



Built Environment Committee

Corrected oral evidence: Meeting the UK's housing demand

Tuesday 26 October 2021

10 am

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Members present: Baroness Neville-Rolfe (The Chair); Baroness Bakewell; Lord Berkeley; Lord Best; Lord Carrington of Fulham; Baroness Cohen of Pimlico; Lord Grocott; Lord Haselhurst; The Earl of Lytton; Lord Moylan; Lord Stunell; Baroness Thornhill.

Evidence Session No. 7

Heard in Public

Questions 74 - 93

Witnesses

I: Brian Berry, Chief Executive Officer, Federation of Master Builders; Clare Miller, Chief Executive Officer, Clarion Housing Group; Andrew Wilford, Head of Planning, Esquire Developments Limited.

Examination of witnesses

Brian Berry, Clare Miller and Andrew Wilford.

Q74 **The Chair:** Good morning to you all. Welcome to the House of Lords Built Environment Committee and our public evidence session to inform our inquiry into housing demand. This inquiry is investigating the demand for new housing and how barriers to meeting this demand can be overcome. We are considering the key factors shaping the type, tenure and quality of housing needed and we are examining a range of challenges to meet that demand. That includes shortages in the construction industry, particularly as we move to net zero, and some specific aspects of the planning system. We are making recommendations to the Government later this year.

This morning's session is focusing on housebuilding. We are delighted to have with us Brian Berry, chief executive officer of the Federation of Master Builders, Clare Miller, chief executive officer of Clarion Housing Group, and Andrew Wilford, head of planning at Esquire Developments Limited. The session is being broadcast live. A full transcript will be taken and will be made available to you to make any corrections shortly after the session. I ask Members and witnesses to keep their questions and responses brief so that we can get through a good deal this morning.

I will start with the first question, and ask Brian Berry to start. Is the housebuilding industry able to meet the demand for housing, and what barriers are you facing in the sector?

Brian Berry: Thank you. Clearly, we are not meeting current needs. The Government has said that it wants to build 300,000 new homes a year, and we have not been meeting that target. The number of new homes built has increased over recent years, but I understand that last year there was a drop, because of the impact of the pandemic. Part of the reason for not meeting the target is the lack of capacity in the housebuilding industry. It has become more polarised, with the volume housebuilders dominating the housing market, and that is reflected in the number of SME housebuilders. In the late 1980s, 40% of all new homes were built by SME housebuilders. Three or four years ago that had dropped to 12%. You can see a marked decline in the number of local housebuilders.

If we are going to deliver, we need to increase capacity in the housebuilding industry. We need to create a more diverse housebuilding industry. We need to overcome the barriers that SME housebuilders face.

The FMB carries out an annual survey of its members to find out what the problems are. At the moment, the number one problem is the availability of small sites. The planning system does not allow for sufficient small sites for micro housebuilders to take advantage of. This year, of course, we have seen problems with material shortages, which all sectors have been affected by.

Sixty-one per cent of our members said that the planning system is also a barrier, and for SME housebuilders it is the complexity of the planning system, the uncertainty, and the cost. SME housebuilders are unable to shoulder, in the same way that the volume housebuilders can, the extra responsibilities and onerous conditions that they have to navigate.

At the moment, there is a problem with skilled labour, which is not unique to the building industry, but there was the problem of a shortage of skilled labour before the pandemic. Access to finance, which had been a key problem for local housebuilders up until the last two years, has improved.

A range of barriers have been dogging SME housebuilders, which need to be overcome if we are going to increase the percentage of them in the sector from 12%. We also need a more diverse housing market that meets the needs of communities. A lot of the opposition to housebuilding is because of the identikit nature of housing that you see across the country. We were very hopeful about the planning reforms that the Government was planning to introduce. They are on pause, which creates a sense of unease about the direction of travel. It would be extremely helpful to know what the direction of travel is with these planning reforms as soon as possible.

Q75 The Chair: Before I move on to Clare, is there anything in the planning reforms, or anything that can be done, that would make a big difference to the SME sector?

Brian Berry: One thing is resourcing local planning departments—that seems to be a major problem for small builders—and simplifying the planning process, which is quite expensive for small builders to navigate. The issue is one of communication. Improved communications between local authorities and local housebuilders would make a huge difference.

Clare Miller: I agree with almost everything that Brian said. One of the ways in which the Government could increase the output of new homes would be by encouraging the building of more affordable homes. In the last year that we have numbers for, housing associations built 47,000 homes. That is for the year ending March 2020. You have heard from Brian about the commercial considerations that the private housebuilders will take into account. They will build at a rate at which they can sell. That is a perfectly sensible commercial model, but it does not always help the Government achieve the numbers they need to achieve.

One thing that the Government could do, therefore, is to think about ways in which they could boost the number of affordable homes. In those periods when the commercial sector finds it difficult, housing associations could well step in and be part of the solution. My own organisation built just over 2,100 homes last year and we are on course to build 2,500 this year.

One of our principal barriers is how we fund affordable homes. You will know that we charge significantly less than the market rate for the rents

of homes that we build for rent. That means that we rely on subsidy to meet the cost of the new homes that we build. The Government have increased the amount of subsidy that we are getting for the next affordable homes programme, but we are still, on average, funding 50% of the cost of affordable homes from our own resources, from surpluses that we have previously generated. That system constrains, therefore, the number of homes that we can build.

For housing associations, accessing land at affordable prices is another significant barrier. The Government's agency, Homes England, has a major role to play in enabling us to get the sites to be able to maximise our output.

Q76 The Chair: Thank you for that. We are getting some evidence from Homes England. Clare, I will ask you a supplementary question about modular housing. In your business, have you seen the cost going down as a result of the adoption of modular techniques?

Clare Miller: Not yet, but I think that that is part of the solution. We talk about modern methods of construction, but there is a raft of different solutions. In my own organisation, we are using pre-built bathroom pods, for instance, on some of our sites, right the way through to homes that are built largely in factories and then transported on to site. It is still expensive to do it that way, but with volume you imagine that there are efficiencies to be had.

The Chair: Thank you for that. Andrew Wilford.

Andrew Wilford: Thank you, and good morning everyone. Fundamentally the planning system is the largest barrier to meeting housing demand. At present, it simply does not allow sufficient homes to be built across the country.

There are probably three points that undermine the planning system. One is the political dimension, the local politics, which is struggling to process local plans through the system and to make development management systems. It is too hard for local members at the minute to make sensible decisions when it comes to delivering sufficient housing.

Then there are local planning authorities' resources. Local planning authorities are struggling to get experienced case officers and struggling with the whole remit of everything else that comes forward with planning—design officers, landscape officers, tree officers. What you get from each local authority is very mixed. They are not resourced enough to have the expertise in-house and to be able to have one-to-one discussions on sites and deliver good development. It is not just about building housing; it is about good development.

Also, the local planning system is fundamentally skewed away from SMEs in favour of larger-volume housebuilders, who can take longer-term options on land, and strategic promoters.

We will probably come on to the local plan system in due course, but SMEs are marginalised to tier 2, tier 3, tier 4-type settlements. We are a bit more hand to mouth for the availability of sites, and automatically those types of locations tend to be less sustainable than some of the tier 1-type settlements. So we are already on the back foot, trying to work harder on sustainability credentials, and then we get caught up about sustainable development in the wider planning system, and it is quite difficult there.

