



Built Environment Committee

Corrected oral evidence: Meeting the UK's housing demand

Tuesday 2 November 2021

10 am

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

Evidence Session No. 8

Heard in Public

Questions 94 - 114

Witnesses

I: Rt Hon Christopher Pincher MP, Minister for Housing, Department for Levelling Up, Housing and Communities; Emma Fraser, Director, Housing Markets and Strategy Team, Department for Levelling Up, Housing and Communities.

Examination of witnesses

Christopher Pincher MP and Emma Fraser.

Q94 **The Chair:** Good morning, everybody, and welcome to the House of Lords Built Environment Committee for our final public session to inform our inquiry into housing demand. Throughout our inquiry, we have looked at the demand for new housing and how barriers to meeting that demand can be met. We have examined a range of challenges, including skill shortages in the construction industry and some specific aspects of the planning system. We have now held seven evidence sessions with 22 witnesses, and we have received over 100 written submissions, for which we are very grateful. We will publish our report in December, setting out our findings and recommendations.

Today, we are very fortunate to be able to take evidence from the Minister responsible, the Rt Hon Christopher Pincher MP, Minister of State for Housing at the Department for Levelling Up, Housing and Communities. He is accompanied by Emma Fraser, the director of the housing markets and strategy team at the Department for Levelling Up, Housing and Communities.

Our session is being broadcast on parliamentlive.tv, but a full transcript is also being taken and will be made available to you to make any corrections after the session. Please could I ask my members and witnesses to keep their questions and responses brief? We want to try to cover a lot this morning.

Minister, I would like to start off by posing the first question. It is about the Government's target. Does the target of 300,000 new homes per year accurately reflect housing demand? What do you see as the main barriers to meeting demand for housing?

Christopher Pincher: Thank you very much for inviting us to speak to you. Our target of 300,000 homes per year by the middle of the decade is a manifesto commitment that we made at the 2019 general election: to address the housing challenge in our country in that we do not have the number of homes in the right places or of the quality that people need.

If you talk to organisations—you have had evidence from a number, including Shelter and KPMG, which are very different organisations—they will say that we need to build north of 250,000 homes a year to meet our housing challenges. We are attempting to do exactly that. If you look at our population projections over the next 10 years to 2028, the population is projected to grow by about 3 million, about a quarter of that through natural growth and birth rate increases, and about three-quarters as a result of migration into the United Kingdom. We will have more people and will therefore have greater need for homes. To provide the homes that people want and to create new households, we have set an ambitious but reachable target of 300,000 homes per year by the middle of the decade.

In terms of the barriers that you identified, there are a number. Clearly, there are barriers in access to finance. That has been particularly challenging for people during the pandemic, when the high loan-to-value mortgages effectively fell off a cliff, although I am pleased to say that the situation has now started to right itself. The Government's 95% mortgage guarantee scheme helped to kickstart the appetite amongst lenders to lend higher loan-to-value mortgages. That is one challenge.

Supply is clearly another challenge. The planning system, which we may come on to in short order, is one of the challenges of supply that we face. There are others, but that is one. Emma, I do not know whether you have any particular points you would like to add.

Emma Fraser: One of the challenges is not just releasing the land through the planning system but ensuring that that land can be built out. The department has a range of programmes to support land being built out. We have invested over £4 billion in the housing infrastructure fund programme to support land being built out by, for example, overcoming the infrastructure constraints. We have recently added to that at the spending review with investment of a further £1.5 billion to support the release of brownfield and other tricky sites, including through remediation, and, again, the provision of transport and community infrastructure.

The Chair: We will come back to the infrastructure challenge, which is very important. Could I just come back on the demographics, which are very interesting? We have seen estimates that the number of new homes needed in the UK could be up to 345,000, so the worry is that we will not catch up, even if we manage to move to 300,000, as your policy sets out. Therefore, the prices could go up even further. Is that something you could comment on?

Christopher Pincher: We think that 300,000 is an ambitious but achievable target. Local authorities are and will remain the building block of local housing need planning. We want local authorities to be ambitious in their building programmes, and some are; some go beyond the local housing need calculation. We also have to make sure that we have the material and the resources to build the homes that we need, so 300,000, which is our manifesto commitment, is a challenging but reasonable target.

We have made very good progress towards that over the last several years. If you think back to the crash of 2008 to 2010, housebuilding, very understandably, fell away very significantly. That also presented a further challenge in the sense that a number of SME developers left the market not to return. Some reports say that as many as 40% of SME developers left the market and have not returned. That is one of the reasons why about 12% of properties these days are built by SMEs, whereas in the late 1980s something like 40% of properties were built by SMEs. We have to get those numbers back up.

That notwithstanding, before the pandemic struck we built 244,000 new homes. I think that was the largest number in 30 years, and the sixth or seventh consecutive year of increase. The EPC numbers in the year to September, which is a pretty good proxy for new development, were 246,000 or 247,000 EPCs. We are making progress toward that higher number. Clearly, we want to go as far as we can, but we also want to make sure that we have the machinery there with us to deliver.

Q95 **Baroness Thornhill:** Minister, thank you for coming today. I am sure we are going to have a great session. You use the mantra “the right homes in the right places”. Indeed, that is very often what is used by politicians and the public when they oppose development. What exactly do you mean by that? Who decides what is the right home in the right place? Where does that power balance lie?

Christopher Pincher: Local communities and authorities remain the building blocks for planning choices. The local housing need calculation, which is based on the 2014 ONS household projection numbers, determines what numbers might be at different local authorities. It is for those local authorities to work out what they can build with the constraints that might face them. They could be geographical constraints, such as areas of outstanding natural beauty or national parks. In many places, the sea is a reasonable constraint to put to the Planning Inspectorate: “We’d like to build only X, because we can’t build Y because of these constraints”. It is for local authorities to determine what their numbers should be. They are best placed to work out what their local need is.

By “the right sort of homes” I mean that we have to get better-quality homes built. We may come to this later in your discussion, but we want to make sure that homes are built with the right sort of fabrics and heating systems so that they are much more energy-efficient. We want to make sure that the built environment around them is pleasing, beautiful and attractive to people and families who live there. We need to make sure that the infrastructure also supports those homes and communities. That is what I mean by the right sort of homes, and the right places ought to be determined by local authorities.

Baroness Thornhill: Despite targets being top-down, you are saying that local authorities have quite a bit of leeway to up them, down them or negotiate them. That is what it sounds like.

Christopher Pincher: They need to provide a sound plan to the Planning Inspectorate. There are understood rules which the Planning Inspectorate will apply to determine whether a plan is sound. Essentially, yes, local authorities are responsible for determining their local need, and working out where those properties can be built and what the constraints on building those properties are.

