



House of Commons
Environmental Audit
Committee

Housing: Building a Sustainable Future

First Report of Session 2004–05

Volume I



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Sustainable Future**

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Report, together with formal minutes

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The Environmental Audit Committee

The Environmental Audit Committee is appointed by the House of Commons to consider to what extent the policies and programmes of government departments and non-departmental public bodies contribute to environmental protection and sustainable development; to audit their performance against such targets as may be set for them by Her Majesty's Ministers; and to report thereon to the House.

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A list of Reports of the Committee in the present Parliament is at the back of this volume.

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References

In the footnotes of this Report, references to oral evidence are indicated by 'Q' followed by the question number. References to written evidence are indicated by page number as in 'Ev12'. number HC *-II

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Foreword

The urgent need for new housing, if met with undue haste and an absence of thorough environmental appraisals, will lead to significant and effectively irreversible environmental damage. The Report which follows contains many specific recommendations and conclusions, and summarises a significant amount of evidence. Its bottom line is that Government, both local and national, and all those engaged in planning and building new housing, have simply got to raise their game or the environmental consequences will be severe and long term.

The significant drop in building rates, which has been a reality since the 1960's, is mainly a result of a dramatic reduction in the construction of local authority housing, which has not been compensated for by an increase in the numbers of privately built homes. The introduction to the Sustainable Communities Plan noted *“that private housebuilding has failed to rise to the demand for owner-occupied property, and too many large homes are being built when the new demand is mainly for small households. In recent years more than one in three homes built in the South East have been larger, four bedroom houses”*. Whilst we accept the real need to address the problem of housing affordability in some parts of the country, together with the impact of a reduced provision in social housing – and we likewise accept that this will necessarily mean building new homes - we are concerned about the potential environmental impacts associated with housing growth. We are also concerned about how the increased pressure on private house builders to meet housing demand will affect standards, particularly environmental standards, of construction. This concern is deepened in the light of the conclusion from the Barker Review that the current rate of private house building in England may need to be nearly doubled to reduce house price inflation.

It is surely better to build sustainable housing for sustainable communities slowly, prudently and well than to put up poorly considered, planned, designed and constructed housing, which may solve an immediate problem but which will only lead to longer term difficulties in the future. Gradual, careful construction of sustainable housing is vital if we are to operate within environmental limits. With this in mind we have identified the issues that it is imperative the Government address as it carries forward its housing agenda:

- Infrastructure provision must run concurrently with housing construction and not follow it, or fail to materialise at all;
- There have to be minimal carbon emissions during both the construction of new housing and during its lifetime use;
- New housing must be durable, built to last from sustainable, recycled or recyclable, and - where possible – locally sourced materials. Funding must be made available for the research to ensure this becomes increasingly possible.
- New housing should be constructed to higher average densities than at present, whilst maximising the use of available brownfield sites;

- House builders have to be made to improve their performance across the board, to accept innovation and more stringent regulations for ensuring higher quality housing;
- The skills base and environmental awareness of planners, architects, builders and all those involved in planning and construction needs to improve;
- Local and regional planning decisions for new housing should be made by *elected* bodies, answerable to all those who live in or around the areas to be affected;
- A National Spatial Framework for England should be drawn up to challenge the assumptions that currently favour over-development in the east and south-east and under-development in the north and west; and
- The environmental principles within sustainable development must be better understood by local authorities, by developers and the construction industry, and by national government – and their importance taken to heart.

Environmental impacts are not always immediately obvious and often long term in effect, whilst the immediacy of economic, even social, benefits too often and too easily outweigh them when they should not. To counter this, DEFRA needs to push its own role in Government in terms of the new Sustainable Development Strategy, and ODPM and HM Treasury both need to engage more fully with DEFRA in terms of their own aims and priorities. This is currently not happening, and the environment will suffer from this failure to join up government. In the case of climate change the threats are obvious and imminent and unless significant efforts are made to reduce emissions from the housing sector they could constitute over 55% of the UK's target for carbon emissions by 2050.

The environmental impacts of the proposed increase in house building deserve much greater consideration than they have yet received from Government. Whilst we accept the need to improve housing supply, we believe that housing policy should be set within the overarching context of environmental limits. All new housing should be built to standards that minimise environmental impacts. There is a serious risk that, as matters stand, the principal beneficiaries of housing growth will be property development companies, whilst the principal loser will be the environment.

Large scale house building demands prudence, properly joined-up government, thorough environmental appraisals, a respect of environmental limits, local engagement, and improvements in skills, knowledge and awareness. We need sustainable communities and new sustainable housing, but unless they are *environmentally* sustainable they will never be truly sustainable at all.

Introduction

1. The Rt Hon John Prescott MP, Deputy Prime Minister, launched the Sustainable Communities Plan (SCP) in February 2003. The stated aim of this Plan is to set out a long-term programme for delivering sustainable communities in both urban and rural areas by tackling housing supply issues in the South East, low demand in other areas, and the quality of public spaces. The Plan identifies four areas in the South East where there will be accelerated growth, namely the Thames Gateway, the London-Stansted-Cambridge corridor, Ashford, and the Milton Keynes-South Midlands area. In addition, nine Market Renewal Pathfinder areas were identified where the main aim would be to tackle low demand for housing and abandonment.¹ The Plan includes a commitment to spend £22bn to improve housing and communities between 2002 and 2006.

2. Following this original announcement the Office of the Deputy Prime Minister (ODPM) and various other departments commissioned work in several areas related to the implementation of the Plan:

- ODPM and HM Treasury jointly commissioned Kate Barker in April 2003 to consider the issues underlying the lack of supply and responsiveness of the housing market in the UK. The *Barker Review of Housing Supply: Final Report* was published in March 2004.
- In April 2003 ODPM announced that it had asked Sir John Egan to carry out a review of the skills and training that professionals working in the built environment require to deliver sustainable communities. The *Egan Review: Skills for Sustainable Communities* was published in April 2004.
- Following the Better Buildings Summit in October 2003, the Government set up a Sustainable Buildings Task Force to identify how Government and industry could improve the quality and sustainability of new and refurbished buildings.² This published its report, *Better Buildings, Better Lives*, in May 2004.
- In April 2004, DEFRA published a report entitled *Study into the Environmental Impacts of Increasing the Supply of Housing in the UK*. This was a short six-week scoping study, looking at the effects of increasing housing supply upon the environment, carried out in light of the Barker Review.