Those are my overarching points. My solution to some of them could well be from a political dimension—trying to have more balanced groups of professionals in some of the decision-making processes, so at committee levels and/or at the local plan levels. You see that a lot with development corporations; they have a series of professional decision-making processes. Ebbsfleet Development Corporation is a good example. It has elected members as well as professional bodies, and they are able to come to perhaps more balanced conclusions on sites as well.

The Chair: Is there anything in the government package that would make a difference?

Andrew Wilford: The package of reforms?

The Chair: Yes.

Andrew Wilford: At the minute, paragraph 69 of the NPPF refers to SMEs and talks about one-hectare sites coming forward to be allocated in local plans. In the last 18 months, I have written representations to at least nine or 10 local planning authority local plans, and not one of them has achieved the 10% target. We are already on the back foot there. Paragraph 69 is a good starting point. That could move up to two hectares as a site size threshold. Among SMEs, there are some small and some medium. In a rural location, one hectare would take about 25 or 30 dwellings. On up to two hectares, you could deliver a lot more—50, 60 or 70. A lot of SMEs out there could deliver those sizes of sites, which brings into play the ability for us to engage with registered providers to deliver affordable homes within some of those thresholds.

So there are moves there and recommendations to try to increase that threshold, but fundamentally any reform that comes forward has to have more of a policy basis within the national framework to support SMEs. At present, it is a bit lacking.

Q77 **Lord Haselhurst:** How can the planning system be shaped to meet the demand for housing? We have been hearing that many good people have spurned taking on planning as a career and that smaller authorities have great difficulty recruiting people, affording to recruit people, when they are rather slowly progressing how they can deal with the need for housing in their area.

It seems to me that there is a balance to be drawn between top-down indications. The zonal system being suggested by the Government is just one way of indicating that, and if they let it be known that there will be a

new airport somewhere, a new nuclear power station, a biomedical campus developed in a particular place, or freeports and all that, does it not follow from that that you need big players in it, which have more scope to indicate where the actual needs of the building can be met with the least opposition from popular groups?

You have referred to the problems forming local plans and so on. It seems that there are too many authorities involved. It needs, perhaps, a bigger-sized authority that has more land at its disposal, as indicated in part by government. Then it needs to be concentrated on larger bodies, such as combined authorities, possibly development corporations, to get stuff done. We have to find a way, in half the country perhaps, where there are no local plans in existence at the moment, to put some stick behind it.

Andrew Wilford: I agree. I think the removal of the regional spatial plans was potentially a step back in mandating housing targets towards local authorities. I am not taking anything away from how you calculate a housing need, but it is a very subjective topic of discussion. That is where local plans fail almost at the first hurdle in trying to deliver housing numbers. Then there is how you deal with authorities that have cross-boundary issues in delivering some of the regional pieces of infrastructure that are necessary. Unfortunately, not every local authority fully has the ability to work within their wider community as a local authority.

So I would support a larger local planning authority area and pooling resources together. Fundamentally, however, there is an undersupply of good planning officers in this country. Planning is not an area that local authorities can recruit particularly well for because of their place in the wider employment market.

Clare Miller: From my point of view, the two fundamental issues that we struggle with in the planning system are the lack of resource in local authorities and how that manifests itself in applications taking too long to progress. It varies enormously around the country. My organisation builds in towns and cities across England. There are some local authorities where I know it will take us twice as long to get planning permission as it does in other places for broadly similar things in broadly similar circumstances. That is very expensive for a housing association that is paying out money to acquire sites and then having to go through a desperately slow process before anything can be done with that site. That is very suboptimal.

Brian Berry: On local plans, my understanding is that only half the local authorities have completed or even started their local plans. That, to me, is the problem, because then small developers do not know what land is available. Given that this is the number one constraint facing local housebuilders, we need to force local authorities to complete their local plans. That was in the Government's planning reform proposals, so we hope that stays.

I would caution about larger areas that disconnect from local communities. We have seen quite a lot of opposition to the Government's planning proposals, and this disconnect between local communities and housing development needs to be addressed. It seems to me that closer co-operation between communities, developers and central government is needed if you are really going to tackle the housing crisis.

Q78 Lord Moylan: Since you mention it, I should say that I am a member of the Ebbsfleet Development Corporation and vice-chair of the planning committee, so thank you very much for your positive comments. I just put that down in case you start making negative comments; you ought to know in advance. That is all. Feel free to be as negative or as positive as you like.

What I am hearing is that there a major issue with grappling with the planning system, and there is a major issue to do with the availability of land and access to building land by developers. I am interested to know how you see the balance between those two as constraints. Which in a sense is more important?

I am also interested to know whether you think that the Government's proposed zonal-based system to planning might help with both in simplifying or reducing the number of decisions expected from the planning authority and possibly making land more accessible. Or is it all irrelevant? Is it the wrong approach? It is a completely open question. I would be very happy if you would like to start, Mr Wilford.

Andrew Wilford: My view is that it is not a lack of availability of land. It is a lack of being able to get that land through the planning system. Many developers and many sites are sat on; parcels of land are either stuck in the local plan system or are subsequently refused by local authorities for a number of reasons that then have to go to appeal. I do not think that the zonal system will have much effect on increasing housing delivery, because if you have an area that says growth and no growth, it is too simplistic to allow smaller developers in particular to operate within a local plan system. If you do not have a piece of land that sits within the growth area, you are essentially locked out of that local plan.

I feel that there are some good parts about how to create local plans and the site selection process. The site selection process and how we understand sustainability in the 21st century needs to be rethought. Local plans are not geared up for sustainability appraisals and call-for-sites processes, and they have quite an archaic view about how far you are from a school or a shop when you can access the internet and have home deliveries, and how emissions from vehicles will steadily reduce. How development is allocated in due course and where development occurs needs a bit of a rethink.

I am not entirely convinced about the zonal system being growth/no growth, because I think it has the potential to lock out a lot of developers, particularly smaller developers who need flexibility in the planning system, and to keep them from being able to operate and come

forward with sites, particularly in areas where there is opportunity, where a local authority does not have a five-year supply of land, and so on.

Clare Miller: For me, the lack of affordable land is the significant barrier, and that is because of the product that I am developing. We are trying to put affordable homes for rent and ownership on our sites. If we have to pay exorbitant prices for the land that we acquire, the economics just do not work. That is a significant issue for us.

Although I am frustrated by the lack of expertise within local authorities and the length of time the process takes, I recognise that the existing planning system provides for a significant boost for affordable housing through the Section 106 provision whereby there is a presumption that a certain percentage of any site will be available for affordable homes. Last year, that provision provided about 50% of the affordable homes in the UK, so I am very keen that whatever reforms come from government we do not lose that ability to provide adequate amounts of social housing. One of the things that I was most anxious about in the proposals was the move away from Section 106 towards a levy system, and, so far, how it would work has been largely unspecified.

Brian Berry: A zonal planning system initially does seem to have the advantage of certainty, which could be attractive, but for the small, micro housebuilders we need to be careful about zonal planning being too rigid. Micro housebuilders very much depend on windfall sites. They take advantage of opportunities in their local areas. My concern is whether a zonal planning system would stop windfall sites from materialising.

There is a problem with extra costs in the proposed 'protected' areas, which could be extra for a small, micro builder. It seems attractive on the surface, but when you dig down to flexibility and understanding about how the market operates, I would caution about how it will be applied. There is the issue of community involvement. We are seeing a lot of opposition in the lead-up to the pause in the planning reforms and we need to be mindful of that.