I circulated a “Dear Colleague” letter on 16 December last year. If you do not have it, I am very happy to make sure that you see it. I make it clear in, if I recall, paragraph 3 that it is for local authorities to determine their

local targets based upon reasonable constraints. I have said subsequently that if local authorities are not able to produce an up-to-date plan with their own targets, they risk speculative development taking place, or at least being applied for, in their authorities, because they have essentially lost control of their housing supply. I will make sure that you get that letter.

Q96 **The Chair:** Thank you. That would be extremely helpful. Before we leave demographics, you have explained that the local authorities are in the driving seat. Do they have an adequate grip of the demographic growth that you described as being 3 million? I suspect that over time the demand may be even more.

Christopher Pincher: They are much closer to their local communities than anybody sitting in Whitehall or, dare I say, this Palace. They know what is going on in their communities. They understand the constraints, both economic and geographic, that inform the political decisions they have to make about the numbers in their communities. They also know the relative densities of households in their communities and what they might therefore need to build the right sort of homes to potentially reduce those densities.

What I mean by that is that if you look at the ratio of people to homes in our country, it is 2.3 people per home. If you look at Germany, admittedly a larger geographic space, the number is 1.9. In France, it is 1.81 per home. We have a much larger number of people in homes, which increases density. If we want to reduce that and the local authorities are best placed to identify that, clearly they ought to be identifying what sort of homes they need.

Q97 **Baroness Bakewell:** I am interested in the demographics and the government outlook rather than allocating it to local authorities. What place in this diverse market that you speak of is taken up by provision for older people? Obviously, the basic market is the young who are on the ladder and the families who are expanding. What thought in government theory is being given to a whole cohort of older people who might want to downsize and who are going to be an increasing percentage of the population?

Christopher Pincher: Can I answer that by prefacing my answer with the challenge? The challenge is that something like 31% of properties were underoccupied in the early 1990s. They were too big for the numbers of people rattling around inside them. Now that percentage is 38%. It has grown by a material number in that period, and the substantive number was very large to start with, so we see underoccupation in a very significant number of properties.

There is an opportunity to encourage downsizing and the growth of the later-living sector in order to free up the two and three-bedroom semis in the middle of the market so that those properties can be moved into. If you track back two or three steps down the housing chain and open up a

three-bedroom semi for occupation, two or three steps back in the chain you are very likely to have opened up a first-time buyer property.

What do we need to do? We are in our affordable homes programme between 2021 and 2025, which is worth some £11.5 billion of additional funding, making it clear that 10% of the homes that need to be built through those funds should be for specialist or adaptable living, which includes later-life living. That is approaching 20,000 properties.

We can also work with the Department of Health and Social Care to identify opportunities that we may both see to identify and remove barriers to the development of the later-living sector. I am particularly interested in doing it. We have been in discussion with DHSC about that. I have also spoken to our new Secretary of State, Michael Gove, about it as well.

I hope we can advance it still further over the next few months, because it is an area that we need to focus on for good economic, social welfare and green reasons. The sorts of properties you are talking about tend to be near to services, so people do not need to get in their cars and drive so much, but it also frees up a lot of property in the middle of the market that can otherwise be quite sluggish.

Baroness Bakewell: You have mentioned the 10% and so on, but have you taken any measure of the potential market there? Older people are rather inaccessible in terms of taking a measure of what they want and what demand they can bring into the market.

Christopher Pincher: I have spoken to a number of players in the sector. They will say that somewhere around 50,000 properties a year is what is required. That is quite a significant jump. I would like to see how we might be able to achieve that, but it requires discussion across other government departments so that we properly recognise the barriers to the sector and can help it to grow. I definitely want it to grow.

Q98 **The Chair:** Do you see stamp duty and taxes as one of the issues that need to be looked at?

Christopher Pincher: I am sure the Chancellor of the Exchequer would love to answer that question.

Lord Moylan: It is worth acknowledging that there are certainly parts of the capital where downsizing has come to an end because of punitive levels of stamp duty. I appreciate that it is not your responsibility, but it is a message worth taking back.

Christopher Pincher: I am keen to make sure that we look at all the barriers that exist so that we can prioritise them based on the present size of barrier and the effect that tweaking or removing the barriers might have so that we can develop that particular sector. It is an important area, and we want to make sure that we advance it.

Q99 **Lord Berkeley:** Minister, I was fascinated by your statement about the

average number of people per household, comparing the UK with France and Germany. Do you have a view of what the reasons for this difference might be? Is it the size of properties? Is it family relationships? Is there no other option for people to go to?

Christopher Pincher: It is probably all of the above. The geographies that we have just described in France and Germany are significantly larger than in the United Kingdom, and certainly significantly larger than England. The space has some part to play in that, but it is all of the above. I am sure we can provide you with some further information if we have it to hand.

Emma Fraser: High house prices clearly have an impact in terms of preventing household formation in certain geographies. Young adults are staying at home for longer, which is also part of the story, but there will be a range and mix of factors contributing.

Christopher Pincher: That is true. For example, the average property price in Cambridge is 12 times the average household income in Cambridge. It also applies to rental costs. Manchester, Bolton and Lancaster have all seen a doubling of their house prices in the last 23 or 24 years. We have some significant challenges, which may be more specific to Britain than to other places.

Lord Berkeley: It is nothing really to do with the size of the country. From what you are saying, it is the value of the properties that is causing the problem.

Christopher Pincher: Price is certainly a significant factor, yes.

Lord Moylan: Is it a problem?

The Chair: Any further information on that would be very interesting, so perhaps you could have a think about that. Thank you.

Q100 **Lord Moylan:** I have a two-part question, which I might take in two separate parts. You mentioned land availability earlier. How would the Government's proposal to introduce a zone-based approach to planning affect the availability of land? Is the question misconceived, and is zone-based planning directed at some other purpose?

Christopher Pincher: There has been some discussion about zoning, which is a European and North American concept. That language has crept into our discourse inappropriately. By that I mean that people infer by "zones" great swathes of contiguous territory that might be put into one category or another. When we undertook our consultation last year, we were really focused on sites. Sites can be large or small, but they are much more definable and tangible to most people. In those sites, we wanted to try to make sure that the planning rules would be sufficiently predictable to make it much more attractive for land to come forward, particularly for SME developers for example, to understand the rules for developing those places. It would therefore encourage them to get into the marketplace to develop.

We also thought it would be an opportunity, and still believe it is an opportunity, for local people to have a much more direct say in the design of their community, what should go in a place, what the look and aspect of that should be, what the density should be and what the infrastructure to support those developments should be. The planning system, as you know, is not presently particularly engaging, so having a system that is much clearer—perhaps we can come on to how we want to make it clearer later on—would be a way of engaging the community much more directly in what that local plan should look like. Siting was not so much about just encouraging land to come forward, but about making the process of planning and development much more predictable for all players.