3. Our inquiry was launched in April 2004, following the publication of the final report of the Barker Review. In view of its content, and the already significant commitment by the Government to building new housing in the Sustainable Communities Plan, we decided that there was a need to examine whether the scale of house building was compatible with

1 Birmingham and Sandwell, East Lancashire, Humberside, Manchester and Salford, Merseyside, Newcastle and Gateshead, North Staffordshire, Oldham and Rochdale, and South Yorkshire.

2 DEFRA Press Release, Sustainable Buildings Task Group line-up revealed, 12 November 2003

the Government's stated aim of placing sustainable development at the heart of policy and with its duty of protecting the environment.

4. In the course of our inquiry we received 54 memoranda from a range of organisations and individuals, for which we are grateful. We also took oral evidence on eight occasions. We received oral evidence from Lord Rooker, Minister of State for Regeneration and Regional Development, ODPM, on two occasions; Keith Hill MP, Minister of State for Housing and Planning, ODPM; Elliot Morley MP, Minister of State for Environment and Agri-Environment, Department for Environment Food and Rural Affairs (DEFRA), on two occasions; from Kate Barker, author of the Barker Review; Sir John Egan, author of the Egan Review; and a range of other organisations. We are grateful to all those who have contributed to our inquiry.

Background

Housing numbers

5. The ODPM estimates that in 2003 there were just over 21.5 million households in England and over 25.5 million in the whole of the UK.³ Regional Planning Guidance (recently changed to Regional Spatial Strategies) for all the English Regions sets a target of building 154,726 new houses per annum to 2016, which is below the 161,400 projection of annual average increase in households between 1996 and 2001 in England. Current targets under Regional Planning Guidance for all the Regions compared to numbers of completions are set out below in table 1.

3 ODPM, *Housing Statistics 2004*, December 2004

Table 1: Annualised Housing Targets for England ⁴				
	Current RPG Target (Per Annum)	1996-2001 Household Projections (Average annual increase)	Average past completions 1996-2001 (per annum)	Difference between RPG target and current completion rate
London	23,000	25,200	13,396	-9,604
South East	28,000	35,600	23,680	-4,320
Eastern	20,850	23,600	18,987	-1,863
North East	5,321	3,800	6,995	1,674
Yorks. & Humber	14,675	12,000	14,041	-634
North West	12,790	12,600	18,652	5,862
West Midlands	16,100	12,200	14,137	-1,963
East Midlands	13,700	15,200	14,680	980
South West	20,200	21,200	16,390	-3,810
England	154,726	161,400	140,958	-13,768

6. The actual completion rate in the 1996-2001 period was an average of 140,958 per annum, leaving a shortfall of just under 14,000 between the Regional Planning Guidance targets and actual completion rates. Some areas such as the North East are well above targets, whereas there the shortfall is particularly significant in London and the South East Region, with a shortage of 9,604 and 4,320 respectively,

7. The Government has made clear that it is determined to ensure regional housing targets are met and has made a commitment to build an extra 200,000 homes over and above those already set out in Regional Planning Guidance by 2016, as part of the Sustainable Communities Plan. This would increase total house building rates to around 180,000 a year.⁵ Table 2 below sets out the difference between current completion rates and projected completions rates under different scenarios, within the context of the number of predicted new households a year.

4 Adapted from *Review of Housing Supply: Securing our Future Housing Needs, Interim Report – Analysis*, Kate Barker, December 2003..

5 Q221

Table 2: Proposed Housing Completions under different scenarios		
	No. of dwellings/Year	No. above current completion rate
Net increase in Dwellings (after demolitions and conversions)	120,000	-----
Actual Completions (Average 1996-2001)	140,958	-----
Regional Planning Guidance (RPG) Annual Targets	154,726	13,768
SCP (total extra 200,000 in Growth Areas over RPG targets by 2106)	180,000	39,042
Barker Scenario 1 (extra 70,000/year above current completion rates)	210,958	70,000
Barker Scenario 2 (extra 120,000/year above current completion rates)	260,958	120,000
Household Projections (expected yearly increases in households to 2016)	155,000	14,042

8. The increased target is to meet a projected yearly increase in the number households of 155,000. This rise is mainly attributed to a change in social trends, including an increase in the number of single person households, rising wealth and increased longevity.⁶ In addition to this the Barker Review suggested there is a 450,000 backlog of households unable to access self-contained accommodation. The Review also suggests a current shortfall of housing of 35,000 a year, of which 8,000 are in the private sector and 31,000 are affordable. ODPM figures show that in September 2002 there were 85,000 officially homeless households.

9. Regional Planning Bodies (RPB), usually the Regional Assemblies, are responsible for setting housing targets for each of the regions. The Regional Spatial Strategies (RSS) set out the parts of the region where building will be focused, based on the Secretary of State's

policies in relation to the development and use of land within the region. These regional targets are then split and allocated to local authorities that must identify suitable land for housing development in the Local Development Plans. Under new legislation, included in the *Planning and Compulsory Purchase Act 2004*, Regional Planning Bodies are obliged to ask local authorities for advice as to what the preferred options for development are within their own area, within parameters set out by RPB, and local authorities are obliged to provide this advice. The RPB can then use this information in the preparation of their Regional Spatial Strategies which set housing targets for local authorities. Once local authorities have been set these targets, they must allocate land to meet the need of at least the first five years of their Local Plan. Housing targets set by the Regional Planning Bodies include a target for affordable homes provision. Once housing targets are agreed local authorities must plan, monitor and manage their response to housing, in accordance with planning guidance (PPG3), by reviewing housing requirements for their area at least every five years, or sooner if there are signs of either under or over-provision of housing land.

