you have concerns that in the future, beyond the 30-year point, that nature is potentially at risk. You do not think that is likely to arise?

Emma Toovey: I really don't. We work with hundreds and hundreds of landowners all across the country. They are changing land use on their farms because they want to do it permanently. They want genuinely to diversify their operations as part of their farming businesses and deliver areas of nature recovery across the landscapes. They do not have that intention. In the vast majority of cases, it is the opposite. They want to do it as in a long-term way.

In terms of recommendations, we genuinely believe that it has to be economically viable for landowners to continue to manage land for nature, whether that is through a comprehensive and healthy subsidy scheme or capitalised emerging nature markets, particularly around voluntary biodiversity credits, or accessing revenue from organisations beyond the development sector that are causing harm to the environment.

The development sector is not the only sector that has an impact on nature. Almost all sectors have some form of nature impact. We would love to see mandatory disclosures on nature-related impacts and dependencies, and very clear action on the ground from organisations



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beyond the development sector on how they are addressing those impacts.

Q278 Chris Hinchliff: Before I move on to my final question, I will pick up on one specific point you just referenced. There have been some suggestions in the press about what might happen in the spending review regarding the future of environmental land management funding. Do you see that as an important aspect of the long-term future of biodiversity net gain offsite locations?

Emma Toovey: I would say that biodiversity net gain is not the silver bullet for our nature crisis. We are one of the most depleted countries globally in terms of nature. Biodiversity net gain will deliver some great nature recovery opportunities, but it is a small proportion of what is needed in the in the round. We need a whole suite of incentives for land-use change that is nature positive. We have seen such amazing progress with the ELMs. Opportunity has really changed behaviours across landscapes, and we have seen huge, genuine improvements and change as a result of that. We wholly support that continuing and would be concerned for our landowning community if that was removed fully, certainly.

Q279 Chris Hinchliff: Can I just ask for clarity specifically on that? Would you say that the maintenance of ELM's funding is crucial for protecting those biodiversity net gain sites in the long term beyond the 30 years? I want to make sure that I understand that correctly.

Emma Toovey: Beyond the 30 years it is essential that there is a revenue stream available to landowners to maintain those sites, whether that is through subsidies or whether it is through another private market commercial opportunity. I think that you need both on the table.

Q280 Chris Hinchliff: Thank you very much. Starting with you, Mr McGann, then what would happen in the future if your company, for any particular reason, is no longer willing or able to manage your biodiversity net gain initiatives?

Niall McGann: The question surrounding all of this is longer-term stewardship and it is a very valid question. The challenge is trying to balance the requirements of BNG with the changing actors in the space because the developer will no longer become involved. As management companies, we may or may not be around longer term. The residents may decide not to continue to appoint us. Ecologists will come and go, and consultancies will come and go so there is a changing raft of actors across the piece.

Fundamental to the success of the ongoing stewardship, particularly for the onsite rather than the offsite, is the community engagement. There has to be a mechanism for them to own and to take on the responsibility for the ongoing upkeep of the land, because beyond all the other actors involved they are the ones who are most impacted day to day, but they



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are the ones who ultimately need to be more accountable for the longer-term stewardship as the owners of the land.

There are lots of good thoughts on this. The Chartered Institute of Ecology has come up with a conceptual mechanism not dissimilar to the golden thread for maintaining what we need to document everything to ensure that the habitat is up to date or, in the case of a building, that we have all the documentation that we need to show that the building is compliant.

A similar green thread has been proposed for habitat management, such that, if we were ever to get sacked or if somebody else comes in in our place, there is a continuous thread there of information for someone else to pick up what has happened, what has gone wrong in the past and, to take on that management plan into the future, it is clear where they need to move on from there. There is some good thinking around that but, to be quite honest, I fundamentally do not believe that there is enough thought that has gone into what happens beyond 30 years.

Q281 Chris Hinchliff: Ms Toovey or Mr King, do you have any thoughts on what would happen or what should happen if your company in the future is no longer able to manage your BNG initiatives?

David King: The easiest answer to that is the Leasehold and Freehold Reform Act. It gives the ability to for one homeowner to say, "This company doesn't know what they are doing; we need to have a look at this". It gives the ability for a tribunal to look at it objectively and say, "Yes, you're right, somebody else needs to manage this". It needs a mechanism like that to protect it.

Biodiversity net gain is not a simple thing. Even the terminology is hard to understand for a layperson. I am not sure that I agree with putting that accountability on a homeowner because this is not a minor, straightforward, optional thing. It is compulsory, it is for the greater good and it is very complex and that balance needs to be found. The Leasehold and Freehold Reform Act still gives that protection that, if we are not doing the job we should be, there is a mechanism in place.

If the homeowners think that we are being unfair with the charges that we are levying, there is a mechanism in place, and it increases accountability generally in the marketplace that historically has not been held to account for the vast majority of newcomers who just come and go as they please and do what they want.

Emma Toovey: Do you mean within the 30-year period or beyond?

Chris Hinchliff: Either.

Emma Toovey: Within the 30-year period it is it is explicit. Certainly, for offsite we are legally bound. For example, if we go insolvent or run off to Barbados, there is a mechanism in place. The responsible body or the local planning authority, with the funding security that is part of that legal



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agreement, can appoint a new land manager and that obligation is passed to them.

Post-30 years, essentially the 30 years is in place because it is a period of time that delivers meaningful change for biodiversity, meaningful outcomes for biodiversity, but it is also a period of time that is accessible for landowners. It is able to cost it out beyond that period. The landowner and whoever owns the land at that period in time, they have the habitats there to manage but there is no obligation on them to manage them for BNG. I think that it is important that that is the case.

Q282 Pippa Heylings: What we have heard from you is that this nascent nature market is starting to kick in, change behaviour and show promise. However, for the market to work it would need for the rules to apply to everyone. I want to explore the Committee's concerns about potential bypassing of biodiversity net gain.

In the first instance, we have heard many concerns about the misuse of exemptions from biodiversity net gain. Despite the Government asserting that this must apply to most planning applications, over 75% of planning portal applications have said that biodiversity net gain does not apply to them. What they are saying in the most cited examples for this are the de minimis exemptions. What recommendations you think that the Committee should make—if you think that it should—for the Government to tighten up the de minimis exemption or are there are other exemptions that you have heard of and seen within the industry within the last year that you think also should be addressed?

David King: We do not do a lot of—or really any—business with developments of that size. They are typically so small that we do not get involved. Housebuilders have a lot of challenges, and they affect the small housebuilders the most. They have the least resources. Capital for them is very expensive at the moment. It is another burden on them to have to figure out biodiversity net gain. They will not know the terminology. They will not know who to go and talk to. They will not know where to go and buy units in the marketplace.

To have an exemption for very small housing developments I do not think is unreasonable, because they are heavily burdened and they do not have the resources, the capital or the time to think about these things, especially when the marketplace is still forming anyway. In the future, who knows, but here and now I am not sure that an exemption for them is wrong.

Q283 Pippa Heylings: If over 75% of planning portal applications are saying that they are looking at exemptions, are there any that you think that the Committee should be looking at?

David King: If 75% of them are saying because they are below the threshold, that is what it is. You have to bear in mind 10 applications for 10—



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Pippa Heylings: Seventy-five per cent. are saying that it does not apply to them. Some of the most commonly cited are de minimis, not all of them.

David King: Yes, but if you bear in mind that one planning application could be for 500 houses and another planning application can be for five houses, that skews that statistic quite a lot. You might have 10 applications but that might only be for 30 houses in total, and then you got one planning application for 500 houses. The one that is captured is building more houses and will have a bigger impact on biodiversity net gain than all those 10 added together.

Q284 **Pippa Heylings:** If I understand you correctly, you do not think that there is. You have not seen or encountered for you misuse of exemption.