Q79 **Lord Moylan:** Brian, it would help me to know, and it might help other Members, how you classify small and micro. Can you give me a sense of what you are talking about with scale? Is it the number of units a year, the number of staff employed?

Brian Berry: In company terms, as I am sure you are familiar with, an SME has up to 250 employees. A micro, we would say, has 10 or fewer people on the payroll. A micro housebuilder in my organisation would typically be building no more than half a dozen new homes a year. They are very small housebuilders, but they are the acorns that become the oaks and they have been stopped from growing and developing, which is why we are in the situation we find ourselves in where they are blocked from building the homes.

Local housebuilders tend to live in the community in which they are building, so their reputation is at stake. They make sure that the homes

they build are of high quality. Consumers are reported as being twice as satisfied with the quality of homes built by local housebuilders as compared with those built by one of the volume housebuilders. When we are talking about issues with design and quality, we need to be championing local housebuilders, especially as they train local people—71% of SMEs train an apprentice—and the money stays in the region if you take on more local housebuilders.

The Chair: Thank you for that. We will move on to Section 106 and other things.

Q80 **Baroness Thornhill:** Clare, you segued into Section 106 and CIL. When I was in local government, it was always referred to as “the mayor’s Christmas present list” and the object of the game was to get out of it completely, if you were really clever, or at least to reduce it.

Being serious, however, there seemed to be haggling and so on over infrastructure and trees, and all that, but the casualty, which is why I want to pick up on what you said, Clare, was social and affordable homes. I believe that is documented, Chair, but I would like to get some hard evidence about the change to that. It always felt to me as if the local community was the loser in all this.

Is that your experience, or are you just paying too much for the land in the first place? What are your thoughts about the viability row, which has certainly exercised local authorities? As you can imagine, district councils do not have the wherewithal to challenge it, so they group together and pay for somebody to challenge it, and that becomes another unnecessary burden in Andrew’s issue about time. Can we nail this CIL and 106? Are the plans that government is proposing better, worse or just another version? As you raised it as a big issue, Brian, do you want to start?

Brian Berry: Yes. Clearly, it is not working, because 57% of our housebuilders said that developments became unviable because of Section 106 and CIL, so they decided not to pursue their applications. We recognise that money needs to be raised to pay for social housing in the community. We are not opposed to that. However, we are looking for something simpler. The Government’s proposal to merge Section 106 and CIL into a new infrastructure levy seems to be very attractive, but we are concerned, because the devil is always in the detail, that small sites—10 or fewer houses—are exempt from having to provide social housing. So far we have seen no such guarantee in the proposed infrastructure levy. If that was to be imposed, I think it would deter more micro housebuilders from entering the market.

We also need to be mindful of flexibility. Although having a single levy is attractive, one of the advantages of Section 106 is that the local authority and the local housebuilder can negotiate; there is a degree of flexibility, and that money stays in the local community. It is not a black and white issue; all these things are quite complex. Certainly the current arrangements are not working, and having a single levy would be more attractive than what we have at the moment. However, small, micro

housebuilders should be exempt from the social housing provision for 10 or fewer units.

Clare Miller: I am the lucky recipient of Section 106 and I suppose I have a slightly different take on it. It seems to me that it is just and right that there should be a presumption that when commercial housebuilders get planning permission a percentage of the site should be dedicated to affordable housing. I recognise all that you say about the skulduggery of particular negotiations in particular areas, but there is an initiative in London at the moment whereby the mayor has introduced a fast-track system for any development that is pledging over 35% affordable housing. That seems to me to be just the sort of incentive that all parties could get excited about.

The difficulty for an organisation like mine that is building across towns and cities across the country is that there is no standardisation to any of this. Each project that we are bringing forward or buying from a developer has different arrangements attached to it. I recognise the merit in having some flexibility around Section 106, but if you are constantly negotiating from scratch for each project, it becomes deeply inefficient, and you do not always maximise the affordable element, which is deeply frustrating.

Baroness Thornhill: Andrew, could you pick up on that and flesh out how can you have a one size fits all when land prices vary and all that?

Andrew Wilford: We want consistency, and every authority either has a different figure or does not have CIL at all. That creates the risk. From our perspective, I was relatively comfortable to see a CIL levy charge that was proposed and was perhaps linked to a potential final sale price of a property, because you directly link the percentage of the profit to that particular area, effectively.

What I struggle with at the minute is the fact that if you are in a CIL area it is non-negotiable. The only thing you can negotiate on as a developer is the affordable housing element, because that has an impact. Therefore, if we have to enter into negotiations on viability in a CIL area, unfortunately affordable housing is the only thing that a developer can discuss. Any CIL levy that comes forward has to have the ability to negotiate. There are provisions within CIL to allow for exemptions, but that is not a widespread point that is played out on daily.

It is very difficult for us to deliver affordable housing for smaller sites. That is not simply because we do not want to do it. We absolutely do, and we recognise our role. The problem we face at the minute is that a lot of registered providers will not offer bids on anything that offers less than about 20 dwellings on sites. Therefore, if we, as an SME, have come forward with a scheme—let us say for 40 dwellings and somewhere between 10 or 12 affordable units—we struggle to get a viable offer put forward on that particular site. Therefore, we struggle to deliver the affordable housing in the first place, and then we have to have discussions about an offsite contribution.

Straightaway that puts us on the back foot with local members and local residents. Especially where we are working on reputation and want to be seen to be doing a positive thing within a local community, it looks like we are trying to dodge affordable housing, when that is absolutely not what we are trying to achieve at all. It may be the way RPs are funded. They are targets as resources themselves, and as much resource is put into smaller sites as it is on larger sites. It is a real problem for SMEs. As part of work in the Kent Developers SME Network, which comprises about 30 SMEs within Kent, the delivery of affordable housing is a really significant issue for us.

I appreciate that we have deviated perhaps from the CIL point, but consistency across the board needs to be linked to the local market. The local market can vary from one area of a town to another, it is that micro. We see zonal CIL levies—zones A, B and C—for town, rural or very urban. That is almost not enough. It needs to be much finer grained, and that is a very difficult thing for a local authority to implement.

Baroness Thornhill: Sometimes the offsite contribution can also help a local authority, because it goes into its own pot to provide for social and affordable housing on its own site. I am a bit of a roof tax fan.

Q81 **Lord Best:** To get a bit more context of how important Section 106 is at the moment—I think this question is mostly for you, Clare—I read that the housing associations are having to cut back on their new build programmes, the new homes they want to produce, because of building safety things, spending money on their own stock, retrofitting the stock for sustainability reasons, and because prices have risen.

Are you looking collectively, Clarion and the others, at a big downturn in the amount that you can do for yourselves without relying on Section 106 in your own new build programmes? Is the sector looking to see a decline just when we want to get up to 300,000, or do you think we will be okay and these things will pass us?

Clare Miller: There are huge cost pressures on housing associations at the moment, and you have mentioned the two biggest. The first is fire remediation, which is a result of the new legislation that government is putting through, which is largely in response to the terrible tragedy at Grenfell. That means that buildings that were previously regarded as safe now require work. The bill attached to that is huge for our sector. That is one set of pressures.