Housing construction

10. Standards and methods of construction of new housing have very significant impacts on the environment. The average carbon emissions associated with building a new home is 9.54 tonnes (tC).⁷ The current build rate of 140,000 new homes a year result will result in emissions of 1.41MtC into the atmosphere. Further impacts associated with new housing are related to the sustainability of materials used, such as aggregates and timber, and the amount of waste generated, including contaminated soil, and how it is disposed of. Some 55% of all timber used in the UK goes into housing construction. According to DTI figures the construction and demolition industry produces 70Mtonnes of waste materials and soils. 13Mtonnes of this waste consists of materials that are delivered and never used, which is a staggering 19% of the total annually. 90% of non-energy minerals extracted in the UK are supplied as construction materials and the construction industry produces three times the volume of waste from all households combined. The use of housing during its lifetime also has significant impacts. Currently the housing sector contributes around 30% to UK CO₂ emissions and emits 40MtC a year into the atmosphere.⁸ In addition, households use 56% of all water supplied and there are parts of the country, the South East particularly, where water supply issues are increasingly of concern.

11. For housing to be sustainable it should maximise resource efficiency, using materials that have the least possible impact on the environment, and minimise consumption of natural resources, such as water and energy, and waste production, both during their lifetime and when they are demolished. The above figures show that there is clear room for improvement in both how houses are built and in their environmental performance once occupied.

7 Entec, *Study of the Environmental Impacts of Increasing the Housing Supply of the UK*, April 2004, Appendix H

8 DEFRA, *Energy Efficiency: The Government's Action Plan*, April 2004

The Barker Review of Housing

12. Despite the housing targets set out in Planning Guidance numbers of completions of new homes has been falling and affordability has been worsening, with many first-time buyers finding themselves priced out of the housing market. In response to this, ODPM and HM Treasury jointly commissioned Kate Barker, a member of the Monetary Policy Committee at the Bank of England, to consider the issues underlying the shortage of housing supply and the lack of responsiveness of the housing market to changing conditions in the UK. In particular:

- the role of competition, capacity, technology and financing of the house building industry; and
- the interaction of these factors with the planning system and the Government's sustainable development objectives.

13. Following an interim report published in December 2003, the Review's final report was published in March 2004. This presented the Review's conclusions on the level of house building that would be required to achieve specified trends in house prices in England:

“The UK has experienced a long-term upward trend in real house prices, 2.4 per cent per annum over the last 30 years. This has created problems of affordability. In addition, the volatility of the housing market has exacerbated problems of macroeconomic instability and has had an adverse effect on economic growth. To improve macroeconomic stability and deliver greater affordability for individuals a lower trend in house prices is desirable:

- *In order to deliver a trend in real house prices of 1.8 per cent an additional 70,000 houses each year in England might be required.*
- *To bring the real price trend in line with the EU average of 1.1 per cent an extra 120,000 houses each year might be required.”⁹*

The final report included 36 recommendations, covering how housing targets are set, the planning system, how local authorities deliver housing, social housing, infrastructure provision, development gain and taxation, and the house building industry itself.

14. The Review concluded that the supply of new housing in the UK is very inelastic, responding very slowly to price changes. Supply increases slowly when house prices are increasing, but responds much more quickly and significantly to price decreases, and following a slowdown in the market does not respond quickly once prices recover. In addition, when prices are rising quickly in a volatile market, builders often reduce supply in the expectation of a downward correction in the market. The Review concluded that the underlying constraint on housing supply is land availability and that the functioning of the planning system as it stands is the main obstacle to increasing the supply of land. The press

release announcing the publication of the final report set out some of the main recommendations of the Review, which included:

- *“Government should set out a goal for improved market affordability.*
- *Additional investment building-up to between £1.2 and £1.6 billion per annum will be required to deliver additional social housing to meet projected future needs.*
- *Introduction of a Planning-gain Supplement to capture some of the development gains that landowners benefit from, to ensure that local communities share in the value of development.*
- *Establishment of a Regional Planning Executive to provide public advice to the Regional Planning Body on the scale and distribution of housing required to meet the market affordability target.*
- *Introduction of flexibility at the local level through the allocation of additional land in Local Development Frameworks, with the release of this additional land triggered by market signals.*
- *Establishment of a Community Infrastructure Fund to help to unlock some of the barriers to development.”*

15. The Chancellor of the Exchequer, The Rt Hon Gordon Brown MP, welcomed the findings of the Review in his Budget 2004 speech on 17 March. He announced that ODPM would consult on how to increase the supply and affordability of housing, and on what goals should be set in this area, bearing in mind the need to strike the right balance between the economic and social case for development, and environmental and social needs. However, he gave little indication of what particular recommendations were being considered by the Government.¹⁰ In an adjournment debate on the subject a month later, Yvette Cooper MP, Parliamentary Under-Secretary of State at ODPM, stated that the Government was considering the Review’s recommendations and would say more about its response to individual recommendations in due course.¹¹ At the time there was wide concern expressed that the Government was taking forward the main recommendations of the Review without due consideration, either of the broader implications of the changes proposed by Barker to the planning system, or of increasing building rates beyond the 200,000 homes above RPG levels proposed in the SCP.

16. There is no doubt that the Barker Review, particularly the interim report, offered a thorough analysis of many of the factors affecting housing supply and affordability. There are also some recommendations from the Review that we welcome as useful means to explore how to influence and improve housing supply; for example, the creation of a Community Infrastructure Fund, the use of fiscal measures to extract some of the windfall gain from landowners, the need to increase the supply of affordable housing and the

¹⁰ HC Deb 17 March 2004 c322

¹¹ HC Deb 28 April 2004 c309-10WH

funding of social housing. We also welcome the Review's focus on the house building industry and its performance. We do however have a number of serious concerns, not only about the implications of some of the Review's proposals, but also about how the proposals are being taken forward by Government.