Lord Moylan: I want to tie that together with your comment about SME builders, and I am very conscious of the fact that SME builders have not quite vanished from the market but have become a much rarer species, greatly to the detriment of housing provision. Do you see any advantage in continuing to pursue the idea that, for certain sites, perhaps smaller sites, you could simply say that, provided they meet certain criteria to do with mass bulk—and obviously meet building regulations, which is a separate matter—the planning permission would be granted? Would removing the very considerable planning risk that deters a small developer when setting out on a relatively small site be something that you would want to see survive? Is that going too far?

Christopher Pincher: In a sense, we are already doing it, because permitted development rights afford local people and developers certainty and clarity about what the rules are to develop in certain urban spaces. We are finalising our response to the consultation. We had 44,000 consultation responses, so it was not a small number. We also did a great deal of qualitative discussion with a number of different stakeholders and players outwith the consultation, such as environmental and heritage groups. We even had a roundtable of young people to get their views on the package that we were putting forward.

We are finalising our response. We certainly need to make sure that the planning system for all players is much more transparent and much more predictable, because that ensures that developers, and particularly the SMEs to which you refer, are better able to play in the system. Our underpinning determination is to make the system more predictable.

Q101 **Lord Moylan:** The second part of the question is about local plans. How realistic is it for local authorities to have shorter local plans agreed through a streamlined consultation process, given the huge amount of direction that comes from the Government about sites, demands, design and so forth?

Christopher Pincher: We think it is doable. We have said that we would like local plans to be produced in 30 months—that is to say new local plans, once the new system is embedded. If the system is digitised, which is one of the underpinning principles of reform, it will be easier for planning officers and others to go about the business of building their

plans because a lot of the day-to-day administration that local authority officials have to undertake in the present planning system will be removed. They will have more bandwidth to strategise and develop local plans. We want to make the planning system itself much more streamlined. It is doable, and we have certainly been working with local authorities to make sure that that can be done.

If I can just take you back to the problem that we presently have, only about 50% of the local authorities have up-to-date local plans. Now, there can be a variety of reasons for that. Different geographies have different challenges, I accept that. It means that they all leave their local residents with the same problem, which is that they are much more likely to leave those residents at risk of speculative development because they do not have control of their land supply and do not have an up-to-date local plan. Getting those local plans done is important. As part of our reform proposals, we also said that we would look holistically at local planning authority resources to make sure that they have the wherewithal that they need to do the job that we will ask them to do.

Lord Moylan: I have heard it said that the fact is that under current legislation all applications have to be decided in accordance with the local plan unless there are material planning considerations not to. The local plan is very important, which is why local authorities want to make it as detailed as they can. Under the older system some 20 years ago, the local plan was one of the material planning considerations. The local authority could depart from it more easily, so it was less determinative.

Would shifting that balance make it easier for local authorities to get a local plan through? You may want to give some thought to it after the meeting because it is a slightly unfair ball to throw at you, but it is interesting how it has shifted as a result of the increased weight given to the local plan. It becomes harder and harder to produce them.

Christopher Pincher: It is about giving greater certainty to communities where development is to be done and giving greater certainty to developers about what the rules are and where they can develop. This is particularly true for SMEs, which, as you appreciate, tend to live hand to mouth; they build to sell to get the cash in to build again. They do not have the bandwidth to wait around a long time, which the present system tends to encourage. Greater certainty, and therefore the greater weight that the plan accords that certainty, is important.

Q102 **The Earl of Lytton:** Minister and Ms Fraser, good morning. Just following on from that, the current model and the way in which land comes forward for development is fundamentally driven by landowners and their consultants, land promoters or indeed housebuilders themselves. One of the features of that is that, to satisfy tests of sustainability and deliverability, they tend to have to do innumerable studies of one sort or another in order to be able to demonstrate that they meet the criteria necessary. In terms of the way in which land comes forward, that speculative activity carries with it a lot of on-cost.

I ought to declare a bit of an interest, in the sense that I have a professional involvement with parts of the sector but not as a developer. How do you see that working in the new world of zoning? Who is going to do this bit of due diligence and over what timeframe? As I understand it, the local planning authority cannot proceed to make an allocation of site under its SHLAA, or whatever term it happens to use, unless these principles have been demonstrated or are capable of being demonstrated within the time horizon of the regulation 18 and regulation 19 planning procedures. How do you see that being dealt with if you want to simplify the process and make it more transparent?

Christopher Pincher: As you are a professional, I may invite my own professional to comment in a moment in more detail. Essentially, we want to simplify the process and make it much more outcome driven rather than process or step oriented. I appreciate that there is a particular challenge with encouraging land to come forward. Some questions have been raised with me by local authority leaders and others about whether the call for sites system works particularly effectively and consistently. Clearly, that is something that we would want to look at.

The point about the siting proposition in our White Paper, as opposed to a zoning proposition, is to make very clear to all parties what can take place in different areas, and therefore make it clear what the appetite might be for developers, landowners or land promoters to encourage the oncoming of sites in those particular areas. I will ask Emma to comment specifically about SHLAAs, regulation 18 and the like because she probably has a much closer association with it than I have.

Emma Fraser: You alluded to the role of statutory consultees, such as the Environment Agency, in the planning process. Clearly, they play a very important role as an input into that process. In my role as housing director I frequently have conversations with a range of those agencies to understand how we can simplify their inputs into both the planning and the development process. We know it is one of the things that landowners find incredibly difficult. Newts are the perennial example given of constraints around development, but at the moment nitrates are an issue of concern. We are working closely with Defra to think about how we can unblock some of those processes. It is something that we very actively consider and discuss on an ongoing basis. We might need to come back to the committee with a written answer on the interaction with the planning reforms.

The Earl of Lytton: Thank you. Water is an interesting one in my part of the world, which is Horsham District. Natural England has just thrown its hat into the ring about levels of abstraction and the need to get to neutrality on potable water consumption, which is another block.

Emma Fraser: Yes, absolutely.

Christopher Pincher: On your first point, we are still working through the detail as we dot the "i"s and cross the "t"s in the consultation response. We are alive to the challenge that you raise.

With respects to nutrient neutrality, as Emma says, we have a close task force relationship with Defra. We launched that earlier this year. The next meeting, which Rebecca Pow and I co-chair, is in about two weeks' time. Natural England is on that task force, as are the Environment Agency and appropriate representatives from DLUHC and Defra. Defra, as you will appreciate, controls most, if not all, of the levers to deal with this particular challenge.