The other set of pressures is the Government's climate change ambition and getting to net zero carbon homes. For us it is a balancing act. Housing associations are mostly charitable organisations, and we have two fundamental aims hardwired into our rules. We must look after our existing residents, so that is about investing in our existing homes, but we must also provide for those who are inadequately housed at the moment. It is insufficient to do one without the other, so it is inevitably a balancing act with the resources that we have.

In answer to the very first question, I said that we could do more if we were given more government funding to build new homes. We could also do more if the Government were to assist us with those two other agendas in a way they are not doing at the moment. My organisation built 2,100 homes last year, and we hope to have a similar programme this year. If we got more government assistance, we could do more. There is no doubt about that.

Lord Best: Does that mean that Section 106, getting money and properties through that route, becomes even more significant?

Clare Miller: I would hate to lose the advantage we have from Section 106. I realise that it is an imperfect solution, but it is, none the less, providing for half the affordable homes that housing associations are developing.

Lord Best: Yes. How important is it that that gives you access to sites, to land, because you are on the same site as the housebuilder, and gives you a mix of incomes on that site? It is not all for one income group who can buy, with you doing your social housing in a separate estate, which can become stigmatised on its own. You are in there with the housebuilder mixing. Are those things important to you, Clare?

Clare Miller: Hugely important. Mixed communities are what we are all about. We may well come on to talk about this, but my organisation will be responsible for the homes that we build probably for the next 100 years. The relationships we have with our residents span decades. It is so important at the outset in building new homes that we build places that people want to live in, where they have economic opportunity to be able to maximise their life chances, and everything we do is designed with that in mind. We do not just build and then move on to the next site. We are committed to the places that we are building in.

Q82 **Lord Best:** I have a quick question for Brian. I agree with a great deal of what you have been saying, but really you are campaigning against the SMEs having to do any affordable housing. Does that conflict with your view that local communities must be brought on board? If there is some affordable housing, if there is housing in the village and the new development at the end of the village includes local people, that will be more acceptable to the community, whether or not it is an SME or a bigger builder doing it.

Brian Berry: I totally take the point, because local housebuilders live in their communities. We want balanced communities. Placemaking is really important. I do not think we disagree with what Clare was saying. The question is: who pays for it? It is not that I am against members having to contribute towards social housing, but for a micro housebuilder, if it is the difference between building and not building because of that requirement, we already know from the survey that 57% have said that they will not go ahead.

You are reducing the number of homes coming forward. It is a difficult balance, and it seems to me quite reasonable that sites of 10 or fewer should be exempt, because these are the start-up, local housebuilders. These are the housebuilders you want to flourish, so that when they go beyond the 10-unit threshold they make their contribution.

Q83 Lord Carrington of Fulham: One of the things that we have been looking at in your answers is the planning system—and the failures of the planning system, I have to say. Looking at the impact of the planning system on build quality and design quality, as I understand it they try to micromanage both design and quality in providing homes. It gets more and more prescriptive as a result of things like the tragedy at Grenfell Tower, but in other areas as well.

To some extent there is also a reflection of distrust in local communities about the design and quality of housing that is put up by housebuilders. Are we asking planning departments to do too much? Are the new changes that are coming in—the design standards, for instance—just going to make an already complex and unworkable system even more complex and unworkable and producing outcomes that, frankly, a lot of people do not want to live in?

Brian Berry: Yes. I suppose the Government's intent with design codes is that they want to reverse what we have seen with identikit housing all across the country. If you travelled from the south-west to the north-east, you would not know which part of the country you are in, because these executive homes look very similar. Local housebuilders build to the local vernacular, which is obviously how it has happened throughout the centuries, which gives us our rich housing stock, and we need to recapture that. I agree that the design codes come across as being too prescriptive, but design guidance might be very helpful for any developer wanting to know what would be best in that locality. Rather than having design codes, let us have design guidance.

These things are quite subjective, so it depends what is being put forward, and that becomes trickier. I see the value of that guidance in stopping what we have seen to date—the executive type of home that we are seeing all across the country. That would help overcome some of the community opposition to new housebuilding, because it all looks very similar. Smaller developments that are better designed we know win favour with local communities, and those who buy these homes are then more satisfied with what they receive.

Lord Carrington of Fulham: Does better design mean higher cost?

Brian Berry: It need not, because if more people are entering into the market you create more competition. At the moment, it is very difficult for the SMEs to butt into the market. The micro housebuilder is probably building for a higher-cost home, because people want a bespoke home, but those opportunities should be made more available to local authorities and smaller developments. It is because of the planning system and procurement that they have been squeezed out.

Andrew Wilford: My view is that higher quality carries an extra cost. Is that cost so prohibitive to the general market? The answer is no in the main. We as a business operate at a level that exceeds the volume housebuilder pounds per square foot on building costs, but we are not so excessive in our prices for our homes. We are a bit more, but we are not excessively more to the degree that people cannot afford to live and work where they have grown up or live. I do not see the benefit of design standards and design codes for an SME. Most SMEs will come forward with their own bespoke house designs for each site. We simply do not have standard house types, and we want to engage in the design process.

For me, the biggest change you could make to improve quality is having design officers at councils, and day-to-day meetings and discussions on elevations and materials. That will have a greater impact on what gets built, as opposed to a general design code that will only be generic in the context of a local planning authority.

Lord Carrington of Fulham: My concern is that we are planning on putting more and more responsibility on planning departments. If they are going to look at design quality and have design experts, and tell individual builders how to build, what to build, the quality to build and how it will look, you will have a department that is massive. Would it not be better just to get rid of the planning department's responsibilities for all those things and to say that it should be down to the builder and what they can sell?

Brian Berry: I think we have seen the results of that over the last few decades.

Lord Carrington of Fulham: Have we? Over the last few decades we have had very intrusive planning departments.

Brian Berry: We had identikit housing that we have seen all the across the country. I can see why there would be a call for better designed housing in this country to avoid what we have seen on the edge of market towns—houses that look very similar throughout the country. We have a very rich building stock in this country and we seem to have lost sight of that.

Lord Carrington of Fulham: What I am really getting at, and I will not push the issue more than this last question, is how much of that identikit housing is a result of the planning system and a shortage of property, a shortage of houses, a lack of choice for individuals to purchase properties, and how much of it is rogue builders deciding they can get away with the minimum cost of an identikit ticky-tacky box.

Brian Berry: I would be very cautious about using the term 'rogue builders' as they are building to an accepted building standard of safety. The large volume housebuilders have a business model that suits them, and why would you not pursue that if it delivers the results and provides the homes? Local authorities find it easier to deal with one larger

housebuilder compared to lots of local housebuilders. That goes back to my point about more diversity in the housing market. It is too easy for local authorities to rely on volume housebuilders to provide the homes needed. We need to break up the market, encourage a more fluid situation, bring in new micro housebuilders, local housebuilders and enable them to grow and develop. We need choice in the market.

Andrew Wilford: It is about competition. If you can introduce greater competition to a local market area, you will inevitably raise the bar for your competitor. As soon as their sales start to drop they need to start doing something that is different and design quality often comes through on that.

Lord Carrington of Fulham: But the evidence you gave us before was that that competition is constrained, restricted and indeed abolished by the planning departments.

Clare Miller: I think we start this debate in the wrong place. What local authority planning departments should start with is a commitment to placemaking. If you start with that division, those who are the delivery agents within your network have a responsibility to make sure that they start every design with a vision about how that place will work. That is about the public realm, the opportunities for those who live there and community facilities as much as it is about the design of individual homes. If we all took that view—. Maybe that is a bit utopian. However, I think there is something in that.