Land Allocation for Development

17. The most heavily criticised of the Review's recommendations is the proposal to supplant the current planning system, which though untidy does incorporate a degree of democratic accountability, with one that is essentially driven by market considerations. Recommendation 9 of the Review suggests that local authorities, when allocating land to meet their housing targets, should over-allocate between 20-40% of land to improve responsiveness to changes in demand. This land would automatically be released for development, even if housing targets had already been met, if predefined indicators of housing market disequilibria were triggered. The Review suggested these indicators should include:

- worsening market affordability for newly-forming households and or/lower quartile earners;
- local house price increases relative to regional average;
- an increasing premium in land prices for residential use over other uses;
- employment growth significantly outstripping housing growth; and
- rising numbers of housing transactions.¹²

This approach to achieving improved market affordability has raised serious concerns amongst many different organisations. Friends of the Earth told us that Barker's proposal would make land price the main material consideration in the planning process, and that this does not merely adapt the planning system, it overturns its rationale and purpose:

*"If the needs of the markets, as defined by land price, are to be taken as the prime indicator of what is socially desirable then there is no logical case for planning regulation or its democratic basis"*¹³

18. The Review advances the case that the market should be one of the main drivers behind housing planning decisions. Indeed the final Report states that using price signals to trigger the release of land would help distance land availability decisions from the political process.¹⁴ However, this would also distance such important decisions from the democratic process. The Royal Town Planning Institute averred that there was a need for planners to be more sensitive to how the market operates and how planning decisions affect it,

12 Barker Review of Housing Supply: Delivering Stability: Securing our future housing needs, Final Report, March 2004

13 Ev3

14 Barker Review of Housing Supply: Delivering Stability: Securing our future housing needs, Final Report, March 2004, box 2.1

although it cautioned against using just a single trigger for allowing increased development.¹⁵ English Nature was very critical of Barker's basic premise that the planning system should increase the allocation of land for housing in order to create an over-supply, calling this approach simplistic:

“To see the relaxation of planning controls as the only solution to house price volatility and lack of market responsiveness is in our view invalid. The planning process has a positive role to play, along with other measures, to help a poorly performing house building industry to innovate, use land efficiently, to build to higher sustainable standards and to generally achieve a much better quality.”¹⁶

19. The Campaign to Protect Rural England (CPRE) considered the publication of the Barker Review as “*threatening an unnecessary environmental disaster*” and considered it presented a one-sided analysis of the role of the housing market and planning system. Whilst it welcomed some of the recommendations of the Review, it was particularly concerned about the proposed changes to the planning system. The Local Government Association (LGA) told us that it was opposed to the reduction of local authority powers in relation to planning because local authorities are ideally placed to act as co-ordinators to achieve a sustainable approach to housing.¹⁷ The LGA also told us that it would be easy for the principles of sustainable development to be compromised if the step change in housing supply envisaged by Barker was implemented.¹⁸

20. The purpose of the planning system is to protect amenity and the environment in the public interest. The introduction of measures whereby any increase in house prices would automatically result in an increase in house building makes a mockery of the Government's approach to housing as set out in planning guidance. This maintains that local authorities should plan, monitor and manage housing requirements in their area. It is difficult to see how they would be able to do this if their control over the number and location of new homes is removed. **The Review's proposal that a set of predetermined market indicators should be used to bring land forward automatically for housing development would be a direct attack on the principles underpinning the planning system. It would establish the principal role of planning as being simply to meet market demand, without regard to any other considerations, including democratic accountability.** Such a policy approach to improving affordability would operate in a democratic vacuum, in which the market has supremacy, and would give no incentive at all to considering, for example, how to shift house building to neighbouring areas where housing might still be within affordability targets. It is imperative that any attempts to use market indicators to increase land coming forward for development should be based on more than one single threshold being reached. In addition, a suite of indicators should be developed to act as protection against undesirable development. These indicators should include measures of

15 Q 544

16 Ev287

17 Q83

18 Ev42

infrastructure ability to meet the extra demand of new development, and environmental factors such as air pollution levels and water resource availability.

21. It is a matter of great concern to us that the recommendation for the use of market indicators as triggers for development, should it be taken up, would result in significant levels of building in the South East over which local authorities would have limited control. This is particularly so as it is an area where there already are high population densities and where environmental impacts are likely to be greatest. **It was disingenuous of Kate Barker to insist that there was no geographical dimension to the Review's recommendations when it is obvious to us, and to many others, that any measure that aims to build more where the housing market is stronger will inevitably result in increased building in the South East. It is important that the Government acknowledges and addresses this before taking any steps towards implementing the measures put forward by the Review.**

22. The Review's recommendation for an over-allocation of a 20-40% land buffer for development, with all land having equal development status, could result in developers cherry-picking the easiest sites to develop first, as they would be able to submit applications for any part of the land identified in the plan and local authorities would not be able to refuse this. It is our view that this proposal would encourage less controlled development, which is exactly what the planning system was set up to prevent. Indeed Kate Barker acknowledged, in evidence before us, that as the result of an over-supply of land there was a risk of development that was not coherent or desirable, but she suggested that due to the costs of opening up new land, and the existing presumption for developing brownfield land first, this is unlikely to happen. She also told us that the aim of this recommendation was to prevent the "odd occasions" where a dogged approach to wanting to develop some sites first can prevent development going ahead at all.¹⁹ This exemplifies the Review's approach to the planning system. Drastic changes are proposed, which remove democratic accountability and place excessive reliance on the market, with few safeguards against undesirable outcomes, in an attempt to solve problems which only occur on "odd occasions".

23. The incentive for house builders to landbank permissioned land could be reduced if the Review's suggestion that planning permissions lapse within three years rather than the current five were implemented. However, the Review offers the prospect of no similar disincentive to the landbanking of non-permissioned land. In fact, increasing designated development land by 20-40% to increase the supply of land would be likely to result in a reduced price for development land, which could encourage developers to increase the size of their landbanks at little or no extra cost and continue to function as they currently do. In other words the recommendation could be self-defeating and could lead to erratic development over which the local planning authorities would have no control, and would not give any certainty of achieving the aim of increasing developers' completion rates.