There are short, medium and long-term challenges. The short-term challenge is to help local authorities to understand what they can and cannot do where there is a designation, so that they do not simply pull up the handbrake and stop all development but work with Natural England on things like nutrient calculators to understand exactly what they can do.

In the medium term, there are some water treatment challenges and opportunities that, again, we are working with Defra on. Longer term, the challenge is about the way agricultural practices help drive the nitrate and phosphate challenges, because most of the issue is driven by agriculture, with only a small percentage caused by development. Getting resolutions that focus on the relative priorities is important.

Q103 The Earl of Lytton: The focus of my next question is replacing Section 106 agreements at the community infrastructure level with the new levy and the effects that this might have. I am interested in the questions of the system churn and the bedding in that is appropriate and which will necessarily occur with that. There are issues around timing of payments of the levy, what stage it comes and whether somebody somewhere along the line has to somehow bridge finance the thing. Those are the sorts of things I am interested to know about in connection with the proposed infrastructure levy.

Christopher Pincher: The context to our consultation on a single infrastructure levy to replace CIL and Section 106 was particularly with respect to Section 106. The feedback that we received prior to the consultation, but also during it, was that Section 106 tends to be a rather slow and opaque mechanism for the provision of affordable homes and other necessary infrastructure to complement housebuilding. It often means that the infrastructure development comes much later than the council and the community have expected. It also often means that the infrastructure that comes is not quite what they expected because elements of it are negotiated away. The sentiment we received was that Section 106 tends to put the advantage in the hands of developers, and the bigger the developer, probably the greater the advantage. Reforming the dual system would be sensible. A very significant number of local authorities were saying that Section 106 has its advantages but also has very significant disadvantages.

Our viewpoint was that the new system that we developed should provide at least as much affordable housing as the present one and that infrastructure should also be clearly provided, but that should be provided as was expected and up front, or at least when is necessary, to

complement the houses that are being built so the community that is being built on or around feels that it is getting some bang for its buck because the school or GP surgery is put in. Our proposition in the consultation was that there should be a national infrastructure levy and trigger, and that would provide funds that the local authority could essentially borrow against and then develop knowing that the money would be paid by the developer once the construction was under way.

As we go through our consultation response, we are refining how that would all work. It is no secret that a lot of respondents said in the consultation that a more localised approach would be sensible, because different parts of the country have different economies and housing market needs. We are very alive to that message.

The Earl of Lytton: There have been a couple of criticisms. One is that communities say that the promised Section 106 benefits do not get spent where they are, where the affected people have to bear the brunt of a development. It sounds like a negative thing but I do not intend it to be. The other thing is that there seems to be a good deal of criticism that these Section 106 contributions are being negotiated away almost as a matter of course using what I understand are viability assessments. It is a system I have fairly dim views about, but I will not go into that.

Could you comment on those two things? This seems to be key to the acceptability of development and trying to remove some of the societal negativity associated with new development arriving at the doorstep of communities and how we deal with that. So much hangs on that.

Christopher Pincher: I will also ask Emma to comment in a moment. You are right that there is a very clear sentiment that the development that local authorities and communities thought that they had secured as a result of the Section 106 agreement with a developer often gets negotiated away because of viability challenges that are found down the line. This then causes a knock-on to what is developed in terms of infrastructure and affordable homes.

We want to deal with that challenge and put more ammunition, if I can put it crudely, into the hands of local authorities with an infrastructure levy that is up front and very clear, and would give them the means of either doing the development for infrastructure or affordable homes themselves or commissioning the developer to do it for them but to a timescale that the local authority has set. In so doing, we think that we can make an affordable homes and infrastructure system much more palatable to local communities.

Emma Fraser: There is a whole range of issues underlying the point that you raise. As you say, local authorities should in theory be able to require the Section 106 contributions that their communities need. Sometimes there will be a mismatch between what the community would like and what the development is able to pay for from the Section 106 agreement. As I mentioned, that is one of the reasons why, in some cases, the Government provide additional support for infrastructure provision of

schools or transport infrastructure, for example, where the site does not generate enough Section 106 to pay for those abnormal costs. That is one factor.

When you talk to local authorities, they will also sometimes raise questions around an asymmetry in perceived power between themselves and a developer. As the Minister said, shifting the balance in terms of that ammunition and the payment of the levy is one of the ways to deal with that, as is providing additional support to local authorities. For example, Homes England has recently set up a local authority centre of excellence that is intended to provide additional capacity support to local authorities to help them overcome some of these challenges, particularly in relation to the larger developments.

Q104 Baroness Thornhill: Can I just interject on that? What is current government thinking? It seems there is a lack of strategic planning between targets and local government, especially in two-tier areas. There is a tension there and there needs to be something in place to mediate it. In London, it is the London Plan and the Mayor of London.

Is there any thinking from the Government with regard to infrastructure and these bigger things? I realise that regional spatial strategies became a swear-word and were abolished, and that duty to co-operate appears to have failed. Is there any thinking about getting that intermediate level? You can find two local authorities arguing about the siting of a secondary school that is going to be needed by both authorities, which often holds up development and the sorts of things that you are talking about.

Christopher Pincher: I would say a couple of things. Look at the OxCam Arc, which is an area that extends from the southern borders of Leicestershire all the way down to north London and Middlesex. It encapsulates Oxfordshire, Cambridgeshire, Northamptonshire, Bedfordshire and Buckinghamshire. We are working with local authorities and local businesses there to develop a three-stage spatial framework to identify what the local community in that very large space wants from its homes, transport infrastructure, economy and jobs so that we can develop strategies with them—be they transport, employment, growth or housing strategies—to meet the demand in that very large area. I want to stress that it is very much in partnership with local authorities rather than a top-down decision-making tool, but that is a good example of the way that we are working with a variety of local authorities to deliver homes and infrastructure in a very large space.

The affordable homes programme is a very large fiscal stimulus that we provide to our strategic partners, be they housing associations or local authorities, to build affordable homes, some of which are for social rent. That, again, is a centrally driven mechanism that then extends out across the country to help make sure that we are putting affordable homes into the right places.

Q105 Baroness Thornhill: My next question is about the relationship between local authorities and the Government. At best we might call it challenging

and at worst we might say that it is adversarial. I know that local authorities very often feel that they are rammed between the public, with politicians representing their voice, and Government targets. It does feel adversarial. I wondered where the Government thinking was going around, for example, the housing delivery test, which penalises local authorities for the delivery of homes over which they have no power yet does not measure them in terms of planning permissions, over which they have power. How do we make these relationships more positive, because we all agree that we need to build more homes?