David King: It is not the marketplace where we are at as a management company, but we talk to developers a lot and we understand a lot about the struggles that they face, and I do not think that that exemption is wrong.

Emma Toovey: I agree in the sense that I think that the exemptions are appropriate. There is not currently enough evidence or data on whether or not those exemptions are being legitimately claimed. That is where there needs to be some additional scrutiny as part of the planning application process to verify or validate whether in fact the de minimis impact is accurate or not. I have heard that there has been a significant increase in self-build and custom-build development, for example. That does not happen overnight. That is probably a recategorization of the types of developments through that planning where they are making the decision in their application journey.

Again, it probably comes down to local planning authorities. Resourcing and the planning process itself does not have all of the mechanisms in just to validate and verify all of those. I agree that the exemptions are appropriate. What I would not encourage is any further exemptions beyond what we have now, because I think that that could undermine the biodiversity net gain policy altogether. Similarly, all of the customers that we deal with are certainly not exempt, but just from our experience in the market that that would be our position.

Niall McGann: Possibly we are looking at it the wrong way around. Anecdotally I have not seen any evidence of people trying to obfuscate the whole process. I think that it is more concerned with the challenge of how you manage the smaller developments because what is available onsite is quite small and the value of the habitats that you can produce are of relatively low value. Therefore, you then have to look offsite.

Is the mechanism around gaining offsite units robust enough? The market is nascent, and you are penalised if you have to go further than your local area for units. Maybe it is a little bit penal on the smaller



developers because the mechanism does not lend itself to overcoming those sorts of problems.

There is more flexibility needed in the metric itself in terms of what is available offsite that is not local and also possibly in helping micro habitats that may be available locally that are not really being tapped into at the moment. There is value there but the process to get those registered can be cumbersome and it is not quite well understood. There are lots of pre-statutory developments out there with lots of habitat that could be utilised if there was a mechanism to have those safely registered and utilised by developments in the local area, which is not available at the moment.

Q285 Pippa Heylings: That is interesting and leads me on to my second question. Would that be something that you would like to see the Committee recommending as a way to help smaller developments?

Niall McGann: Absolutely, yes. Developments generally are getting larger and larger over time, but there are lots of small developments or land parcels that need to be developed that will need a slightly different process. It is a little bit unwieldy at the moment to get through planning with what you need in terms of balancing.

The metric does not lend itself to getting you there effectively at the moment. Anecdotally that is what we are hearing, and they would like more flexibility in how the metric is calculated, as well as understanding how we can utilise smaller land parcels or areas of habitat more locally than we can currently get through.

Q286 Pippa Heylings: Mr King, given that you were saying how difficult it is for some of the smaller housebuilders to do this, do you have any ideas of how they could be helped?

David King: We have touched on it earlier. Resources in planning departments is typically where they are stuck. The primary discussion topic of any developer that I sit with is, "I'm waiting for planning". It is a resource thing. How many local authorities within their planning departments have ecologists employed to understand, digest, challenge and enforce biodiversity net gain? I am not sure that they are there yet. That is the biggest bottleneck, from who I talk to. It is not directly impacting us, but that is what we hear a lot.

The other thing that we have to be careful of is using the existing open-space resource. We have to be careful with that because you have existing homeowners who are used to what they are used to, are paying for the upkeep of that open space, and then all of a sudden one day it starts being something totally different to benefit a development down the road that is not them. That would need to be treated very carefully. Once you have lit that match, it is not going out.

Pippa Heylings: Is that something that is a caution as well that you would like this Committee to—



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David King: I would treat that with caution, I really would.

Pippa Heylings: It is almost double counting.

David King: Who is going to pay for that, though? They are paying for that open space to be looked after and then it is helping deliver a scheme down the road. I am not sure how that would work when this is not a commuted sum, where residents are not so invested in what the open space looks like and how it is maintained.

If somebody has lived on a development for 20 years and it has been formal amenity space—I agree that there is an opportunity to go back and maybe subtly look at how we can change that and improve biodiversity on it, but I think it is another step further to say, “Well, we should go and sell those units down the road to Joe Bloggs so that he can build some houses. Thanks very much, residents, now you’ve got some meadow grass to look at that you didn’t sign up to”. That is a very delicate topic, and I am not sure I am on board with that.

Q287 **Pippa Heylings:** Going back to you, Ms Toovey, you seemed to be raising a red flag about any changes to further exemptions. We know that six months ago the Government’s development and nature recovery working paper said that they would commit fully implementing biodiversity net gain, but just last week we have had announced the consultation into potentially reducing biodiversity net gain requirements for small to medium-sized developments. In my constituency of South Cambridgeshire in this first year through biodiversity net gain we have already had 117 hectares of habitat bank secured within that first year.

This is all about policy certainty for the market to function and many are investing upfront. What are your concerns about the potential impact of removing what is about 70% of housing development at the moment being small and medium-sized development from the biodiversity net gain requirement?

Emma Toovey: There are a number of concerns. There are definitely some opportunities in the proposals. From a small-sites perspective, between 10% and 20% of our current revenue is from small sites, but in terms of transactions it is probably nearer the 40% number of transactions. Therefore, from a market perspective it does have a significant impact on—

Q288 **Pippa Heylings:** That is 40% of transactions equivalent to how much?

Emma Toovey: I can come back to you with numbers. It is a rapidly growing market as well. I can come back to you with numbers on revenue, but the point there is that when I say 10% to 20%, that is because it is increasing quite quickly as well. What we are finding is that in the offsite market as it becomes more established there is local coverage more often. Operators are able to offer more affordable and fractional units for small developers. It is becoming easier and easier for



small developers to meet their biodiversity net gain requirements by utilising affordable offsite solutions.

The market has a finite limit in terms of its size. It is essentially a reflection of the development rate. From an investment perspective, further exemptions beyond what we have now would absolutely have an impact on market size and would create a further level of uncertainty. From our own investors' perspective—local authority pension funds, institutional investors—they have to have confidence, comfort and certainty in terms of where they are investing their money. It would have an impact in terms of private capital. That is the broader impact of some of the proposals, I think.

To your point, David, the cumulative impact—the 75% on its own, it is a huge number, but a lot of those might be, you know changes to windows in the conservation area. There are lots of different planning applications where there genuinely is not an impact. However, cumulatively lots of piecemeal, small impacts on biodiversity have a significant impact on the ground, and the whole purpose of the biodiversity net gain regulation is to halt the decline in biodiversity loss and to try to address it and reverse that decline.

Further exemptions undermine the impact of that policy. It is only 10% at the moment and that quickly erodes if 75% of developers that are having an impact on biodiversity do not have to compensate for their loss and the remaining 25% have to do more to compensate for that continued biodiversity decline. Therefore, it undermines the regulation as a whole, if there are further exemptions beyond what we have now.

Q289 Pippa Heylings: That is pretty serious for us, that we are looking at a nascent market a year in and we are looking at messages to the market that would undermine this because it is taking a huge chunk out of that market on the financial side, and on the biodiversity and ecology side it is having a huge impact on that locally. That is one of your conclusions for this Committee: that serious concern that you share with many local nature partnerships around the country and environmental organisations.

Emma Toovey: Absolutely. I think that the proposals in the consultation—there are a range of packages that are proposed, but absolutely some of the outcomes could be significant.

Q290 Barry Gardiner: Ms Toovey, what incentive does my local authority in Brent have to enforce its contract for an offsite biodiversity net gain project in Yorkshire? It is not going to affect my constituents, except those who go to visit Yorkshire and on holidays or something. The costs of doing it for local authorities will be quite substantial, so how is that enforcement of that contract going to work?