Environmental Implications

24. Set out within the remit of the Review was the requirement to consider the interactions of housing supply with the Government's sustainable development objectives. It was therefore surprising to find in both the Review's interim and final reports that sustainable development and the environment were barely mentioned. In her memorandum to us, Kate Barker stated that she did consider sustainable development, but that she did not consider issues such as use of resources, including energy and water, as part of her remit. None of these, nor the wider environmental implications of increasing housing supply, were mentioned in either of the Review's reports. Kate Barker told us she interpreted the reference to sustainable development in her remit in the following manner:

*"Firstly, I looked at issues around land, infrastructure and external design as these were the questions which seemed to be particularly relevant to supply. I should say at the outset of this discussion that I did not see the Review's remit as extending to recommendations on the energy and water usage standards for new buildings, or the issues around the waste arising from new construction. This does not mean that I regard these issues as unimportant. Secondly, the specific recommendations were framed to be consistent with the Government's existing policies in regard to land use, and in some cases to take it further."*²⁰

25. On the issue of assessing environmental impacts, the Review stated that it was impossible to reach a conclusion regarding environmental and amenity costs of increasing housing supply as these were too regional in nature, and that without knowing the location and type of houses proposed it would be impossible to reach a conclusion about their costs and benefits.²¹ That this is obviously not the case was demonstrated by the publication of the Entec Report commissioned by DEFRA, which looked at exactly these issues and which is discussed further in the next section of this Report. This failure of the Review was acknowledged in evidence to us by Elliot Morley MP, Minister of State for the Environment and Agri-Environment, who told us that in his view the Barker Review "could perhaps have given a bit more attention to the environmental and sustainable aspects".²² Indeed, Kate Barker told us in evidence that she regretted not making clearer that increasing the rate of house building would have an impact on resource use and that the Review as a whole is less environmentally aware than she would have wished.²³ The Royal Town Planning Institute told us that she has also expressed regret at not focusing more on issues relating to infrastructure.²⁴ In her supplementary memorandum Kate Barker did state that the inputs of materials and energy into building homes and the waste generated should be taxed to ensure that prices reflect environmental cost externalities and to create an incentive for efficiency in their use.²⁵ Indeed, the Review

20 Ev123

21 Barker Review of Housing Supply: Delivering Stability: Securing our future housing needs, Final Report, March 2004

22 Q365

23 QQ 423-4

24 Q580

25 Ev136

would have been an ideal opportunity to explore the potential for internalising the costs of the environmental impacts of housing construction, and whether this entailed any potential impacts on housing supply and house-price inflation.

26. It is a matter of great regret that Kate Barker failed to take full advantage of the remit of her Review in relation to sustainable development. It is also extremely disappointing that the Review did not address how fiscal measures could be used to improve the efficiency of the housing industry and reduce its environmental impacts, as Kate Barker has since told us should be the case. This would have been entirely within her remit of considering how housing supply interacts with the Government's sustainable development objectives. An important opportunity to embed sustainable development at the heart of policy in England has been wasted. As a result of this basic flaw in the Barker Review the Government has been able to take the Review's agenda forward without having to acknowledge the serious environmental implications contained within it.

27. We urge ODPM and HM Treasury to acknowledge the shortcomings of the Barker Review and to ensure that the concerns Kate Barker has subsequently expressed regarding the environmental impacts of increasing housing supply inform the Government's approach to considering her recommendations.

The Entec Report

28. In April 2004 Entec, an environmental and engineering consultancy, published a report, *Study into the Environmental Impacts of Increasing the Supply of Housing in the UK*, which had been commissioned by DEFRA's Rural and Resource Economic Division. It was commissioned as a desk study to be delivered within six weeks and the Barker Review's final report was published, although it was published after this and consequently includes a supplementary note summarising the relevant aspects of the Review's final report.²⁶

29. According to DEFRA the timetable "*was extremely tight*" for the study. DEFRA also stated that because of this "*the figures included in the report are indicative and require substantial qualification and interpretation*". Therefore it "*remains the view of Entec, not DEFRA*".²⁷ According to Entec (in the introduction to its report), the time-scale "*imposed limits on the depth of the technical work, which could have been carried out more robustly and with greater breadth over a longer period of time*". Despite its shortfalls, the Entec Report is very useful. It gives some insight into the type and scale of environmental impacts than can be expected from building dwellings at the rates set out in the SCP and as proposed by the Barker Review.

30. The publication of the Entec Report on the environmental impacts of increasing housing supply, though belated, was welcome as a very important step in the right

26 The Entec report looked at aspects related to housing construction and occupation. To assess the impacts of construction it considered the embodied energy (in terms of CO₂) of building materials and elements, construction waste and aggregates. It also considered the following impacts resulting from occupation: primary energy use (in CO₂ terms), domestic waste production and water consumption. It did not, however, consider other pollutants from energy use, transport impacts or lifecycle impacts of materials used in construction.

27 Ev112

direction. It is, however, lamentable that a report on such a key area of policy had to be carried out in just six weeks. This suggests that DEFRA was slow to realise the potential impacts of the Barker Review.

31. The Entec study found that by far the biggest environmental impact from increasing housing supply was the significant increase in CO₂ emissions that result from their construction and use. The external costs from such emissions outweighed the costs of any other damage by a factor of ten. In addition the study found that the use of higher environmental standards in construction would significantly lower the environmental impacts of housing over 30 years. The study also found that contrary to received opinion, building at higher densities could result in higher environmental impacts. However, the report acknowledges this may not be a valid conclusion as it was not possible, due to the limited time-frame, to take the benefits of more environmentally sustainable transport associated with higher density development into account. Further work to clarify the issue should be carried out as a matter of urgency.

32. DEFRA expressed its concerns to us regarding the approach used by Entec. It highlighted that the scenario in the report that resulted in the highest environmental costs (£8.3bn over the next 30 years) used as a baseline no house building at all over that period. The implication of this is that the impact of homes being built at current completion rates, and as part of the SCP, should be assumed and therefore should not be taken into account. DEFRA indicated that the baseline for determining environmental impacts should be taken as current build rates. This approach would result in the maximum figure for costs to the environment in the Entec Report being nearly halved to £4.3 billion. It would seem that DEFRA is suggesting that it is unnecessary to determine the unarguable environmental impacts of the 140,000 new homes that are being built each year, or those proposed in the SCP, and that it is only important to determine the impact of the extra homes, up to 120,000 a year, proposed by the Barker Review. However, DEFRA in adopting this strategy has chosen to ignore the environmental impact of existing house building programmes. We note that the ODPM Select Committee in its inquiry, in April 2003, into the SCP called for an independent and comprehensive review of the environmental impact of the proposed housing development in the Growth Areas. We regret that no thorough review of this kind has yet been carried out.