Andrew Wilford: There needs to be a qualitative exercise in the plan making and decision-making. It is not just about numbers. If you can introduce an element where a particular developer that is coming forward is renowned for good design and good quality, that should be a factor in the release of a particular site. Where there is not that ability, if it is a strategic promoter or longer-term site, there is probably a need for a design guide in the development brief to help shape design quality.

I do not think that would overburden a local planning authority. Talking daily about materials, good design, understanding architecture is pretty much a building block of the planning system and building a house, and I do not think you can remove that at all from the planning department and system. They are too interrelated.

Q84 **Baroness Bakewell:** We seem to be establishing that affordability is the enemy of good design. Am I right here? Is it cheaper to build buildings with lower ceilings, smaller windows, because they are more affordable when they are less attractive? Who is setting the code? You have won awards for your building. Who decides on those kinds of marginal costs in design?

Andrew Wilford: From a design perspective it is us as a business. As an SME we want to separate ourselves from the volume housebuilders. We want to have a good reputation in a local community and that means if it costs us a bit more to build a double garage or have a garage rather than

a carport we will do. I do not think you cannot build affordably and still build good design. That is absolutely achievable.

Baroness Bakewell: But whose responsibility is that?

Andrew Wilford: I think it is a joint responsibility. It is the responsibility of the developer to come forward with homes that are appropriate for the end user and/or the local planning authority to ensure that those homes are built to good standards. We are part of the same industry, fundamentally. It is about building good homes for people to live in, and that is a joint effort.

Q85 **Baroness Bakewell:** Clare, I am concerned about the standards for people who have special needs, for example wheelchair access doors and circumstances like that. Who do you believe should set those standards, and should those design codes be obligatory?

Clare Miller: I agree with Andrew that it is a joint responsibility. In my organisation we have designed templates and guides because we know that social housing is lived in to its maximum extent. We have just been through 18 months of pandemic, and you will know that social housing is allocated in this country so that it is filled up. Social housing residents do not have the luxury of an extra bedroom or even a study in which they can work. Our homes are used, and we need to understand that when we are proposing the design guides for new homes in the social housing sector.

We take this very seriously, and we negotiate with individual planning authorities about what we think is the sensible design for new social housing. We also take a huge amount of care to talk to residents in our existing communities about what we are building. We try to incorporate their lived experience of living in a Clarion home when we are designing the new Clarion home of the future.

Q86 **Baroness Bakewell:** Brian, you said that the planning code should be there for guidance rather than obligatory. Does that mean that you can ignore the guidance? Is guidance optional?

Brian Berry: No. Guidance is there to ensure that you get a quality built home, and the reputation of local housebuilders depends on delivering quality homes, otherwise they go out of business. It is in their interests that there is a reference they can use to build a quality home if they need to. Often, because these are small developments, they are responding to the needs of the client.

Baroness Bakewell: It seems to me that it is a responsibility that could start with small builders. The attractiveness of a small development would increase the reputation of your business and extend its scope. It seems to me that design should be part of the civic awareness in the public realm of what buildings look like. Do you not share that optimism?

Brian Berry: It depends what you mean by quality in design, because it is about space, is it not? We were talking earlier about whether we should

have enhanced space standards, because that would ensure that you get homes of all sizes, ensuring that people do not have the tiny bedroom where you cannot fit in a wardrobe. It depends on your interpretation and it is so subjective for design, but it should be about standards as well to make sure that we are building homes that last for generations—in the same way that Victorian housing has kept its popularity, because you can adapt them and change them.

The danger is that we build homes, as we did in the 1950s and 1960s, that have to be knocked down and rebuilt. That is not sustainable and we should not be repeating those mistakes. Sadly, though, we have seen very poor-quality housing being built over recent decades. That is what we need to stamp out and that is where I share your vision, I suspect, for quality housing.

Baroness Bakewell: You implied that it is a subjective judgment, but of course certain things are measurable. The space between adjacent housing is very important. Little alleyways that can be dark and dirty should give way to making that more attractive. These are absolutes, are they not?

Brian Berry: Yes, absolutely. That is why I was referring to space standards—ensuring that space, placemaking, gardens can all be measured and put into design codes or design guidance—but I was thinking more of the appearance of homes. We do not want all our homes to look exactly the same.

Baroness Bakewell: I was not thinking of what they look like in a magazine sense. I was thinking of the height of ceilings and the size of windows, things that make living congenial. It seems to me that that matters in all the housing that you are building for, Clare. We need people to have houses that are full of light and space as much as possible. Who can decide that?

Clare Miller: I agree with you, but I also think it is the way in which we think about housebuilding going forward, particularly with climate change and net zero carbon. There are huge opportunities for us to learn from homes that have been difficult to heat. I have residents who I would describe as being in fuel poverty. Taking their experience and relaying that to what I will build tomorrow is very important. We are talking now about heat pumps and insulation in ways that we have not been in the past. This is an iterative process; you get better at it if you continually talk to and understand the experience of those who are living in our homes currently. I have the luxury of that, because I have relationships with people who live in my homes over many years. The commercial housebuilders are building and then moving on to another place and another set and another community, so it is not quite such an obvious link, although I suggest that it could be made more so.

Q87 **Baroness Bakewell:** What is the greatest enemy of good design?

Clare Miller: There is huge pressure on housing associations to contribute numbers in the new build that we do. If I have a site that I am

totally in control of I can do all the things that we have just talked about. If I am buying off the shelf from somebody else who has developed it, it is a much more constrained set of circumstances. We do buy from others as well as build our own.

Baroness Bakewell: Andrew, what about you? What is the enemy of good design?

Andrew Wilford: Bluntly, it is probably money. That comes down to how someone is incentivised to sell a piece of land, their expectations as a landowner, how a developer can build efficiently and effectively and still deliver good design, how it has some additional cost. Fundamentally, it comes down to the housebuilder and developer and the fact that the market will still buy a volume housebuilder home. They do not necessarily see the value in some of the things that we see a value in, so it is probably right that there is a balance across the market.

Is there enough of a balance in diversity at the minute? Probably not. I think the direction of travel in self-builders and custom homes is a very positive factor in allowing people to have choice and make their own choices as homeowners. They have the ability to put in the size of windows and rooms that they desire. An emphasis on supporting that element of the market will help improve that.

Brian Berry: I agree with Andrew that money unfortunately seems to be the determinant factor, but if there is a will to use what resources you have to make sure that you are trying to design the best you can with the limited resources you have, I think that needs to be pushed.

The Chair: Can we add light to the list of insulation and heat pumps and so on? I was in the commercial sector and natural light saved a lot of energy. I want to ask you something that none of you have mentioned. Does the New Homes Ombudsman on build quality help at all with this dilemma?

Brian Berry: We are waiting to see how that is rolled out and delivered. It was set up to deal with the number of complaints about new homes, so it is right that something has been put in place to deal with that to improve customer satisfaction. We need to see how it will operate in practice.

Andrew Wilford: We have little experience in practice with the detail of build quality, so it is hard for me to comment. Apologies.

The Chair: If you have further thoughts on how it might help, both with your own supply and with the big housebuilders, we would be very interested to know.