Christopher Pincher: We do. We need a much more engaging and collegiate approach. I will come back to some of the ways that we can achieve that. Just on the HDT, that was introduced in 2018, if memory serves; I was not Minister at the time so forgive me if I am getting the year slightly wrong. The whole point of that tool is to generate transparency about how local authorities are doing in encouraging development and getting the right number of properties built in their communities. It is measured over the preceding three years on a rolling annual cycle. That provides clarity and transparency. It also encourages local authorities to make sure they are engaging with land promoters, developers and communities to get the right number of properties in their communities built.

Over the last 30 or so years, and maybe more, the planning system has become much more adversarial. Planning applications will always be brought forward that will be controversial for one reason or another, but we can make the system less adversarial and more engaging by doing a number of things. One is to ensure that more people get involved in local plan-making. Right now, about 1% of local communities get involved in the making of their local plan. That is local authority planning officers and their blood relations getting engaged. About 2% or 3% of local communities get involved in individual planning applications, because most are pretty uncontroversial.

We do not have a very engaging system and it is also very difficult to navigate. One of the reasons why we want to digitise the system and generate map-based plans that people can see, get their arms around and comment on is so that they feel that they have had their say early on in the process about what their community might look like, what the infrastructure to support it might be and what the relative densities might be.

Also, importantly, things like the national model design code and its desire for an office for place, presently in the department but which we want to have in each local authority, will enable those local authorities to generate their own localised design codes so that local people will know, if there is to be development near to them, regardless of what the infrastructure might be, what the design code will be because they had a say in that when the local plan was developed.

By these mechanisms, we can make local plan-making, and thereby local development, more digestible to people who really know that we need

homes but do not want them built without infrastructure, looking like any home anywhere else in the country.

Baroness Thornhill: I am pleased to say that my authority has won some money to do the digitisation process, so I will look forward to that.

Q106 **Lord Stunell:** The aspiration for engagement you described is already there in the neighbourhood planning system, yet at the same time the original draft Bill certainly seemed to somewhat undermine their position. Could you say something about that and whether you see scope for developing that very successful model further?

Christopher Pincher: We do not have a draft Bill yet, so do not jump the gun too soon. I am very keen on neighbourhood plans for a number of reasons. One is that they tend to be much more engaging than local plans. They can help identify, in a much more collegiate, consensual way, where additionality of homes in local communities might be placed. Local people tend to get, as I say, more involved in them.

One of the challenges with neighbourhood plans is that they tend to be in more rural areas, and they tend to be in the south rather than the north. I am keen that we look at ways in which we can encourage more neighbourhood plans in northern areas and urban areas so that those communities can also benefit from engagement in the planning system. I am very much in favour of finding ways of extending them rather than otherwise.

Lord Stunell: Perhaps I should have declared that I am a member of a neighbourhood forum in the north-west in an urban area, so I am grateful for that reply.

Q107 **Lord Haselhurst:** What has struck me as absolutely shocking as we have continued this inquiry is the fact that so many housing authorities have no plan; fewer than half have plans. I might slightly challenge you to say that if you were to look at those authorities and then look at the election results in the last round, there may be some very obvious correlation.

I feel, from the evidence that we have had, that bigger authorities, combined authorities or even development corporations or new town commissions have more clout in dealing with these things, and that the Government may be able, as part of their national policy, to indicate to these larger players where there is going to be a need for more housing, with the space also to provide a proper sense of place as well. It would then become easier for a body to develop housing and all the facilities that a decent quality of life would indicate. They could get the balance right and therefore avert some of the controversy that seems to dog the smaller authorities. It really gets very nasty indeed in places.

Christopher Pincher: You are right that too many local authorities do not have up-to-date plans. There are some that have not had plans as we would now understand them for many years, going back to the 1990s, for

example, in some cases. It is important that local authorities get plans in place.

There is a good argument for local authorities combining to do joint plans, because it affords an opportunity for scale and joint working with their individual officers collectively. There are places such as the Black Country, quite close to my constituency; they are in the advanced stages of getting a new Black Country plan together.

We have some levers that we can use to support them in the department. The Planning Advisory Service is there to help local authorities, either with their own plans or with joint plans, getting them together and making sure that they are robust and will be ready for the test that the planning inspector applies to them. Working closely and collaboratively with other authorities is a good and sensible thing to do. It must be for local authorities to decide.

Lord Haselhurst: We have had a worrying weight of evidence to indicate that there are insufficient planners or planners of sufficient quality and experience in the system, and that the smaller authorities, therefore, do not necessarily have the best professional advice at their disposal, whereas the bigger players would have. Therefore, they offer better results and get the balance right in taking the population with them in what they are trying to do. Do we not have to face up to the fact that the present structure of local government is in the way of the Government's plans to get houses built as quickly as possible? It is truly a scandal that there are so many people on waiting lists, so many people aspiring to have a roof over their head and so much negativity in the system, which is defying what we all know is actually needed.

Christopher Pincher: We want to work with local authorities, not against them. That is the first thing I would say, but I would say three further things. The first is to reiterate that joint local planning can be a way forward for local authorities that perhaps are smaller and do not have the wherewithal to work with their neighbours to make sure that they produce a strong joint local plan. The planning reforms that we have in mind, and certainly the digitisation that we want to undertake, will go some significant way to freeing up—that is an awful term—local authority officials to have the bandwidth to do more strategic planning because they will not be focused on the amount of tactical administration that the present system requires.

I will give you an example very briefly. I am told that one of the big reasons for delay in the planning system for small applications—of course, most people bring forward their application for an extension here or a loft conversion there—is applicants not putting compass point north on their applications and therefore the application having to go back so that it can be redone. If you have a digitised system that sort of thing can be resolved immediately—compass point north will always be on the application. So by digitising you should take some of the administration out of the system and provide more bandwidth for those officials to do what they want to do. That should make the system a much more

attractive place for professionals to work. That is one of the conversations I have had with the RTPI, for example, which is alive to that particular opportunity.

The third thing is just to repeat a point I made earlier. We want to look at the resourcing that local planning authorities have to ensure they have the wherewithal to execute the responsibilities in the new world as we see it.

Q108 **The Chair:** Minister, can I just clarify one point? We have received evidence that the 35% uplift on housing targets in the larger urban areas is causing quite a lot of difficulties for some areas—Bristol, for example. Is there a plan to review those targets?

Christopher Pincher: The targets are based on the 2014 ONS household projections. We said that we wanted local authorities to have clarity about the baseline for the numbers that we and they use so that they can plan with some certainty. That is not to say that the ONS will not review its numbers. It is due to do so in 2023 and there might be an opportunity then to look at the numbers again.