33. We urge ODPM and DEFRA to ensure that any future study on the environmental impacts of increasing housing supply in England takes as its baseline no growth over the next thirty years. It is vitally important that the impacts of all homes that are to be built over this period are determined, so as better to inform the decisions on how and where they should be built, and this is the approach that ODPM and DEFRA should take. This is the only credible way of determining the overall impacts of increased house building. For the avoidance of doubt, we are not arguing for zero growth, simply for the impacts of all growth, even growth that is already expected, to be fully considered so as to be better placed within the overarching context of environmental limits and to enable proper mitigation against its environmental impacts.

34. It is therefore with concern that we see, in the final memorandum to us from ODPM, that together with DEFRA, it is commissioning joint research, a sustainability project, into

“the effects of additional housing on sustainable communities”. We seek reassurance from both ODPM and DEFRA that any research commissioned by departments into the environmental implications of the proposed house building shall be a continuation of the work initiated by Entec. The terms of reference for this research must be made public as soon as they have been agreed.

Taking the Review Forward

35. In evidence to us Kate Barker significantly qualified the views and recommendations set out in her Report. Not only was she much less forthright in her views when giving evidence on how to increase housing supply and improve affordability, she also made clear that there should be an assessment of the environmental implications of her proposals.²⁸ She also expressed significant reservations regarding the quality of available information on which housing policy decisions were being made, telling us that *“careful reading of the report would suggest that the confidence based in the absolute figures is not high”*.²⁹ Indeed, the third recommendation from the Review states that *“further research should be undertaken to improve the evidence base for housing policies”*. **The present evidence base for the Government’s housing policies is inadequate and it is imperative that the Government ensures that work is carried out to rectify this. We recommend that no proposals are taken forward to further increase housing supply without ensuring that there is a sufficiently strong evidence base to support them.**

36. Giving evidence before us for the second time, Lord Rooker reiterated his earlier position that ODPM would not be able to pronounce on the Review’s recommendations until the end of 2005, at the earliest, and that in the meantime it would not be possible to give any indications of what particular recommendations the Department would be taking forward.³⁰ We were told in the ODPM’s supplementary memorandum that *“given the large number of recommendations in the Barker report, and the differing timescales within which they need to be addressed, the Government does not intend to publish a single response”*. Instead, *“as proposals are developed to address specific recommendations, they will be subject to consultation in the normal way”*.³¹ However it was still possible for the document to set out the work that was being carried out to implement many of the Review’s recommendations and included was a timetable for the forward programme regarding the recommendations from the Review. According to this timetable work should already be underway to develop a methodology for a national market affordability goal with the aim of consulting on a draft national affordability goal and indicative regional targets by December 2005 (Recommendation 1). The Government will also be reaching conclusions on the Review’s proposal for a Planning Gain Supplement (Recommendation 26) by that date and setting up a new arrangement for offering independent advice on housing numbers to the merged Regional Planning Bodies and Regional Housing Boards (Recommendation 6). The Department for Transport has already announced the creation

28 Q 463

29 Q 430

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of a Community Infrastructure Fund (CIF) with funding until 2008 (Recommendation 22). Furthermore, in her supplementary memorandum Kate Barker told us that the Government was carrying out work and planning to consult on various areas that “*cover the most significant recommendations which apply to Government*”.³² We find it astounding that Lord Rooker can categorically say that it will not be possible to give a response to the Barker Review’s recommendations until the end of 2005 when there is clearly already significant work going on within ODPM to take forward many of the Review’s recommendations.

37. It should be entirely possible, and indeed would be desirable, for a position statement on the Review’s recommendations to be published by the Government. The implication from ODPM that it is not possible to state which of the Barker Review’s recommendations are being taken forward without having reached a decision on exactly how to implement those recommendation it accepts is disingenuous. Whilst there may be some awareness amongst those sectors closely involved in taking the Barker Review’s recommendations forward of what Government views are there is nothing in the public domain that makes this clear. This is unacceptable. **ODPM and HM Treasury should publish a substantive response to the Barker Review as a matter of urgency. This response should set out which recommendations are being taken forward, which are being considered as options and which have been discarded. It should also include details of what work is currently underway on the various proposals from the Review.**

The Sustainable Communities Plan

Background

38. *Sustainable Communities: building for the future*, which sets out the Government’s Sustainable Communities Plan, was launched by ODPM as a £22 billion plan to drive forward thriving and sustainable communities for this and future generations. On launching the Plan, the Deputy Prime Minister, The Right Hon John Prescott MP, stated that it marked a real step-change in the Government’s approach to urban and rural communities all over the country, which would create and maintain places in which people want to live, to which they would be proud to belong and which would stand the test of time.³³ In the process of our inquiry into the Barker Review and the impacts of increasing housing supply it became increasingly clear that the proposals for development and housing construction already underway within the Sustainable Communities Plan (SCP) have significant implications for the environment.

32 Ev138

33 ODPM Press Release 03/15, ‘Redressing the balance - Prescott sets out action plan for sustainable communities’, 5 February 2003

39. *Sustainable Communities: building for the future* did not give a definition of what a sustainable community should be. However it did list what ODPM saw as some of the key requirements for such a community:

- *A flourishing local economy to provide jobs and wealth;*
- *Strong leadership to respond positively to change;*
- *Effective engagement and participation by local people, groups and businesses, especially in the planning, design and long-term stewardship of their community, and an active voluntary and community sector;*
- *A safe and healthy local environment with well-designed public and green space;*
- *Sufficient size, scale and density, and the right layout to support basic amenities in the neighbourhood and minimise use of resources (including land);*
- *Good public transport and other transport infrastructure both within the community and linking it to urban, rural and regional centres;*
- *Buildings - both individually and collectively - that can meet different needs over time, and that minimise the use of resources;*
- *A well-integrated mix of decent homes of different types and tenures to support a range of household sizes, ages and incomes;*
- *Good quality local public services, including education and training opportunities, health care and community facilities, especially for leisure;*
- *A diverse, vibrant and creative local culture, encouraging pride in the community and cohesion within it;*
- *A "sense of place"; and*
- *The right links with the wider regional, national and international community.*³⁴