Q88 **Baroness Cohen of Pimlico:** My question, as you will have seen, is about whether the workforce is equipped with the professional, digital and other skills required to meet housing demand, for example in the construction and design sectors. We have had a lot of evidence that there just are not enough people in these sectors, and we have received

written evidence that suggests that employing more women would work very well, because it is their kind of job. In fact, the proportion of women is still very low in the workforce. I would be particularly grateful for your views on how we fix the gender shortage in planning departments. Would employment of more women help?

Brian Berry: As you know, there is a serious skills shortage in the building industry, but we are not alone in that. There are other sectors now also facing skills shortages. We had a skills problem before the start of the pandemic, and we are not attracting enough people into our industry. Also, we do not have enough employers to take them on. Of people who are trained, 71% of SMEs train the apprentices, so the training happens at the SME end, not at the larger contractor end.

That comes down to a variety of issues. We still have this slight stigma about vocational training. We need parity of esteem between those going to university and those who take on an apprenticeship. We need to celebrate craftsmanship and say, "You're training to be a bricklayer or a carpenter. That's a fantastic thing to be doing", and to open up the opportunity to say, "If you learn a trade, you can progress to becoming a surveyor or an architect, or you might want to set up your own business". In an entrepreneurial society we will need more of those people to take that route-to learn a trade, set up their own business and then provide the homes that we have been talking about.

There is an issue with diversity in the industry. We do need more women, particularly in the trades. Only about 4% of women are in the trades. There is an image problem and problems about women coming in. If we will tackle that, we need to think about the number of apprenticeships. There is concern that the quality of apprenticeships has declined over the last couple of decades, and that is because there has been a reliance on very good EU labour that has come in. Why would employers take on or train when they have been able to rely on EU labour?

That has now changed, so the emphasis now needs to be on home-grown talent, but that takes time. We have seen the restrictions on immigration, but it takes two to three years to train someone up. That is why we are suffering at the moment: because the transition is missing and we are not able to build and develop in the way we should be able to. That is holding back the economic recovery, and I am sure that is true for other sectors.

The industry has more to do in promoting a positive image. We need to reach out to a more diverse society, not just women but those from different backgrounds who should be coming into our industry. We need to develop the apprenticeships, but we also need schools, careers advisers and government to be talking about the value of vocational training. It is about society's views of people who use their hands to do work. We need to move away from the view that we have seen in more recent decades about going to university as a route to success. The route to success is being able to harness your skills to your very best ability, and that could mean learning a trade and setting up your own business.

Clare Miller: Most housing associations do not do construction directly, and mine is no different, but the workforce that I employ is slightly more women than men. I have a lot of women in the development side of my business, and we as an organisation have for many years supported work programmes. That is largely to enable our residents to get into the world of work. Pre-pandemic we were getting around 4,000 of our residents each year into work, and very often they came from a background in which they had very little familiarity with the world of work, so I am very proud of the work we do there.

Since the pandemic we have pioneered the Kickstart programme within housing and we lead a consortium of 80 housing associations that provide opportunities for young people to get into the world of housing. We will get about 800 young people starting their careers in housing over the next 18 months.

I am very keen to encourage and support that work. I must say that getting more women into the world of construction would absolutely be a good thing, but, as Brian rightly said, there are some significant image issues in attracting young women into that world. It is not impossible, and I have some fantastic examples I could let you know about, but they are the exception rather than the rule at the moment.

Baroness Cohen of Pimlico: I was thinking about women filling gaps in the planning section more readily. Does anybody have a view on that? I know planners, and architects, are very difficult to find, but might that solve a problem here?

Andrew Wilford: I do not think there is an issue per se with women not being able to access the planning system as a career. Fundamentally, there is a general shortage of planners, and that stems from careers advice at school and when you are working through university. If you want to pursue a career as a planner, you have to pursue it through a university. To have an RTPI accreditation you have to have a degree at university unless you go the long-term route.

Having a career in planning is not the top of the list for many people. How do you encourage that take-up? Fundamentally, you are either a public sector planner or you are a private sector planner. It seems very much one or another, and I see a lot of public sector planners who feel a bit downbeat about their careers because the planning system is such a difficult process. It is very attritional, very emotive. There is a lot of friction in the system and pursuing a career for 30 or 40 years in that field is quite hard for someone. It is a very difficult environment.

From the point of view of an apprenticeship on site, I think Brian has pretty much covered everything that I was going to say on that point, but I would highlight that it is more than just laying bricks or putting pipes in. It is about business acumen and training them to be businesses in the future, because they will then be inclined to hire apprentices themselves.

That is a generational point; a 10, 15 or 20-year plan of action in practice. Yes, the planning side of things is struggling, because it is just getting people into a course at university or an access course to access to get the skills. Being a planner is all about negotiations and understanding the building industry. It should not be rocket science and becoming a planner should be more accessible for people.

Q89 Lord Grocott: As a rider to that, I find it depressing that so many professions, including planners, now require a university degree as an absolute base before they can get their professional qualification. For most of the generation of several of us around here it was perfectly possible for a degree not to be prerequisite in a whole range of occupations, including solicitors, certainly journalists, and even teachers. It was a possible route, but it was not the exclusive route. If you make three years at university a prerequisite of even starting to do the job, that will obviously be a disincentive to larger numbers of people and will put it beyond their reach.

I have another depressing observation. I agree very much with Brian that it would be wonderful if vocational training had the same rank and status as “professional training”, but people have been saying that for at least 40 years and it does not happen, or at least it does not happen in part. There are no social role models for this—an ugly phrase—but they will get parity on the day when a Prime Minister’s, Chancellor’s or Foreign Secretary’s son or daughter has the ambition to become a carpenter rather than a barrister. It will be quite a long while before that happens, in my view. In fact, it is almost regarded as an odd thing if people with a middle class background and life do not want the same professional rank for their children, at least. We are a long way off that.

Getting back to practicalities, I think this question may be more to Brian than anyone else, but I am sure you could all contribute. We are told that SMEs provide the majority, or something like that, of apprentices. Do the big six or the big eight—I can never remember—the volume housebuilders, have recruitment and career progression within their structures? SMEs, and I am in favour of SMEs, cannot provide a career progression. They will recruit and maybe train a plumber or an electrician via an apprenticeship, but they are not going to say, “If you stay with me for 20 years, you’ll be a major housebuilder” or whatever is a realistic development from being recruited as a specialist in a particular trade.

Brian Berry: On that latter point, my membership is made up of people who have learned a trade, set up their own business, worked very hard and done very well for themselves. That is probably the most successful career route if you have learned your trade: to become your own boss and then recruit other people. We have seen some great successes in my membership of companies who have done extremely well. That entrepreneurial spirit is there for those who have not gone to university but who have learned a trade and have done extremely well for themselves. That is great and we should be supporting that in this country.

The volume housebuilders rely on their supply chain, so it would be their subcontractors who are responsible for training and development. My understanding is that through the Home Builders Federation they are working on a skills agenda and there is quite a lot of work going on. I do not know details of that, but that is something the HBF could inform you on.

The training itself happens at the SME end, and that is where our skilled tradespeople are developed and trained. One of the problems we have seen over the last 20 or 30 years is Governments saying that going to university is the route to success. That was government policy and it has changed now. We need that parity of esteem and we need to invest in our technical colleges and further education colleges. They have been under resourced, and I understand that the Government are looking at putting extra money in. It would be unattractive for a young person who thinks that college has machinery that is 20 or 30 years old. I was hearing that from someone who wanted to be a carpenter. We need to invest in the same way and build that up. We should be creating more diverse routes to learn the professions.