Emma Toovey: A good question. In terms of the costs and signing a section 106 agreement or a conservation covenant, there is an administrative cost that has to be footed by the operator. When we sign a



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conservation covenant with the responsible body or an agreement with an LPA, we pay for the 30 years of administrative cost to the local authority so that it can perform its oversight of us. We have to fund that, and it is absolutely appropriate that that is done. Obviously indirectly we are recouping that cost from the developers that purchase our unit, so it all flows through from the developer through to the overseer.

Q291 **Barry Gardiner:** It is no skin off my local authority's nose, is it? Are they going to get any kudos in from the voters in Brent for enforcing something that may be very nice for the voters in Yorkshire?

Emma Toovey: The Yorkshire site will be overseen and administered by the Yorkshire authority. If there was a local habitat bank in Brent, it would be the Brent authority that would oversee and enforce on that local habitat bank. That Brent habitat bank could sell units to developers from all over the country, potentially, but the oversight of it is done locally by that local planning authority, so they do have a vested interest in that scheme succeeding. They will have pressure and be accountable for that from their local constituents.

Q292 **Barry Gardiner:** Who actually has the contract? I thought that my local authority had the contract with the provider of the BNG. If that is remote from my local authority, what is the incentive to then enforce?

Emma Toovey: The legal agreement binds the habitat bank as a whole. That would be the local authority that the habitat bank sits within. That is the agreement. If that habitat bank then transacts units with a developer in another local planning authority, that developer agreement is with the operator not with the local planning authority. The local authority does not have to enforce the delivery of those units elsewhere. All it needs to do is ensure that its developers' planning application commitments are compliant, but it essentially outsources the oversight of the units to the local authority where the habitat bank sits.

Q293 **Barry Gardiner:** Could you perhaps write to the Committee setting that out very clearly? That would be very helpful, thank you.

Emma Toovey: To explain that better. Absolutely.

Q294 **Anna Gelderd:** We have heard how important it is to get this right. Does the presence of poor and inconsistent ecological data correlate with the poor implementation of environmental and planning policy?

Emma Toovey: We have a lot of data about baselines and the starting point for development but what we have lacked historically is data on outcomes. I pointed to some of the studies done by the University of Oxford, and I talked about the Wild Justice report.

There has not been a consistent enforcement of monitoring the performance of interventions and reporting that back to local authorities. I do think that we have a lack of consistent data in terms of what the challenges are and where things have gone wrong. When we are



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implementing new policy, it is quite difficult to address some of those challenges because we do not have good evidence to show where those problems came from.

Q295 Anna Gelderd: Thank you, that is useful. To all panel members, how do you minimise subjectivity when gathering and assessing ecological data? Do any of you want to come back on that point?

David King: One thing that we do is that when we are tendering for a new scheme from a developer, our ecology team will trawl through all of the assessments and assess whether we think that they are reasonable. We look at the type of consultancy firm that has done the baseline assessment, to see whether they are reputable or if they have just popped up last night and did this cheap assessment and, "Here you go".

Ultimately, we want to make sure that the baseline assessment is correct and that the expectation that they are set in for the 30 years is deliverable. We are not afraid of saying no to a scheme where any of those things fall short of not making sense. That comes down to what expertise the people looking at these documents have, because it is a very new thing. Personally, I am not comfortable doing that, but we have the team surrounding me that are very capable of assessing quality of data that is been submitted to us as part of a management company tender.

Q296 Anna Gelderd: Who should be accountable for collecting, maintaining and using the data needed to properly implement these planning laws?

Emma Toovey: There are multiple stakeholders in terms of data. I do think that in terms of biodiversity net gain, the burden should sit with the developer for the cost of the long-term monitoring and reporting of data. There is a role for local and national Government in setting expectations on protocols and ensuring that transparency and quality of data standards are met. There is also an opportunity: if we want to get the most out of data and the most out of everyone's eyes and scrutiny on the data that is being collected, there should be protocols around data sharing.

Q297 Anna Gelderd: That is that is very useful. Any other comments?

Niall McGann: I agree with that. There is not enough practical evidence on the ground right now. It is true that there is a lot of subjectivity out there purely because of that. However, going back to the principles outlined earlier on building safety, for example, there is good precedent there in terms of what could be implemented. In terms of accountability, then, you have at least a continuous thread that goes through depending on who is actually involved for implementing as time goes by and gathering and updating that data.

Q298 Anna Gelderd: I notice none of you have mentioned AI, which is interesting. What role do you think artificial intelligence and digital skills play and what more can they do in the future on this topic?



David King: That comes into play in enforcement. Local authorities do not have the resource to go out and look at all of these little pockets, whether that is onsite or offsite, on a regular basis over the next 30 years. That is hugely resource hungry. There must be a way for AI to assist with which sites they need to go and look at. It probably will potentially still require somebody to go and stand on the ground and look at it, but they need to be told what ones they need to go and look at as a priority list of red, amber, green, with green being “Looking great, don’t worry about it”.

Emma Toovey: I think that there is a huge opportunity here. Biodiversity net gain is a very multidisciplinary subject area and quite a lot of it is quite administrative, it is quite process-y. That is where I think that there is a real opportunity for automation, digital skills and AI.

There are already some emerging technologies that local authorities can use to help them flag errors, tensions and conflicts in metrics. It is a piece of software delivered by Verna. It helps with the resourcing challenges; it helps with subjectivity and consistency and absolutely helps with skills. We need to be careful because I do not think you can replace an ecologist with a bit of software. I think it can absolutely be complementary but there is a lot of grunt work in BNG that could be supported by technology and AI.

Niall McGann: Absolutely. It is processing people at the end of the day with AI, and quite a lot of it is processed, which can and should be automated, particularly to bridge that skills gap that we all know is there.

Chair: Thank you very much. That brings the first panel to a close. I am very grateful for you appearing in front of us and for what we have heard. We look forward to hearing back from you on the item that we raised with you.

Examination of witnesses

Witnesses: Dr Rufus Howard, Brian Berry and Sue Searle.

Q299 **Chair:** We come now to the second panel of today’s hearing. I would like to start by asking Mr Berry to introduce himself, and the other panellists to introduce themselves and the organisations they represent. Starting with you.

Brian Berry: I am Brian Barry. I am the Chief Executive for the Federation of Master Builders. The FMB is a trade association for small and micro building companies all across the UK. Most of my members work in the repair, maintenance and improvement sector but about 10% are involved in some way in house building, and typically they build about half a dozen homes a year. They are the micro house builders in our industry.



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Dr Howard: My name is Rufus Howard. I am a Chartered Environmentalist and Fellow of the Institute of Environmental Management and Assessment that I am here on behalf of today.

The Institute of Environmental Management and Assessment has 22,000 members in the environment and sustainability profession across public-private sector. We also have over 300 corporate partners who are all working together to support professionalism in environment and sustainability.

Sue Searle: Hi, I am Sue Searle. Sorry, I cannot be with you today. I live down in Cornwall and decided to be sustainable and stay at home.

I run a company called Ecology Training UK. I train people to get into ecology and conservation careers. I have been doing this for 18 years. I have also been an ecological consultant for 23 years after a career change from nursing. I know a lot about how to get into the career and the training and the skills that are needed for all this process.

Q300 **Chair:** Thank you very much. This panel will be looking at the issue of skills and availability of employees within these sectors. If I could start with you, Mr Berry. To what extent is the shortage of skilled professionals in your sector acting as a blocker to sustainable development and housing delivery?

Brian Berry: There has been now for several decades a skills crisis in the building industry. We know from the results of our own state of trade survey that all the trades are still in short supply; 37% of our members are struggling to recruit carpenters, 28% are struggling to recruit bricklayers, and 21% plasterers.