The 35% uplift was designed to make sure that, in those places where we have lots of brownfield site potential, we focus on those brownfield sites. That is a commitment that we already have through a strengthened NPPF. It is a commitment that we made in 2019 and subsequently to make sure that brownfield is focused on first, and it is a way of making sure that we meet our 300,000 homes per year target by 2025. We think it is a sensible target and we will focus on brownfield and provide the toolkits to local authorities to remediate brownfield sites.

I will not bore you with all the numbers now. I can write to you with all the funds that we are making available through the remediation funds to MCAs and the home building fund, et cetera. These are mechanisms that those sorts of authorities can use to optimise their brownfield site development and thereby reduce the need to build on greener sites either in their own authorities or next door.

Q109 **Lord Best:** Minister, I declare my interest chairing the Affordable Housing Commission. That gives a clue as to where we might be going with this one. A lot of the evidence that we have had points to there needing to be some 90,000 of what we call social rented properties—properties which are affordable to people on average and below average incomes. That 90,000 figure keeps recurring. Some people say a lot more, but that is the sort of number.

Within the programmes that we have, helpful as they are—the affordable housing programmes that include shared ownership and other low-cost home ownership options and so on—only about 6,000 homes a year are for social rent, instead of the 90,000 that people are telling us are needed. At the same time, we are still selling off quite a lot of council property at social rents. Some 31,000 homes a year, on average, are being sold, so we are gaining about 6,000 but losing about 31,000. Nearly all the ones that we sell under right to buy are at these lower

social rents, so we are going backwards in terms of building up a stock for people on lower incomes. I know you will recognise that. What more can we do? Are there any secret weapons here that we can pull out that could be helpful with this?

Christopher Pincher: We do not want to set nationally driven targets. It is for local authorities to determine their local need and relative requirements in terms of tenures, and to make sensible provision. We have said that, through the new affordable homes programme, we will build 32,000 new socially rentable homes, economic conditions permitting. We have also said that local authorities should have more bandwidth and wherewithal to build homes if they wish to. That is why we have abolished the cap on HRA borrowing. It is why we have made more flexible the timetable to use right to buy receipts. It is why there are attractive funding propositions available through the public loans board. These are all means by which local authorities can build more homes.

We have also asked Homes England to set up a hub—I am calling it a hub because the very long name of the service alludes me, but I am happy to write to you with the specifics—to provide local authorities that want to build with the skill and support to build, because I am conscious that, over a number of years, local authorities in various places have lost that skill. Quite apart from having the funding, they need to know how to do it. We are providing that mechanism through Homes England. That provides a number of mechanisms to build those sorts of homes.

We are building affordable homes for rent as well, and about half of the homes that will be built through the new affordable homes programme will be for affordable rent. We want to make sure that people have the opportunity to buy homes if they so wish. If you poll people, there are large percentages in social housing and private rented housing who will say they want the opportunity to own their own home. We think it is only right that we give them that opportunity.

Lord Best: Yes, one would not want to diminish that part of the equation. On those points, local authorities, in setting their targets, tell us that they would like to see an awful lot more of the social rented property. They are saying that; it is just that the mechanisms to achieve it do not follow. It is excellent that local authorities can borrow more on their HRA accounts. That was a great change and the timetable for spending receipts from right to buy was excellent.

Nobody is expecting local authorities to achieve more than perhaps 10,000 homes per year once we have them up and running again. There will still be an enormous shortfall to the 90,000-odd that we require altogether, so we are very dependent on the housing associations. They tell us that, with building safety and the need for sustainability now taking a lot of money, times are hard and that the only way that you can get the associations to do more social renting is to provide more grants through Homes England and the GLA. That, at the moment, is a tricky problem.

To throw in a possible solution, are there possibilities of capturing the land value that would mean that less is paid for the land and therefore there is the opportunity to do more affordable housing and social rented housing because there is the leeway, not having paid so much for that land at the beginning?

Christopher Pincher: Land value capture is an important item in our considerations. It is one of the reasons why we are looking at a better system than Section 106 and CIL, so I would watch this space on that particular point.

Again, I do not want to set specific targets for numbers of one type of tenure over another. We will work with local authorities to make sure that they have the wherewithal to do what they need to do.

I would make an observation with respect to the affordable homes programme 2021-26. We concluded our strategic partnership request for proposals in July for the first £8 billion or so of that £11.5 billion funding pot. The bids came in to fully meet that offer, so it seems that housing associations, although I entirely appreciate that they have challenges, have an appetite to build and take advantage of that funding. We are looking forward to working with them to make sure that those homes are built. Can I ask Emma to comment?

Emma Fraser: I want to add a point on land and land value capture. Local authorities hold very significant amounts of public sector land, which is one opportunity for them to build out and capture the value. We are supporting authorities in a number of ways to help them develop and deliver that, including through, for example, our brownfield land release fund.

Lord Best: Yes, that is a good one.

Q110 **Lord Grocott:** I know it will not come as any surprise to you, either as Minister or as MP for Tamworth, that we have had a huge amount of evidence sent to us—more than I can think of on any other Select Committee that I have been involved in. There is no doubt at all, in my mind at any rate, that this really is a hugely important issue causing large amounts of concern. I know it is very complicated, but I will report to you that such a big proportion of the evidence coming to us has been about the need for more social housing. I know you said that the Government are, as it were, neutral, but I do not think they are neutral between various forms of tenure.

One stat that really stood out for me was that, of former social houses on traditional local authority or housing association estates, 40% are now in private ownership for private rent. In very simple terms, the same house is now costing far more to live in and is therefore far less attractive from the tenants' point of view.

I wonder whether you recognise this dynamic. I am sure you will, but I would like you to comment on what has happened in macro terms to the housing market. People who previously would have been occupying social

housing are now, not through choice but through lack of alternatives, in the private rented sector at much higher rents, which makes it much more difficult for them to move into owner-occupation because they cannot amass a deposit; they are spending all their money. The point is obvious. I am sure that the Government's stated objective is quite sincere, and it is also the objective, as far as we know, of the vast majority of people as to their preferred tenure, but the chance of those people moving into owner-occupation becomes weaker and weaker.

Surely the Government must have a view about house tenure. They certainly have a view that they support owner-occupation, which is a very popular method of tenure. How do you break that dynamic, or is that not a dynamic that you recognise as Minister?

Christopher Pincher: I recognise the challenge and the way the numbers have moved in the last several years. If you look at the way the fabric of the 24 million or so homes in the country is knitted together, about 65% of those properties are owner-occupied, about 19% are in the private rented sector and about 17% are in the social sector. I know that adds up to 101%, but I am rounding up the numbers for you.