I know from my own experience that chartered surveyors could do a correspondence course many years ago. Why can they not do it online? That should be open to all the other professions as well. We need to open it up, shake it all up and give people a choice.

Clare Miller: My experience of working with the volume housebuilders is that they all have apprenticeship schemes, and within their supply chains every housing association that works with the big housebuilders expects, as part of our procurement, to be able to place apprenticeships within that supply chain. They are all very active, and I know that the big housing associations with large programmes are also very active in supporting apprenticeship programmes.

Lord Grocott: Clare, you used the phrase that you are welcoming people who are starting a career in housing. What exactly does that mean? Are you recruiting electricians, and if that is starting a career in housing, explain to me what the career development would be from there? Until we see this, I cannot see you moving very speedily towards more people being recruited into these various absolutely essential professions, unless they can see that there is not just an apprenticeship at the start but a career progression thereafter. Perhaps you can help me to understand what a career progression might be.

Clare Miller: Currently I have 300 Kickstart placements within Clarion. These are young people between the ages of 16 and 25 and we are starting them on their career. A housing association has lots of different opportunities, so yes, there will be some who are in the trades and are working with our front-line operatives repairing and maintaining our homes, but there will also be plenty who are working in administrative roles within housing associations. There will be some who are starting out on a career as a housing manager. I know there are plenty within our head office. We are providing all sorts of opportunities for young people

to begin their careers understanding what a housing association does, and then we seek to provide them with the routes through to find a permanent placement at the end of their Kickstart placement.

Q90 Lord Haselhurst: I have been very impressed by what has been done in the engineering sector. Stansted Airport, which is in my patch, has set up a college along with another college and county council money, bringing together people who begin to see a collective future, with all the options that might come under that.

Following on from Lord Grocott, instead of it all being done in pint-sized ways, excellently maybe, you need to bring people together. The industry needs to support getting the people who are minded thinking about the building industry, its challenges and opportunities, to come together for cross-pollination of ideas. That will be the way to lift the status.

Andrew Wilford: The beauty of the housebuilding industry is that it already has a very broad spread of disciplines and expertise. A lot of the members in the Kent Developers SME network who have their own housebuilding business have evolved through working from a volume housebuilder and learned their trade, and think that they could perhaps do it slightly differently or slightly better. They have taken that entrepreneurial leap, which is a big step for someone who is on a PAYE system who is pursuing a career as part of their day-to-day lives. You find that a lot of trades work on housebuilding sites and, again, they have taken that entrepreneurial leap to become their own developer or the masters of their own destiny.

It is about trying to encourage more people to make that leap and almost about a safety net, although it is never a safety net when one is trying to create one's own business from the bottom up. The system is inherently risky, and if you are a new start-up company in the housebuilding industry and you cannot get a site through the planning system, or you cannot get your funding correctly, you struggle. A lot of people have had a go and failed; it has not quite materialised.

It all comes back to the core point about risk in how to build a house. Absolutely I think that the industry is expanding in who is inputting into how to build a house. We have seen a lot more from a digital perspective as well as engineering and innovation on climate change. That is a big factor in how we understand how to improve and get to net zero as well. Suddenly, we are having conversations with people who are doing climate change assessments and energy assessments. Ten years ago that simply would not have been somewhere we would have looked.

The field is for ever expanding. Bringing that group back to the core to help improve is quite a difficult exercise, because there are so many different facets. It is a challenge for sure.

Q91 Lord Stunell: The point about skills seems to me to be getting wider and more significant because of climate change. Clearly, you need new skills that are outside the usual portfolio of skills that people think about—digital skills and so on—but it is becoming much more technical to make

houses run properly, to be zero carbon. It needs all sorts of things that carpenters and bricklayers are not particularly familiar with, and massive retraining and development will be needed. Would you like to say something about that?

Also, bearing in mind that practically all the homes that we will have in 2050 are already built, can you say something about upgrading the home for the next 100 years, as Clare talked about in her introductory statement?

Andrew Wilford: Getting from construction today to how we might be in 20 or 30 years' time comes down to understanding how these modern technologies can be accommodated within new build, as well as retrofitted. We are already introducing air source heat pumps. We take a fabric-first approach to our developments to ensure that they overachieve in their efficiency.

When you are trying to sell an air source heat pump that affects the house and how you live in it, it can seem almost counterintuitive to an end user who is not used to it to say that there is no gas hob in a kitchen and that it is all electric straightaway: "Oh, I'm not sure about that". Certainly up to maybe four or five years ago those were the discussions that we had.

In the last few years in particular there has been a shift in how we understand climate change and the climate change emergencies that have been declared. With the onset particularly of electric vehicles and the general understanding of how we need to go about our day-to-day business as people who live in this country, we are seeing that buyers are now looking for greener credentials in their homes.

We are seeing a market shift in what people are looking for, and what could help stimulate that impetus is the finance sector and how you access a mortgage. If there are incentives in the mortgage industry for an efficient house and you could get a better mortgage, that would have a significant impact on someone's ability to choose between a good eco-home that is carbon-efficient and one that just meets current building regulations.

Clare Miller: We are currently retrofitting some of our older homes in Fenland and Tonbridge that were built in the 1930s and 1940. We are doing it with some seed-corn funding from the Government to support us in looking at new technologies.

The challenge for social housing is that most of our residents do not have the luxury of lots of money. Heating bills can be a significant drain. We are looking for innovative and technical solutions that will enable people to live in their homes cheaply. That is the real prize I am searching for. I do not want to fill my homes with technological gadgets. I want to do the right thing, and the right thing now seems to be insulation, primarily. We have had some very positive results from that, and although the residents have been inconvenienced by the work that we have been doing in their homes, at the end of the programme they have said that they

have noticed a significant reduction in their heating bill, so I am very encouraged by that.

However, those are two pilots, and I have 125,000 homes across the country. As Richard said earlier, the cost is huge for a housing association to get this right, which is why we are doing the pilots and looking at innovation funding to help us.

We also run a small prize, the William Sutton Prize, every year in the sector. It is named after our founder, and we are looking for innovative and technical solutions in the building industry that we can then use at scale within our sector. Over the last few years, I have been encouraged by very small start-up companies coming forward to us with innovative ways of thinking about how we use our homes going forward. I think there is much to recommend in that approach.

The Chair: Thank you. I think that brings us very neatly to our last area, which is innovation.

Q92 **Lord Berkeley:** I was very surprised to see in our notes for this meeting that the Royal Institute of British Architects said that, in a survey they had done, 75% of people said they would not buy a new home. I think that is a bad reflection on some of what has gone on in the past.

To some extent all three witnesses have mentioned innovation and opportunities, and there is a challenge between the capital cost of doing something and the ongoing operating costs or reduced energy or whatever it might be. Given that you are all from the smaller sector, how do you fit in offsite fabrication, manufacture, assembly, whatever you like to call it, possibly done by bigger companies with bigger facilities, with the need to make small changes to specifications or whatever and delivery to make sure that works? Is there an opportunity there for going much further and getting all the benefits of offsite construction, manufacture, whatever you call it? Andrew, maybe you should start.

Andrew Wilford: We have certainly looked at a modular type system and whether that would work for us. We are a traditional builder in bricks and timber. We are working hard to try to achieve some improved carbon efficiencies, but we know that we will get to a point in the near future where we will need to make radical changes to the way we build our homes to get to net zero.