40. Whilst it is undoubtedly the case that the language of the SCP goes a long way to acknowledging the need for growth which encompasses social and economic priorities, the same cannot be said with regard to the environmental impacts of growth. **It is clear that the Sustainable Communities Plan does represent a positive change in how the Government approaches growth and regeneration. However, we are disappointed not to see set out explicitly in the key requirements for a sustainable community the need to comply with the principles of sustainable development; and we deplore the absence of any reference to environmental protection, or the need to respect environmental limits.**

41. The document also set out how the Government intends to tackle the problem of unaffordable homes in some areas of the country and abandonment in others. The aim would be to create decent homes and a good quality environment in all regions through a step change in housing supply which would increase the availability of affordable housing, ensuring private builders build the right types of houses in the right places, while

34 ODPM, *Sustainable Communities: building for the future*, February 2003

protecting the countryside and rural communities from urban sprawl.³⁵ Under the heading of “sustainable growth”, the plan also sets out the rationale behind the four Growth Areas. The aim of these areas is to accommodate the economic success of London and the wider South East, thus ensuring that the international competitiveness of the region is sustained. It is planned to deliver sustainable growth through the provision of an additional 200,000 homes by 2016 in the Growth Areas, over and above the numbers already set out in Regional Planning Guidance. The SCP also sets out how these Growth Areas could potentially accommodate over 900,000 new homes by 2031. Nine Pathfinder areas were identified, outside the South East, where strategic action plans will be put in place for large scale clearance of old housing, refurbishments, new build and improvement in local services.

Is it Sustainable?

42. ODPM set out in its memorandum to us the five strategic priorities which it has adopted with the aim of creating sustainable communities:

- delivering a better balance between housing supply and demand;
- ensuring people have a decent place to live;
- tackling disadvantages;
- delivering better public services; and
- promoting the development of the English Regions.

It then went on to state that: “*as is clear from the strategic priorities [set out above] the Office’s aim and objectives clearly encompass the goal of sustainable development, integrating economic, social and environmental factors*”.³⁶ This is not the case. The above strategic aims do not, as they are set out, give any weight at all to the environment. In fact the environment is mentioned only once, under the second heading: “*ensuring people have decent places to live by improving the quality and sustainability of local environments*”.³⁷

43. Bearing this in mind we were particularly concerned to see the ODPM’s response to the first recommendation of the Egan Review of Skills for Sustainable Communities (which is discussed in some detail later in this Report). Egan’s Review recommended that all stakeholders involved in delivering sustainable communities should adopt a common understanding of what “sustainable communities” means. In its response the ODPM committed itself to having a broadly agreed definition that could be used by everyone engaged in the delivery of sustainable communities. This has not yet been published. ODPM also announced that it was “*considering the links between sustainable communities and sustainable development via a Ministerial sub-group of the Central Local Partnership*”.³⁸

35 *ibid*

36 Ev68

37 *ibid*

38 ODPM, *Government Response to the Egan Review - Skills for Sustainable Communities*, 20 August 2004

This may be welcome, though if, as ODPM told us, the SCP already encompasses the aims of sustainable development, it raises two questions: firstly, why this is necessary at all; and secondly, how it can be possible to publish a definition of what a sustainable community is before its links to sustainable development have been established.

44. We would like to know if or when ODPM intends to publish its definition of sustainable communities. This definition must give a clear indication of exactly how sustainable development underpins sustainable communities; and should explicitly give the environment equal footing with social and economic goals.

45. The belated effort by ODPM to explore how sustainable development is linked to the Sustainable Communities Plan is a stark example of the failure of Government to place sustainable development at the heart of policy making and of how environmental considerations remain a bolt-on rather than a primary concern.

46. This general failure has been set out in greater detail in our recent report on the Sustainable Development Strategy. We highlight in that Report how Government still places insufficient weight on the environmental dimension of sustainable development, inclining more towards an economic interpretation of the term, and that insufficient emphasis is placed on the concept of environmental limits.³⁹ This is exemplified by the statement in ODPM's memorandum to us that "*the economic and social effects of the current shortage of housing supply are not sustainable in their impacts either on communities or on individuals. There are important environmental dimensions, but they are not to be regarded as placing an effective veto on addressing the problems of supply*".⁴⁰ It is also vital that issues of increasing housing supply, important though they are, should not place an effective veto on addressing the environmental problems potentially associated with a major increase in house building.

47. ODPM seems to have taken the approach to sustainability and the SCP that by simply calling it "sustainable" and mentioning the environment occasionally, usually within the context of local environment or the need to minimise the use of resources, the Plan is inherently and obviously fully compatible with the principles of sustainable development. This is clearly not the case. As Jonathan Porritt told us during our recent inquiry into the Sustainable Development Strategy, "*the aspiration to be less unsustainable is not the same thing as being sustainable*". This is not something ODPM appears to have grasped. This is reflected in Ministers' comments to us during evidence sessions. We were told that it was not possible to pin down sustainable development in the Plan because it was "*too high level*";⁴¹ we were given no explanation of what the ODPM sees as the differences between sustainable growth, an economic concept, and sustainable development, an environmental concept;⁴² it was also implied that to ensure sustainable development the most important

39 EAC, Thirteenth Report of 2003-04, *The Sustainable Development Strategy: Illusion or Reality?* HC 624-1.Paragraph 34

40 Ev69

41 Q 748

42 Q770

issue is not to have growth without infrastructure whilst at the same time we were told that sustainable development and growth are not compatible.⁴³

48. For the Sustainable Communities Plan to be worthy of its name it would have to have as its central aim the creation of communities that are fully compatible with all the principles of sustainable development. Under the Government's definition of the term this would mean that effective protection of the environment and prudent use of natural resources would be as important as social progress and the maintenance of economic growth and employment. Indeed we would argue that without the first two aims being met it would be impossible to sustain either economic growth or social progress. The Government needs to recognise that a good environment is as vital to national prosperity as a sound economy or a cohesive society.