The impact of that, of course, has been a reliance on non-UK workers. That has changed with Brexit, and we are now having to rely much more on home-grown talent. The number of apprenticeships has not kept pace; about 37,000 over the last year to meet the growing need. That demand is very significant.

The Construction Industry Training Board estimates that we need an extra quarter of a million workers to deliver 1.5 million new homes. This is a major problem that is holding back not only housing but economic growth in our country.

Q301 **Chair:** Obviously we have been talking about a construction skills shortage for a very long time. Specifically, when it comes to skills, if you have an environmentally friendly construction, is there a particular shortage or just part of the general pattern?

Brian Berry: There is a shortage across all parts of the building industry and there is certainly low-level skills in terms of retrofit for the PAS 2035, which is required for retrofit in social housing. There is an opportunity to upskill workers in that part of the construction industry. However, no, I



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think overall there is just a serious shortage of workers to carry out the housing and infrastructure projects that are needed.

Q302 Chair: Dr Howard, what is your perspective on the extent to which the shortage of skilled professionals is acting as a blocker to sustainable development and housing delivery?

Dr Howard: I would not use the word “blocker”, but I would certainly suggest that it is a bottleneck if we are looking at planning and the availability of environmental and sustainability professionals, in particular in planning and impact assessment.

We have to take this in the context of over a decade of cuts across austerity to nature conservation bodies and arm’s-length bodies, such as the Environment Agency I think had 50% cuts of manpower. Also, within local authorities, I think it was 60% reduction in budget between 2010 and 2020. Those budget cuts fell on positions such as heritage, landscape, ecology within those authorities.

We are starting from a low baseline of capacity, and then if we add to that the expansion of development, 1.5 million homes, 150 infrastructure projects, and we put that in the context of the development consent order process and the nationally significant infrastructure projects under the planning inspectorate, have processed about 100 major infrastructure projects since they set up that regime in about 2010.

That gives you an idea of the double whammy of a massive expansion in the number of projects to process with a very low baseline of staff. IEMA has called, for example, for an impact assessment for a National Centre of Excellence to help build that capacity and process that flow of projects.

One more aspect, the Office for Environmental Protection, in their review of the environmental assessment regime, identified the lack of professional capacity as one of the top three areas preventing the implementation of an environmental assessment regime.

Q303 Chair: Ms Searle, can you explain to the Committee who is your customer base? Who is it that you are training up, and to what extent are you seeing these shortages in your experience?

Sue Searle: I mainly train the early careers people, the people that want to get into the career. They lack a lot of skills because if they are post-grads from university courses, they do not have the skills that they need to go into the workplace. So, it takes a long time to get them up to speed to be of any use to things like BNG or more technical stuff.

There does seem to be a national shortage of ecologists at a more senior level. I do not tend to train those that much because they are already at a level where they are fully trained up. However, I have trained a lot of them in the past and they are now senior, if you see what I mean.



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One of the big things, particularly with BNG, was that we had a lot of planners who did not understand what they needed to do and did not have any skills in ecology, and also did not have any ecologists within the local authority. We were training up the planners as well as the ecologists when we brought BNG in, and it just made it complicated because everybody did not know what they were doing basically.

I think we have a lack of skills for people that are trying to get into the career, so getting them trained up on the skills that are relevant to the career is what I focus on. Things like botanical skills, protected species surveys and things like that, and how to do BNG. But some of these skills take decades to acquire, like botanical skills, particularly for BNG because you need to have quite extensive and sound botanical skills to do BNG. Only the senior people can do that properly.

That work takes many, many years to get to be proficient and to be expert. If you do lose people, it is hard to replace them quickly. There is going to be a time lag if you need to train people up on new things.

Q304 **Chair:** In terms of the impact that that skill shortage has, do you see the Government's planning reforms having the desired effect while we are so short of ecologists?

Sue Searle: I do not think that the ecologists are holding up the process, to be honest. I think it is more the lack of skill for everybody else in the process of building a house. The developers, the planners, the architects, all of those people have no ecological skills and do not necessarily understand what we are looking at and what we are trying to achieve.

I think the work is getting done by the ecologists. It is just that if you bring in new skills that they need to have, there might be a lag phase before they can deliver that. When BNG came in, I had to do nine different courses before I got my head around BNG. Nobody could give me a list of the skills that you needed to do BNG.

When we are talking about this new Bill, we do not know what the skills are that we are going to need. For example, after a few months, we realised that habitat mapping, GIS, botanical skills, conditioner assessment, habitat management and management plans, IT skills, use of spreadsheets, reporting and monitoring were the list of skills that we needed, but nobody said, "This is the skills that you are going to need moving forward if we bring BNG in".

There were a lot of people who were struggling to get that number of skills all in one person. Sometimes it was divided up between different people in the team.

Q305 **Chair:** Mr Berry, from your perspective, wherever we have the skill shortage that we have within the construction sector, do you think it will be difficult for the Government to achieve their ambitious house building targets?



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Brian Berry: Yes. It is going to be a struggle in terms of producing 1.5 million homes, but skills are only one part of the equation because house building, unfortunately, has gone in the wrong direction over the last 12 months. There are other forces at play here in terms of the market, interest rates, no help for first-time buyers. However, if we can get those elements right, we will still struggle in terms of finding enough workers to build the homes that the Government have said they wants to deliver. Often these skills take time. It is not as if we can quickly turn on the tap and produce tens of thousands, hundreds of houses and new workers.

Q306 **Chair:** Dr Howard, to what extent do you believe Natural England is resourced to support environmental assessments to deliver the housing growth that we need?

Dr Howard: I think it performs a critical function, but I do think that it is under-resourced to perform that function. I think it suffered along with other bodies over time with reduction in numbers.

To my earlier point, the removal of a lot of district, county, and local level ecologists, the defunding of the local nature record centres meant that Natural England then had to pick up an even larger burden because there was no local advisers.

I have been doing this for 21 years, but we moved from being quite easily able to get a meeting with Natural England to discuss the specifics of a project I was working on, to its being next to impossible. It then falls back on standard advice, "See our guidance note", which does not give you any of the local or contextual issues that you might want to discuss pre-application for, say, a development site.

One final point. Looking at the strategic delivery plans in the recent planning reform paper, one of the worked examples was a nitrate strategic delivery plan with the idea that Natural England would somehow govern that process. That raised concerns with our membership about whether it has the capacity to take on even more duties under the current set of reforms in addition to their current duties.

Q307 **Chair:** Just on that question around local authorities, obviously, as you rightly say, a number of local authorities are poorly resourced and many of our local authorities are quite small. One of the Government's proposals at the moment is to do away with second-tier authorities—as we would call them—and effectively move to probably quite a number of larger authorities. Do you anticipate that helps in this or hinders or, in itself, will make no difference?

Dr Howard: I think one of the main problems is we have national level bodies, and we have a very local level governance. I think the regional tier is missing and it would be of benefit to have some sort of regional tier.

One of the things that IEMA recommended is that ideally you would have ecologists embedded at the local level. If that is not financially viable,



because of the number of local authorities and the size of some of them, the next best thing would be to aggregate at a regional level, so at the very least a group of local authorities have, at a regional level, some sort of resource that they can draw upon to give them ecological advice, particularly for major infrastructure projects.

Failing that, a National Centre of Excellence that can be drawn on and consulted upon, and we give the example for EIA of the Dutch national centre of EIA excellence. There are models out there but what we do know is that the status quo is not sufficient.

Q308 Chair: Ms Searle, I noticed you indicated you want to come in on that point.

Sue Searle: Yes. I was just going to say that when I first started consultancy about 23 years ago we were able to consult with Natural England and processes were fairly quick. Now we have to just work on guidance, and we have to use our own professional judgment taking the risk that we might make the wrong decision because the guidance has not been helpful and then licensing for protected species often gets held up at the Natural England side of things.