In the last few years, since the early 2000s, the number of owner-occupiers peaked at 71%, fell back to about 63% in the middle part of the last decade and is now at 65%. The private rented sector has more or less doubled in that time from about 10% to 19%. The social rented sector has remained more or less static, at about 17% or 18%, so there has not been a huge amount of change there, but I accept that there may have been some churn.

You are right to identify that in the PRS, which is an important part of our housing supply sector, there will be a significant number of people who would be able to afford a mortgage because the cost of the mortgage repayments would be less than their rent, but they cannot afford the deposit. I am alive to that particular challenge, as are officials in the department. You can accept from me a commitment that I am looking very closely at the challenge to see what we can do to make sure that people who want to get on to the housing ladder and who are presently in the private rented sector have opportunities so to do.

The Chair: We need to speed up a bit because I am conscious of your time, Minister. Could Baroness Bakewell and Lord Carrington perhaps ask their questions and then the Minister can respond on design and beauty?

Q111 **Baroness Bakewell:** How can the quality and design of new homes be improved? I ask that against the background of two things, the first of which is the information that has come to us that a lot of people are wary of buying homes that have been completed in recent years because they are suspicious of their quality. The Home Builders Federation did a survey and found that 97% of those who responded had reported problems to their builders when they moved in. That is the first thing.

The other thing is that we went to an estate that was being built in Oxfordshire. It was a development that was in the process of happening

and, on a cursory visit that we made, it became clear that there were certain mistakes or things that might have been discussed but were too late to remedy. When I raised the issues, I put one to a builder and he said that was the responsibility of the developers. I put the issues to the developers and they said, "No, that was the responsibility of the planning authority". Minister, is it your responsibility?

Q112 Lord Carrington of Fulham: I would hate to lose the thrust of that question, but one of the great problems of rapidly expanding the amount of housebuilding is the problem we ran into in the 1950s, the 1960s and, indeed, the 1970s: you end up trashing the quality of what is built. You do it by trashing the design, because it is cheaper to build identical properties than it is to build ones that are, as you said earlier, Minister, reflective of the traditions of the area in which you are building.

It also encourages designers and planners, but principally developers and builders, to shortcut in terms of quality of build, either in its fabric or indeed the things they can get past the inspectors without the inspectors noticing. That is a fairly common problem. We can always think of Grenfell Tower, but it is by no means unique in that things that, frankly, should not have got through will go through and be nodded through because you have to meet your target of 300,000 houses per year.

How do you control that? How do you make sure that people cannot game the system? How do you make sure that you have enough enforcement officers to go and inspect regularly enough to see that, when the concrete has been poured, it really is the right concrete and the right mix? How do you make sure that the architectural designs are for houses that people want to live in as opposed to houses that planners and builders think people should want to live in?

Christopher Pincher: There is a lot in both of those questions. I will invite Emma to offer her observations once I have made mine.

First, let us look at the Building Safety Bill, which has just gone through its Committee stage in the House of Commons with only one Division. That may change as we go through other stages in the Commons, Lord Carrington, as you will well remember. It will then come up to your House. That has baked into it a building safety regulator for in-scope buildings to ensure that there is a mechanism for sensible review and proper redress of issues that arise through the design, build and occupation of in-scope buildings.

It also contains other provisions that will be very helpful. One is to make sure that there is the first national building products regulator, so that the products that go together to construct a building are properly regulated and those critical products have a much higher threshold of test before they can be properly assigned for build.

The Bill also provides for a much better approach—a national approach, if you like—to building control, so those who assess buildings and their readiness will be better trained and better able to do their job. It also includes a revision of the Defective Premises Act 1972, which will allow

people not just in high-rise buildings but in any particular building to go to court for redress where there are defects in buildings that are 15 years or older rather than six years, which is the present system. That may address, Lady Bakewell, some of the challenges that you have found in buildings that are not of what you would regard as proper quality. That Bill is a mechanism for making sure that we deal with some of the challenges that you have raised.

There are other things that we can usefully do and are doing. For example, there is the future homes standard, which we will introduce from 2025, legislate for in 2024 and do a technical consultation on in 2023. That is designed to make sure that better fabrics are used in construction, and that better heating systems are used as well, to make homes at least 75% more carbon efficient than present homes are. That is a way of improving quality too.

I talked a little about the national model design code earlier on, which is designed to allow communities to design their own aspects for their own communities, so that they can be much clearer on what is going to be built and what it is going to look like in their communities. That is also an important mechanism for allowing, with a localised office for place, communities to decide what the quality is in their particular communities.

We are putting a great deal of support behind modern methods of construction, which the Treasury is very keen on—it is always useful if the Treasury is keen on something. Of the properties that will be built through the new affordable homes programme, 25% will be built using MMC. Those buildings can be built with some 80% fewer defects and 60% fewer resources on site. They will have less potentially embodied carbon and can be built much more rapidly, which means that they can be built much more efficiently as well. MMC is a mechanism for making sure that we get good-quality, precision-build homes, ideally designed beautifully in communities that have the infrastructure to support them.

Baroness Bakewell: There is one problem here, though. You may want to consult the communities about what they would like, and they may well be very vocal once they have moved in, but the estate we went to look at does not have any residents yet. There is no local community they can consult until they have bought the houses.

Christopher Pincher: I can see that there is a challenge there. Making sure that infrastructure is built early in the process is important. If the local primary school is built very early families will want to move into that estate because there is a brand new primary school there. If the GP surgery is also built the same issue is resolved, so getting infrastructure in early to address some of the points you were making previously is one way of getting people on to those estates. They can then check what is wrong with them and use the Defective Premises Act and other means, such as NHBC insurance, to get them fixed.

Q113 **Lord Stunell:** We have heard evidence of skills shortages in the construction, planning and design sectors, as well as a shortage of digital

and green skills. All of these are obviously going to be vital for the future. What can be done to address these skill shortages? How far are the Government on the pace as far as that goes?

Christopher Pincher: This is where we have to work closely and are working closely with other government departments such as the DfE and BEIS, which provide, if you like, the supply chain of resources and skills into the construction sector to make sure it has the people to do what it needs to do. Emma will correct if I am wrong, but there are some 1.2 million people working in the construction sector and supply chain, and about 550,000 work in the housebuilding sector. Making sure that we have the right apprenticeships and traineeships is crucial. In this academic year, we are spending, through DfE and BEIS, £126 million on traineeships to make sure that people have the right skills to go into the sector.

The national skills fund is also making sure that people over the age of 19 have the opportunity to train and retrain so they have the right sorts of skills. I know I am throwing numbers around here, but we are putting £60 million into heat pump innovation to build that particular sector of the supply chain so that we are able to put in place 600,000 heat pumps a year by 2028.