Modular or offsite construction might well be something that we have to look at. We do not want that to take away from our individuality and our ability to have an input into design. I know that modular is a very technical process. I have worked on some modular factories in the past and seen how they operate, and it is not like a building site at all. It is a very streamlined element, and the question is how fundamentally that fits with the net zero target and how we can have that as our own product, effectively. We are reliant on a third party to deliver that for us, whereas traditionally we want to be in control of our own quality and design.

Lord Berkeley: Can you not control the third party to some extent?

Andrew Wilford: To a certain extent we can, but it is not our site managers in the factories. I appreciate that there will be an expectation of quality, but, as I say, we have discussed it as an SME network, but it is not something that has a high take-up now.

Brian Berry: Certainly modern methods of construction will have a key role to play in the future of housing delivery. I certainly accept that. It also offers the opportunity of new jobs that are more attractive to people who have not thought about a career in construction. I can see the benefits, but it is not going to be the panacea that I think everyone thinks it will be. It will be part of the solution. We need to retain traditional skills. There will always be a demand for traditionally built homes, and I think we should be encouraging that. Those traditional skills are needed to maintain our existing building stock. As Lord Stunell said, 85% of our building stock will still be with us in 2050. The whole emphasis must be about delivering low-carbon homes. We need to address both new build and our existing homes in our skillsets.

The Chair: Baroness Cohen has a question on this.

Baroness Cohen of Pimlico: I think I have had my fair share, so I merely observe that I think Clare's intent to enable residents to live cheaply in their homes could be a motto. I really do. That is what goes wrong with all these things—they are expensive to live in and badly maintained—and this does not seem to be something that Clare's lot will do.

Q93 **The Earl of Lytton:** Brian certainly knows my background. I am an unreconstructed general practice chartered surveyor, but I happen to be employed by a firm of chartered quantity surveyors and contract managers, which has a sister company that is a small construction company.

Having rolled that particular pitch, I would like to get back to what seems to me a very clear area that wants innovation, and that is the fundamentals of how we select sites, how we look at the placemaking that Clare referred to, how we look at that in connection with the organic growth of community, and what makes the difference between that community scale, placemaking, quality character versus what Brian refers to as the identikit home.

There is a lot of polarity going on here, and we are clearly never going to get rid of the large, strategic sites, because they have what you might call a convenient conversion rate in local authority terms and the benefits that can flow from that. They are easier to handle. You only have to get one or two officers rather than deal with 40 or 50 different sites. I can see that.

This then goes back to the very basis of local plan site selection and who is the driver behind that. Is it a parish council or some other community? I declare an interest in the parish council movement while I am at it.

How do we get at restoring the SME contribution, which is clearly a major factor that is missing, in order to add competition and to make sure that

the game generally in quality is upped? How do we do that in the context of the supra-authority issues like transport? Climate change, of course, is a very big one. In the area where I live there has been a recent Natural England edict about net neutral potable water use. You may know about it. It affects the Southern Water area, and it has put a clampdown on the processing of some planning proposals.

How do we deal with things like that the overall policy if we are dealing with more smaller sites, or is it just that there are too many things being asked of the overall housebuilding sector? Is government trying to load too many things in our society on that sector that it cannot deal with, because the complexity has got out of hand? I will start with Andrew.

Andrew Wilford: When I saw the question on innovation, my first thought went to how we approach plan making and to our current thinking on how we establish sustainability appraisals and go through the call for sites and the SHLAA process. It is too tick-box. It is not fit for purpose for the 21st century. We are going through a radical change in how we live our lives with the internet. Even pre-Covid, working from home was on the rise. We are getting deliveries from shops and Amazon. We are not doing those day-to-day trips as much. Certainly when you do those day-to-day trips in the future they will be by electric vehicle, and I appreciate that will take time coming forward.

This concept of sustainability, particularly in tier 2, tier 3, tier 4 settlements, where you automatically assume that you have to take an extra vehicle, which creates extra emissions, is an ever-decreasing argument. The problem with the planning system at the moment is that because the sustainability appraisal will assess an urban area against a rural area, a rural area will always come out bottom in that exercise. That is where you will find most of your SMEs and small housebuilders, because that is where the available land is for SMEs.

What we were hoping to see through the NPPF and the 10% target and the one hectare figure was councils being in a way forced to identify the smaller sites in more rural locations, where a size of that scale is more appropriate to the local community and the SME has pride and can engage in the local community on a more positive footing.

We are not seeing that coming through in any of the local plans we are working in, and it is really disappointing for us. We are working hard to engage in the local plan process and we are yet to get in front of an inspector to argue that case. It is damaging for us, because any time we come forward with a site in locations that are deemed less sustainable we must work harder to prove the suitability of the site.

We have done exercises in the network where we have shown that if we achieve a better carbon efficiency on a property—if we exceed a 50% carbon reduction on a property—that offsets the emissions from the vehicles where they must go further distances to the shops. On the coalface, on the front line, that falls on slightly deaf ears with case

officers, because they see that it is an unsustainable location with extra emissions, and it is refused.

That is where we are struggling, which is why I come back to the way we are selecting sites. Is the council taking a qualitative or just a quantitative approach to sites? Is it just numbers? Is it easier to allocate one large site for 400 units than 10 sites for 40 or 100 sites for four? It comes down to that, but that lower part of the cycle is where you will have an impact on diversifying the market.

The Earl of Lytton: How would that play out, in your terms, with the people you look after who may need facilities but who also want a quality of life and presumably access to green space and all the other things?

Clare Miller: The housing need is extreme in certain parts of this country, and the truth is that the planning system, although we talk about it as a national system, can feel very different in different parts of the country. I know that if I am building in the north of the country, broadly speaking I have huge co-operation from every part of the local authority in trying to progress the scheme and working with us to effect the vision that we have for placemaking.

I must say that in some parts of the south of the country that is a much more difficult debate. It is constrained by different things. If you are working in London, the process of securing planning permission can be hugely challenging because land is scarce and there are lots of competing priorities. To be frank, in some places lots of people will have lots of different opinions about the merits of what I am trying to do. We see that played out time and again in debates on planning and what is appropriate for particular parts of the country.

For an organisation like mine, I think the key is having sufficient local intelligence about what is appropriate in a place and relating that to the housing need that exists in that locality. We have very successful schemes happening outside Plymouth now, where there is a significant amount of housing need. We are building a fantastic scheme down there, taking account of the Government's desire to reduce carbon emissions from our homes. We are not building standard boxes. They are a very differentiated product, and green space and communal facilities are what it is all about. Trying to take that scheme and transplanting it into a London borough is nigh on impossible. It is just such a very different place and it will have extreme housing need as well.

Brian Berry: I will keep it short. It is about the availability of land. We know that SME builders cannot find the land. If you want more diversity and creative design, you must provide that land. That comes down to the local plan formulation and organisations like Homes England playing a more active role in releasing small parcels of land rather than just the larger sites.

The Chair: I think that probably draws us to a close. Thank you all for your time. It has been a very interesting session. Please follow up with

any further thoughts, particularly on women in housing and on skills, and you can see we are very interested in whether modular construction can play a part in dealing with current challenges. I should add that we are visiting a St Modwen site at Reading on Thursday as part of our inquiry, so that will give us some more insight into the issues that we have been discussing today. Thank you very much.