I think Natural England has been systematically under-resourced over the years, and I think it would be helpful to have some sort of organisation or resource it better so that it is more available for people to ask questions and to get advice.

Q309 Barry Gardiner: Ms Searle, assessing the presence of ecological features requires a specialist skillset that you train people in but many local authority officers, planning officers, do not have that skillset. How are we going to be able to proceed with BNG on a site if they cannot even assess what features are there in the first place? How much could that hold up the whole development of that site? Is this something that this Committee should highlight to the Government and make recommendations about?

Sue Searle: I think they do not know what they are looking for because they do not have ecological expertise but the ecologist is required to do a site assessment and to submit a report with the planning application so everything should be clearly stated there. I think the planners' only job there then is to follow what the ecologist says and to make sure that the ecologist is a reputable, qualified ecologist because I often have reports of land managers and architects and people like that saying, "Oh, I can do this assessment. You do not need to do it" but they would not be able to identify a priority habitat or a protected species. They literally do not have any idea.

Q310 Barry Gardiner: To ensure that there is consistency and quality in the BNG market should there be some minimum qualification or standard? This is now dependent on the developer saying, "Here is the ecological assessment that we have commissioned." They are marking their own



homework.

Sue Searle: Yes, there is not a standard. We have had training from Natural England and various experts and there are assessments for botanical skills but if you start to bring together all the skills that you need for BNG, as I mentioned before—habitat mapping, GIS, botanical skills, habitat management and management plans and reporting and monitoring—all of those are quite technical things.

There could be a standardised level test or something like that, a certificate, but I do not know who would be responsible for that because for protected species, for example, we have quite rigorous qualifications that we must go through and jump through lots of hoops and get certain experience and get signed off by our peers. For this, because so many people are doing it and because there are so many different skills within that, I am not sure how you could do that, but I do think something needs to be assessed in some way.

Q311 **Barry Gardiner:** At the least would you like to see this Committee highlight in its report that at best the quality of BNG programmes will be variable unless some standardisation of the ecological qualifications is introduced?

Sue Searle: Yes, I think you could safely say that. You might have botanical skills but not know about habitat management or you might have GIS skills and not know how to map a habitat. It is having all those skills all in one person. As I said before, it could be a team effort and the team could demonstrate that they have those skills between them, but I think there needs to be some demonstration of skills, yes, definitely.

Q312 **Barry Gardiner:** Thank you. How will the Government's planning reforms change how your organisation operates and delivers its services?

Sue Searle: That is a good question. The fundamental thing is that I am very concerned about the lack of protected species' assessments and having assessments of sites individually, rather than just say, "Oh, well, I am going to take away this bit of habitat". I do not fully understand how this is going to work because if you have BNG somebody has to go to the site and assess it for BNG. However, from what I can gather from other people, the protected species' side of things is going to be dropped, which is causing a lot of concern.

I would say that probably 80% of my training is to do with protected species and so if we do not have to do that anymore—and I know that many ecologists will be extremely distressed to think that bat colonies and newt ponds and things like that can just be destroyed in exchange for cash—it is going to affect wildlife massively. For me, it is going to change what I do and the products that I sell.

As we did with BNG, we will also have to get up to speed with whatever is proposed in the Bill. At the moment until the Bill is fully drafted we do not



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know what those skills are going to be, and we do not know what we need to prepare.

Q313 **Barry Gardiner:** I am sorry to rush you, but we have limited time. In terms of how this Committee should approach it, particularly what you have said about the dropping of the protected species' requirements, should we draw that to the attention of the Government as a threat and something that needs to be offset within any BNG that is an off-site BNG?

Sue Searle: If you had a maternity colony for bats an off-site BNG is going to have nothing to do with it. Bat conservation over recent years has meant that bats have stabilised and in some cases increased. Without those then we are going to lose bats, and we are going to lose great crested newts. It is very distressing for everybody in the business to even think about the fact that we have all trained to look after these protected species that were protected by law and then to find that those skills are just going to be swept away because the protected species are no longer protected. It is very concerning.

If we do go down the route of not doing protected species' surveys anymore, if it is decided at a later point that what we have decided to do now for this Bill does not work for wildlife and we have lost even more wildlife then—to backtrack—we are going to lose all those skills in the meantime. People will not be doing those surveys, and they will not have the skills and knowledge and then it will be even worse to get the skills up to scratch.

Q314 **Barry Gardiner:** The point here is that by dropping that requirement biodiversity net gain will not be a net gain but will be a net loss. Is that correct?

Sue Searle: It will be a gain in habitat, but you have to have the species to use the habitat. If you do not protect the bat maternity colonies, the newt ponds and insect-rich habitats and things like that there will not be any species to use the habitat that you are making in BNG, so BNG is a habitat-only system. It does not consider protected species at all.

Q315 **Barry Gardiner:** Thank you. Would you say that in the report that we are producing there should be a recommendation about the training in ecology for enforcement officers? Obviously the lack of skills there will also be a problem because they have to ensure that they can enforce these contracts.

Sue Searle: I think that might be the ecologists who work for the local planning authorities, if there are any. A lot of planning authorities either do not have an ecologist or they do not have anyone they can call on. Therefore, if they are trying to enforce something that involves a habitat how would they know if it was being done properly?

My impression is that, through the monitoring that ecologists do over the years as part of the management agreement, things will be flagged up if the management is not happening properly. The enforcement can still



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happen off the back of a report from an ecologist even if they are not employed by the planning authority.

Q316 **Barry Gardiner:** A quarter of all local authorities do not have any ecological expertise. I think of those that do only 55% of those are in-house. You are talking basically about a third?

Sue Searle: Yes. I do not even know how planning authorities are supposed to deal with anything to do with biodiversity if they do not have an ecologist in-house. I have trained up quite a few planners in the past to become the ecology specialist and that is a possibility. You could train up planners to become an ecology specialist and not necessarily be an ecologist but have an awareness of what needs to be done.

Q317 **Barry Gardiner:** Can you perhaps describe how the environmental delivery plans can change your approach and the mechanism for which they use the Nature Restoration Fund, which aims to help developers compensate for specific harms when mitigation is not possible? Is that a shortcut to avoiding the hierarchy of mitigation?

Sue Searle: I do not fully understand the process, but I understand from all the comments that other people are making that the protected species' work will not happen and, therefore, you are not doing a proper assessment. By paying into a fund, you are not going to save any individual species; you will just be saving some habitat or maybe the money is going to go into—the Nature Recovery Networks is very much supported because we do need strategic plans to get connectivity across the landscape so that animals can move across the landscape and they can colonise.

However, if you are just going to demolish buildings that have bat roosts in them and things like that you are going to lose the species anyway. It does not matter what habitat you have, how much money you pay, if you have not done that initial assessment and have not fundamentally decided whether there are any other ecological triggers that need to be addressed it is very concerning.

We are already in the bottom 10% of countries that have depleted in nature. We are right down at the bottom with countries that are deserts. We are really terrible at looking after wildlife and, in my 23 years as an ecologist, we are still seeing everything declining. Even since I started 23 years ago we now have 31% of amphibians and reptiles threatened with extinction, 26% of terrestrial mammals are at risk of extinction.

Q318 **Barry Gardiner:** I am sorry, I am going to have to cut you short.

Sue Searle: It is just getting worse and worse.

Q319 **Barry Gardiner:** I totally sympathise and agree with you. Dr Howard, are there particular areas of ecological expertise where skills shortages you think are particularly acute within the sector? Would you like to comment on what Ms Searle has been saying and the things we have



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been discussing specifically about species?

Dr Howard: Yes. If I could start by commenting on your earlier discussion around competence and the use of competent professionals there is an existing tried-and-tested model. Environmental impact assessment regulations since 2017 require the developer to use a competent expert, that is in the law, and that the local authority have sufficient expertise to assess what has been produced. That is again in the law. That has been in force now for eight years.