A small but telling example in my own constituency is that the NHBC has partnered with Redrow, which has a local office nearby, to deliver a bricklayer academy. Redrow brings some cash and the NHBC brings the experience, and gets the kids in from the local sixth form college to learn how to lay bricks. It cuts in half the time it takes to get their qualification and it teaches them, importantly, that a career in bricklaying can lead to a career in construction design in five or 10 years' time. You do not have stay laying bricks until you are 40 years of age. Through these mechanisms we are providing the supply chain to make sure we have the people and the material to deliver the homes that we need.

Lord Stunell: The Government mandate that major infrastructure projects should have direct employment of labour by contractors, which is obviously highly desirable, but housing is not defined as a major infrastructure project. Although you have outlined a very commendable project, the fact is that the site that we visited is entirely staffed by trade-specific subcontractors brought in by a developer. There is very little incentive for those people to undertake the training and investment for apprenticeships and so on.

Heat pumps is not a bad example. Heat pump boiler installers are very busy, particularly at this time of year; they do not need to take a week off to do a training course to learn a new technology. I wonder how the Government are approaching this to make sure that, in the housing sector specifically, we have the skills and the capacity. Otherwise, the expansion will simply lead to low quality and high prices for the product at the end.

Christopher Pincher: The Government are approaching this through some of the means that I have just described. I would be happy to look at the specific example that you gave. I can see arguments for housing being regarded as infrastructure, because a house is a school in the sense that kids do their homework at home; it is a police station because it is where the neighbourhood watch is run from; it is a GP clinic because people get well in their houses and are tended to by mum and dad or whoever else it might be. I can see the arguments, but I would be keen to explore whether the example you gave is a mechanism for ensuring that SMEs get an opportunity to train and skill up, or whether it is a means by which bigger supply chain players get to train and skill up.

Emma Fraser: We know that some of the larger housebuilders work closely with SMEs in their supply chain to ensure that that on-skilling process happens and apprenticeships are put in place.

The other point I would make is that in the medium term the shift to modern methods of construction is going to be a really important driver of changes in the skill base in the industry. The Government have recently announced a £10 million task force to look at how we could support that overall shift to MMC.

Lord Stunell: Both of those steps will push the SME sector further away from doing the business, will they not?

Christopher Pincher: I do not think so. We are also, with DfE and BEIS, working on flexible apprenticeships whereby multiple firms can, as it were, share an apprentice so that they are able to make use of those apprentices and the apprentice can get the skills that they need more rapidly to move on in their careers.

On MMC, there is a mechanism here to create a whole new cohort of skilled people in factories. At the moment, they can be in all sorts of parts of the country. There are some in the north such as Ilke Homes in Harrogate. L&G has a facility in Selby near Leeds; it has a 75:25 rule whereby 75% of the products that it uses are sourced in a 25-mile radius of its factory. That is an example of how you can get local people with local kit working to produce really good-quality homes.

The thing that struck me about my visit not to L&G but to another modular builder was how rapidly these units can be assembled. I saw a kitchen being assembled from absolutely nothing—it was just bare girders in a box—to a fully functioning kitchen that was entirely decorated with the paraphernalia that you get in kitchens, all put together in 48 minutes. That is less time than it takes to watch “Grand Designs” and you had a kitchen.

If we can maximise the opportunities for MMC, take these units, which are precision made and therefore much less likely to have defects in them, and put them down on the site. They can be skimmed up by a brickie, so it does not remove the skills that bricklayers have and are required to have. You can have homes on site that are, in the long term,

cheaper to produce, much more environmentally friendly and that still require localised skills to build.

Q114 **Lord Berkeley:** Minister, you mentioned at the start of your evidence that 40% of SMEs have left the market in the last few years. That is a pretty frightening figure because you have subsequently been telling the committee how important SMEs are not only for quality of design, training and things like that but, of course, for local knowledge. We have had one piece of evidence that says that, without many more SMEs, you will not reach your target of 300,000 homes a year. What are the Government doing to try to encourage SMEs either back into the market or new ones?

Christopher Pincher: I will focus on two things and then Emma may have some comments. The first is to deal with the funding challenge that SMEs have. That is where Homes England works with SMEs to help them with loan funding to assemble land and develop opportunities. The home building fund offers £3 billion of funding for short-term loans and a further £2 billion, if I recall, for longer-term loans for infrastructure investment. That helps SMEs to build a significant number of homes or unlock the opportunity for homes in excess of 200,000 homes, again helping them to build and skill up.

We also have, in Homes England, the resources and expertise to help SMEs, essentially, grow their businesses and help them to learn the softer skills that you need to build a business from a smaller scale to a slightly larger scale. There is a fiscal stimulus that we have available to us through Homes England to support SMEs. We also want to make sure that the system in which they operate is much more rapid and predictable.

As I said earlier, on average it takes seven years to develop a local plan. An individual planning application can take five years. Some are quicker but some are quite long. That is just far too long for SMEs to operate effectively in the market. They need a system that is navigable, so it is not just the big people, the cognoscenti, who can get through it. It has to be transparent and speedy so that it can be got through much more quickly. It has to be predictable so that, as long as you obey the rules, you have a pretty good idea of where you are going to land. That is going to bring more SMEs back into the marketplace.

I did not mention the ENABLE programme; I will leave Emma to do that. A mixture of fiscal support and reform of planning are the two key mechanisms that will support SMEs to grow. If they grow, we have an opportunity to maximise land take-up and development, because it is the SMEs which tend to build on the smaller packages of land in the places that the bigger developers do not want. That can help avoid building on greener sites and focus on building on browner sites. It is more likely that, in toto, SMEs will focus on that.

Emma Fraser: To add to your points, Minister, not only are we lending to SMEs directly through the home building fund, but we are supporting

other lenders to lend, so the ENABLE build guarantee with the British Business Bank is one way in which we do that. We also have something called the Housing Growth Partnership, which is a vehicle that also intends to leverage private sector investment.

The other point I would make is that diversifying the forms of provision also helps to support SMEs. For example, community-led housing is generally built out by SMEs, as is self and custom-build. We have announced that we will be supporting the sector with £150 million of support along the lines of Help to Buy and releasing smaller parcels of land. I have already talked about some of our funds that help to release that, which also help to get land into the hands of SMEs and enables them to build it out.

The Chair: As someone who has done lots of work with SMEs, there is also a cultural point. It is very good to hear you, Minister, mentioning SMEs several times during today's hearing.

Christopher Pincher: They are absolutely crucial to us.

The Chair: That is an area that we will be highlighting in our report. It remains for me to thank you both for your time and the comprehensive answers you have given to our questions, and indeed for the useful written into that your department sent in ahead of time, which is helpful in our studies. There are a number of things that you have promised very openly; we will follow up with a list of those. Thank you very much indeed.