Q320 **Barry Gardiner:** Well, you say it has been in force. It has been the law, but has it been the practice? Has it been carried out and implemented?

Dr Howard: Yes, because it is in the law it then goes into procurement contracts to say, "Who are your competent professionals to win this contract?" In the environmental statements now, you have a section that sets out the competence of the experts—much as you do for expert witnesses—so it has had an effect.

What I was about to say is that that is at threat of being lost through the environmental outcome reports and the potential removal of EIA and SEA so we might be going backwards on our requirements for competence.

Q321 **Barry Gardiner:** What recommendation should this Committee make about that point?

Dr Howard: Similarly, taking the language from EIA law, it should be stated that anyone producing a biodiversity net gain report on behalf of a developer should be using a competent expert. Local authorities responsible for reviewing or accepting the biodiversity net gain report should have "access to sufficient expertise". That means they must either possess that expertise in-house or bring in a consultant to provide that expert judgment.

Q322 **Barry Gardiner:** Should we be making any recommendations about increased funding for training and skills development?

Dr Howard: Yes, I believe so. To my colleague's point, there is no shortcut to ecological training. We require long-term investment and must attract individuals into the profession, starting with the national curriculum so that students consider it for A-level and college levels. We need to start early so young people go into it as a profession early.

However, there are several barriers—seasonal work, poor pay, contract uncertainty, lack of positions within local authorities and so on—so it is a difficult proposition to attract people. Although, fundamentally, many young people are attracted to nature and sustainability. We must create clear pathways and show that there are well-paid jobs and routes not, only for young people but also mature career movers. People in their 40s or 50s with families and houses and so on who are not going back to university, taking three years off work. It is not realistic. Where are the routes for people to transition into ecology jobs?



Finally, echoing another colleague, there is an upskilling element here. We need the planners, the councillors, the architects, and the engineers not to become ecologists, but to have some ecological and climate literacy. I would like to share an example with you. Some of the civil engineers cottoned on to this a little bit earlier. To become a chartered engineer, one of the competencies that you have to demonstrate is an understanding of sustainability, so they have incorporated it into the body of knowledge that all engineers must have. We have not seen that so much with planners and landscape professionals.

Barry Gardiner: That is another recommendation this Committee can make. Thank you very much.

Q323 **Martin Rhodes:** Mr Berry, you mentioned a general skills shortage in the construction industry. Are there any unique skills challenges for retrofitting and low-carbon housebuilders?

Brian Berry: Not unique to green, no. It is across the board. The percentage of SME housebuilders has dropped remarkably. In the 1980s, 40% of all new homes were built by SME housebuilders. The percentage has dropped 10% and below. I think it is just over 9%. There has been a very marked decline over that period, and this affects all types of building done by SMEs. Now, of course, we have a market that is not very diversified, and that is very reliant on large-scale development.

The FMB has been mapping some of the barriers and what must be overcome. Planning has always come out very strongly. In our last survey, 76% of our members said that planning was the major obstacle, mainly because of a lack of resources within local planning departments, which slows things down.

We did a report last year with the London School of Economics, which demonstrated the value of using SME housebuilders because they are embedded in local communities, so the homes they build tend to have higher customer satisfaction rates. Often, they can build on awkward sites, and again, this can be very good from an ecological point of view. Also, of course, they are employing local people, so they are catalysts for regional economic growth because they are employing apprentices in that region, not a labour supply that has moved from one region to the next.

However, we need to incentivise and diversify the housing market and promote SME housebuilders, particularly the micro businesses, which are struggling. It is encouraging, therefore, that the Government's planning reforms will help to some extent. Reforms for nine units or fewer were announced last week and there will be a speedier approval process by planning officers. However, the question remains—will there be capacity in those planning departments to carry out the work?

Q324 **Martin Rhodes:** Turning to the issue of embodied carbon, how well equipped are these SME and micro housebuilders in being able to measure in the first place, and then potentially reduce embedded carbon?



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Brian Berry: Micro housebuilders struggle because they do not have the in-house teams and resources to measure embedded carbon. The FMB has had discussions with the Department about embedded carbon, and we have not really got very far because it is a major challenge when you have got limited capacity in the SME housebuilding sector. It comes down to looking at the products that they are using. Builders go to builders' merchants and their products could be more clearly labelled so that small builders could understand and measure.

A survey by the British Chamber of Commerce revealed that only 11% of companies measured their carbon impact. So, there is a huge opportunity there, but it needs to be made easy, or easier, for micros to be able to measure and calculate their carbon impact.

Q325 **Martin Rhodes:** What would make it easier for them? What support would help them?

Brian Berry: Making it clear on the products, having them clearly labelled. We come back to making sure that the manufacturers are labelling clearly so that when builders go to the builders' merchants, they can calculate the embedded carbon and record it.

Q326 **Martin Rhodes:** Can you think of anything that not just the manufacturers and the builders' merchants could do but that the Government could do in support?

Brian Berry: It comes down to awareness and training. At a time when we know there is a lot of pressure to build more homes, we need to make sure that there is a proper balance there, that we are not putting an extra burden on small and micro housebuilders because this will be an extra thing for them to learn and do. We need to make any requirement as simple as possible, which is why I think that clearer labelling would make it so much easier.

Q327 **Martin Rhodes:** Particularly among micro and SME businesses, is a lack of digital skills effectively holding them back?

Brian Berry: Yes, the same sort of issue. A lot of small and micro building companies have very low digital skills. The proposed planning changes will make it interesting. Small builders will need to be more familiar with and understand the digital landscape. It will require training and support for those housebuilders to upskill, and that is where I think the Government could step in with some additional support.

Q328 **Martin Rhodes:** If we are looking for something that the Government could do to support SME and micro housebuilding, building up digital and other skills to respond to changes in planning, you would recommend more training particularly catering to that part of the sector?

Brian Berry: Yes. There is a low skill base in digital. The sector needs some support with training so they can go about doing it easily and in a



practical way. These people are very busy and have very limited resources. Some online training would be useful.

Q329 Martin Rhodes: You mentioned retrofitting. How much can retrofitting and that sort of work help to meet the Government's housebuilding targets?

Brian Berry: By 2050, when we need to reach net zero, 85% of our existing homes will still be with us, so there is a huge opportunity there. We know that our homes are significant contributors to CO₂ emissions. We need a long-term strategy to tackle the state of our existing homes. We have seen a very piecemeal approach from all forms of government and that has not been very helpful in creating continuity or investment in the retrofit market. We need long-term certainty.

Current policy is very much focused on social housing, and we are seeing some growth in that area. However, for the owner-occupied sector, there is only the incentive to remove the gas boiler. There is nothing to improve the fabric of the home. The ambition needs to be wider. Retrofit should be treated as an infrastructure project over the next 20 years. Unless we make our homes more energy efficient, we will not deliver net zero.

Of course, the other benefit is actually improving people's homes, reducing the cost on the NHS because by having homes that can be heated properly you will reduce fuel poverty, which has probably increased since the rise in energy bills over the last couple of years. This is a win-win situation that benefits not only the building industry but also benefits consumers and the environment.

Q330 Blake Stephenson: I have some questions on qualifications and training. To what extent do current qualifications and training programmes equip us to meet the demands of England's housing and nature restoration targets? Maybe I can start first with Sue Searle.

Susan Searle: The universities are not training people with relevant skills for the workplace so that needs to be picked up outside the degree programmes. Some non-degree avenues such as BTECs and City and Guilds, apprenticeships, internships and volunteering are helping people to get the skills they need for work. We are also seeing a trend of people—particularly career changers with good transferable skills—getting their skills up on the ecological side and they can become ecologists without a degree.

We are starting to see clear pathways for people without a relevant degree to get the skills and knowledge that they need through training that we provide. It is possible to get people in from lots of different avenues. There are lots of roles within ecology, some of which require a higher level of skills and knowledge than others.

Q331 Blake Stephenson: Earlier, you said that postgraduates leaving education need lots of training to be useful in ecology. Does something



need to be done to university education or is it appropriate enough and you would then do lots of training with them to get them ready?

Susan Searle: I went to university to change my career, and my degree did nothing to get me any work. I had to do a Master's to get the skills I needed. Last week I saw a student who had gone all the way through a degree and is now doing a PhD. She had never seen a British reptile. I took her on a reptile course. She was overjoyed to see a slow worm. I was like, "Wow, you have been through the whole education system, and you never even saw a reptile?"

It is the same with all the botanical skills that they could be learning, that could be useful in the future, particularly taxonomic identification skills. They are just not there. Some courses teach them, but a lot of courses are just training people to be scientists, which is not that helpful.

Q332 **Blake Stephenson:** Mr Berry, perhaps the same question to you but perhaps with a focus on the housing targets part rather than the ecology part.

Brian Berry: The skills they need?

Blake Stephenson: Yes, education and skills.

Brian Berry: We have a bit of a skills deficit, as I mentioned earlier. We need to attract more people into our industry, but we also need to find more employers to take them on. Enough young people want an apprenticeship but not enough employers to take them on. The reason for that comes down to funding. It has to be attractive for small building companies to take on someone because of the extra costs involved. We need to make it attractive to encourage more small builders to take on apprentices.

Over the last 40 years, we have seen declining numbers of apprenticeships in the building industry. Now, we are having to develop homegrown talent and have to change and reverse that trend. We are seeing some positive moves from the Government with the £600 million invested in the trades but reversing the trend is going to take time.

The Construction Leadership Council has set up a mission board to look at how we can train more people to deliver 1.5 million new homes, which is very positive, but we have to make sure that we are not just talking about boot camps and short-term courses. We need to make sure that we are equipping people coming into our industry to have a lifetime career, not using short-term measures to meet a short-term business model.

Q333 **Blake Stephenson:** It will take some time for the Government to bring those new measures forward and in the meantime, there is a skills gap.

Brian Berry: Yes.

Blake Stephenson: Would you say that existing qualifications and



training are not enough to achieve the target of 1.5 million new houses?

Brian Berry: Yes, because the building industry is a very confused landscape. There are different standards. People can call themselves builders without any qualifications, who then progress on to other sites. It is an absolute minefield. The whole landscape for training in the construction industry needs to be reviewed.

Q334 **Blake Stephenson:** Finally, Mr Berry, in addition to what the Government are doing and what they are planning to do, is there something on top of that that you would expect to see to make a meaningful difference?

Brian Berry: They need to do more of what they said they were going to do. They need to invest in our colleges. They need to put more incentives in for employers to take on apprentices. There needs to be a systemic review of the landscape. What we are seeing are tentative steps that will not deliver what we need in this country.

Q335 **Blake Stephenson:** Dr Howard, the same question. We would be interested in your perspective on this.

Dr Howard: Sure. There are some degrees. In my own biodiversity degree, we did academic subjects like evolutionary biology, but we did do mark-recapture mammal surveys and great crested newt surveys. That is the University of Kent. There are good examples out there, but they are few and far between.

We need to get much more joined-up working with employers, professional bodies like IEMA, and the universities to come together to co-design those courses to say, "What do we need in the workforce?", not dumbing down the academic rigour of those subjects but thinking about how we can make this more applied and still develop those critical thinking skills.

I think only 1% of PhD students go on to become lecturers—do not quote me on that figure, but it is a very small percentage. What we have to think about is that the vast majority of people going to university are not going to become academics. Therefore, training them all in purely academic techniques is not efficient for us. That is what I would add.

Q336 **Blake Stephenson:** My final question to Dr Howard. Is there sufficient read-across between ecological and planning and construction qualifications? If not, how can this be improved? Sue may also want to answer that. Maybe I will start with Dr Howard.

Dr Howard: The best example I can give you is that I was asked by the Royal Town Planning Institute to train planners in EIA on a one-day course. I gave the course on EIA and one of the planners came up and said, "I have just finished my three-year degree in planning, and I have never heard about EIA before". That is a damning indictment of the lack of read across between planning degrees and the environmental



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legislation that accompanies planning, and I think the same could be said for many subjects.

We have to have that read across. I mentioned it with the example of chartered engineers having a sustainability module. Planners should learn about ecology and climate, for example, as an aspect of their course. Likewise, if you are doing an ecology degree, you should absolutely be having a module on planning and how ecology fits into the planning system.

Q337 Blake Stephenson: Do you have any final reflections on that, Ms Searle?

Sue Searle: Yes. The planners definitely have a deficit in knowledge about ecology, as do the architects. Some of them are dealing with bat roosts, for example, and they do not have a clue about what the implications are for bats if they use a certain design. It is right across the board.

Even arboriculturists—people who work on trees and chop down trees on a daily basis—have no training at all in ecology. It is part of the remit for all of those people, is it not? The planners, the architects, the arboriculturists are all having an effect on biodiversity, but they do not have any training in it. They should at least have some modules in their training.

Blake Stephenson: Thank you very much, all of you. Thank you, Chair.

Q338 Chair: Thank you. Mr Berry, if I just ask you prior to bringing Sarah Gibson in, you are talking about the widespread skill shortage there is in your sector. To what extent do you think that your members want to solve this? It seems to me that a shortage of trained experts in the construction sector is very good in terms of how much they get paid for their work. It is not in their interest for there to be an oversupply of bricklayers, carpenters or anything else.

I speak to small building firms in my constituency who have no interest in taking on apprentices. They just see themselves as training future competitors. I do not blame them for that—it is not their responsibility—but if the Government and previous Governments are expecting the construction industry to be the solution to our skills shortage, you are looking in the wrong place. Do you think your members want to make sure that we have enough house builders and other construction staff?

Brian Berry: It depends on which part of the building industry you are talking to. If you are talking to FMB members, 40% of my members—and it could be higher—are training an apprentice. Some of the problems that I have just flagged, including financial incentives for them to take on an apprentice, remain a problem.

However, we do need to make it more of a requirement to have qualifications or a recognition of competence because at the moment



anyone can operate in the building industry without qualifications or a degree of competence. That is a major problem that undermines the reputation of our industry, which means we do not attract enough people in and there is a lack of diversity in the building industry because it has a very low percentage of women on the tools, 4%. It has gone up from 2% to 4% over the last 15 years or so. We have a lot of work to do within the industry.

The good thing is that I think the Construction Leadership Council recognises that more needs to be done across industry and is working on this. How do we ensure that we are taking on the people training them, to make sure we have a workforce that is fit for the future? It is a major problem when we do not have a level playing field in our sector. Often the apprentices who are trained by the micro building companies will go on to larger companies, who do not necessarily put the funding in. They will then offer higher wages. It is the small ones training the apprentices, who then move on to larger companies, and it can be quite debilitating for a small company to be constantly training and losing quality staff.

Q339 Sarah Gibson: One quick question on skills. Before I start, I am just going to declare an interest: prior to this role, I was Director of Studies at the University of Bath in part three, training architects in their professional part.

I was interested that architects were mentioned so lightly, and I would just like to say that one of the Architects Registration Board's core competencies is a profound knowledge of environmental legislation. It is important to note that many of you never mentioned an architect, partly because, of course, an awful lot of our major house builders do not use architects. They are not involved in quite a lot of our construction process. They just do not get employed. That is quite an interesting thing for a profession that used to be far more key to some of the issues that we are facing.

Going back onto the skills side of it, what I wanted to ask was: is there a role for the use of technology in trying to bridge some of our skills gaps? I am thinking to a certain extent, Ms Searle, of what you were talking about in terms of bat surveys. Could AI be doing a lot more for that? In terms of our issues with core competencies in our building industry, how much could offsite construction help with that lack of skill? For offsite construction, you need less competency. If I can start with Ms Searle, do you think AI could help?

Sue Searle: I do not think AI would be very good at crawling around in a loft to see if there are bats up there. I do not see it with some species. You cannot replace doing the surveys to see if the species are there, or at least if there is potential for them.

We are starting to use AI to analyse data, which is always very time-consuming—things like recordings of bats and things to identify them—and AI is increasingly being used in crafting reports and things like that.



With the hands-on skill of finding out whether a species is there, it is not going to be much use.

Q340 **Sarah Gibson:** At the report stage, the recordings and data and such like.

Sue Searle: Yes.

Q341 **Sarah Gibson:** What about offsite construction in terms of reducing our requirement for skills so that more of our skilled construction workers could be concentrating on the more difficult things, like retrofit, which you mentioned?

Brian Berry: Offsite has a role to play and it is often quoted as being the panacea for our construction industry, but it is not going to work in all parts of the industry. My members are working mostly in the domestic sector, and you will still need a builder to do home extensions and repair the fabric of your home.

Technology does have a role to play in terms of planning applications and surveys, where we can speed things up. That would certainly help the small general builder. However, we are still going to need people and skills that are traditional. The “biblical skills” are often referred to: carpentry and plastering. We need to invest in those.

We hear that offsite manufacture is going to be wonderful, but we need to invest in those biblical skills and make sure they are of a high standard so that we maintain the fabric that we have. That is a much better, more sustainable way to look after what we have.

Q342 **Sarah Gibson:** Thank you. Dr Howard, I do not know whether you—

Dr Howard: Sorry, I have lost my train of thought. Could you repeat the question?

Sarah Gibson: What areas of technology do you think might be able to help?

Dr Howard: We have done a lot of work on digitisation within environment and sustainability, huge amounts of work. I cannot possibly go into all of it now but if I can point to one recent resource, we produced a digital roadmap for environmental impact assessment and planning, and within that we created a maturity matrix for our members to self-assess their organisational maturity on digital. Then, depending on where they see themselves, at the very start or all the way through to full integration, there is a set of recommendations for their next step.

We are recognising that across our membership there are people who are using full 3D business information, modelling systems and digital twins, who are super at the cutting edge, and we have other members who are not using digital skills at all. We cannot have a one-size-fits-all solution. We need different solutions for different businesses and sectors, and that is what we try to do with our digital roadmap.



Our members are embracing digital technology. We do not want to spend our time doing things that can be done more quickly and efficiently. There is plenty of work to be done on the difficult tasks that AI cannot support us on, and we want to free up our time to work on those aspects.

Q343 Sarah Gibson: Thank you. Then a slight change of tack: questions for Mr Berry to do with SMEs supporting the Government's goal to build the 1.5 million homes. I share your thoughts—we need these biblical type skills, especially in the smaller construction sites where other systems are just not appropriate—but I just wondered what impact you think it would have if the VAT tax breaks could be applied to retrofitting.

At the moment, I am sure you would share my view that there are moments where demolition happens because there is a VAT saving, whereas if you refurbish you automatically make that whole construction site 20% more expensive. How much of a difference do you think it would make to perhaps improving some of our building stock or getting some of those projects over the line?

Brian Berry: For many years the Federation of Master Builders has had a campaign to reduce the rate of VAT for retrofit work or home improvements because, as you have just mentioned, it is often cheaper to knock a building down and get 0% VAT as compared to 20%. That is a major difference, and it becomes very important on a very small development.

We would like to see the VAT rate change. Even if it was brought down from 20% to 5% or 10%, it would certainly be a big incentive and create a more level playing field for home improvements and retrofit work. That has been a longstanding campaign. We do have some figures—we did a report with the RICS—that we can send to you if that would be helpful, on the VAT issue.

Q344 Sarah Gibson: It is certainly a cost saving but it increases the embodied carbon of that project dramatically.

Dr Howard: If I can share a very quick personal anecdote, a friend of mine who is a small builder retrained in retrofit, got all of the qualifications in Passive House, 3D cameras and everything, and was really excited to be part of the retrofit. He has told me that every time he gets called to a domestic house and asked to cost up the retrofit, he has to advise them not to proceed because the cost/benefit is not there. He is effectively having to advise them not to employ him.

At the moment, the cost/benefit just does not stack up at a householder level. All of those benefits set out by my colleague here—benefits to the local economy, benefits to the householders in the reduced energy, benefits to our climate change targets—fundamentally are not working because it is not financially viable. We need something like VAT, but you probably want to go further than VAT to make it viable.



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Brian Berry: There is a confusion in terms of energy-efficient products, because there is 0% on energy-efficient products, but the installation costs are taxed at the normal VAT. Small builders then have to do two separate invoices, which is often confusing, and they do not do it because they are too cautious about what is included in which one. That would be a good recommendation: dealing with the VAT treatment on energy-efficient improvements.

Sarah Gibson: If you are doing energy-efficient improvements, if the product is zero rated—

Chair: Sorry, I think Ms Searle wanted to come in on this. Is that possible?

Q345 **Sarah Gibson:** Yes, I just wanted to clarify that point and then I will bring Ms Searle in. If an energy product is rated at a low VAT rate or a zero VAT rate, the work to install that should be rated at the same—

Brian Berry: The whole project should be at a lower rate to make it easy for it to be self-contained and promote consumer uptake.

Q346 **Sarah Gibson:** That makes a lot of sense. Sorry, Ms Searle. I did not mean not to bring you in; I just wanted to make sure he had finished that point.

Sue Searle: Going back to how digital can help, I have gone from nine online courses before covid to now having 50 online courses. I am finding a massive decrease in people doing face-to-face courses, which are more expensive because they have to come and stay, travel and all of that stuff.

There is an enormous possibility to increase training that people can do in their own time digitally and remotely, either through webinars or pre-recorded materials. I never thought that people could learn botany online, but I have proven with my method that it can happen. I am hopeful that a lot of people could get trained up quite quickly and be very knowledgeable quite quickly.

Q347 **Sarah Gibson:** That is good to hear. One very final question. We are seeing Homes England in the next few weeks, and I just wondered—first to Mr Berry—what role you think Homes England could play in supporting the development of a skilled workforce in low-carbon construction and sustainable housing delivery, specifically aimed at SMEs.

Brian Berry: Engagement with Homes England has been rather limited. We have seen the recent planning announcement that for sites between 10 and 49 homes there will be more land available for SME developers, and that is very positive. In terms of what it could do to ensure sustainable house building; it could mandate it in terms of the requirement of the release of the land or there could be some form of financial incentive. A mixture of the two maybe, to make sure that we are getting sustainable development.



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Q348 **Sarah Gibson:** Thank you. I do not know if either of the other two want to come in on that.

Dr Howard: Public procurement is a massive opportunity to promote environmental standards and sustainability. It is very hard to get the private sector to do things but Homes England, with its public sector remit, has an opportunity to show leadership in looking for net zero developments, using SMEs, pushing environmental improvements, and setting out in their procurement competency standards for all of the people they employ.

We need to put our money where our mouth is as the public sector and hopefully then those values and attitudes can also be put into public procurement of the private sector contractors. That is how we can push some of this stuff along.

Sarah Gibson: Leading by example. Thank you, that is very helpful. Thank you all.

Chair: Dr Howard, Ms Searle and Mr Berry, thank you so much for the evidence that we have heard today. That brings this sitting to a close.