49. The feeling running through our evidence sessions was that whilst some of the language in the SCP could be interpreted as giving some weight to environmental concerns, this was not something that was necessarily translating itself into practice. For example, the World Wide Fund for Nature (WWF) told us that there is a top line of rhetoric that runs through the SCP with which it would be hard to disagree, but there has been very little action to deliver anything to meet that rhetoric.⁴⁴ Friends of the Earth told us "*it [SCP] is a piecemeal approach to a housing crisis and [...] it makes political judgments about growth and where it will take place before any effective assessment of environmental limits has been made*"⁴⁵ and this has led to people taking "*'sustainable communities' to mean a very pro-development agenda, particularly in the South East, and that as a result sustainable development has been put on the back foot.*"⁴⁶ The Local Government Association made a distinction between the housing agenda, where they had concerns about the poor quality of new housing and the proposed accelerated build rate, and the new approach to proposed settlements. It is this second part, which is meant to make the SCP more than a basic housing programme, that troubles the LGA most, insofar as other Government departments, the Department for Transport in particular, do not appear as yet to have taken it on board.⁴⁷

50. Whilst there has been some attempt to address environmental issues within the SCP, which represents—even if only at the level of its rhetoric—improvement on how development has been approached in the past, the thinking behind it appears to be only to take the environment into account in ways that do not constrain plans for growth. This is of particular concern because it contradicts the central tenet of sustainable development: that growth should only occur within environmental limits and anything beyond that is unsustainable. We are concerned that the driving force behind the Sustainable Communities Plan is to meet economic and social demands and there is little understanding within ODPM of how the environment interacts with these.

43 Q 745

44 Q 31

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47 Q 98

51. The need for all Government departments properly to incorporate sustainability into policy implementation is becoming pressing. The Government Chief Scientist, Sir David King, is warning with increasing urgency about the need to address issues related to climate change. This can only be done if there is an understanding amongst all those in Government departments of the global environmental impacts of decisions made nationally and locally. Policies within the Sustainable Communities Plan aimed at ensuring the quality and sustainability of local environments are a wasted exercise if they are not also explicitly aimed at addressing the wider environmental impacts and consequences of growth.

52. The way the Government has taken forward the recommendations of both the Sustainable Buildings Task Force and the Egan Review of Skills contrasts starkly with how it has dealt with the Barker Review. Responses to the former were published within months, whereas ODPM and other departments intend to spend a year and a half at least deliberating and consulting before responding to Kate Barker's recommendations. **It would appear to us that many of the efforts directed towards achieving sustainability within the SCP are little more than a window-dressing exercise. This is unsatisfactory and bound to have severely detrimental consequences in the long term.**

Regional Implications

53. The conflict between growth and environmental limits within the SCP is most clearly seen in this focus on development in the South East and in particular within the four Growth Areas. Proposals include the building of 720,000 homes in the South East of England Regional Assembly (SEERA)⁴⁸ region by 2026 and 478,000 homes in the East of England Regional Assembly (EERA)⁴⁹ region by 2021. According to ODPM figures there were 5.7 million dwellings in the South East and Eastern regions in 2001. Building on the scale proposed would result in an increase of 21% in the number of dwellings in the most densely populated regions of the country.

54. The four Growth Areas were identified in Regional Planning Guidance 9 (RPG9) for the South East which was published in March 2001. Following on from this, various consultant studies were commissioned to identify the level of growth that these areas could accommodate. The findings of these studies concluded that overall an extra 252,000 dwellings, above those already being proposed, could be accommodated in the Growth Areas by 2031.⁵⁰ When the SCP was published in February 2003 it included a commitment to build 200,000 dwellings by 2016 in the Growth Areas identified in RPG9, over and above existing targets. It also included an estimate that the areas had potential to accommodate a total of 900,000 new dwellings by 2031.

48 SEERA incorporates the following counties: Kent, East Sussex, West Sussex, Surrey, Hampshire, Berkshire, Oxfordshire, Buckinghamshire and Milton Keynes

49 EERA incorporates the following counties: Bedfordshire, Cambridgeshire, Essex, Hertfordshire, Norfolk, and Suffolk

50 ODPM: Housing, Planning, Local Government and Regions Committee; Eighth Report of Session 2002-03, *Planning for Sustainable Housing and Communities: Sustainable Communities in the South East*, HC77-1

55. The impacts of focusing the majority of growth in the South East were raised repeatedly in memoranda and in evidence sessions. Friends of the Earth were very critical of the chronology of development in the South East. Speaking for Friends of the Earth, Dr Hugh Ellis told us:

*“We approached the regional issue of over-development in the South East through the SCP before we had ever decided what the environmental limits of the South East were. The DEFRA [Entec] report only arrived two years after that point. So the process of strategic planning for England has been to accept large-scale growth in the South East as a political decision, then to begin to implement that in all sorts of ways, then to commission an economic study from HM Treasury on Barker, which in fact doubled that growth, and then DEFRA came along very belatedly and say that there might be a problem or two with that. Then at the very end we might actually begin to think about how transport infrastructure and various other things, which should have been central to the planning process, might only be delivered years after.”*⁵¹

56. The Royal Town Planning Institute told us that it was sure that, if a forum existed where there could be a debate over in which parts of the country growth would be best placed, the likely conclusion would be that some of the proposed housing growth would benefit other areas of the country far more than it would benefit the South East and East.⁵² The LGA pointed out that the Government has been criticised for a policy deficit in failing to promote northern cities as competitive locations associated with urban renaissance.⁵³ Friends of the Earth called for strategic planning that ensured communities in the North have a future and that communities in the South have sustainable development in a way that upholds their quality of life. To achieve this they called for a national spatial framework that is in part redistributive.⁵⁴ The question of whether a model of unequal growth as seen in the Sustainable Communities Plan can ever be considered properly sustainable needs to be urgently addressed by the Government, as it is not clear to us that in its desire to encourage a national economy led by growth in the South East it has addressed this issue at all.

57. Sir John Egan, who was appointed as the Government’s adviser on the Thames Gateway in November 2003, told us in evidence that *“it is extremely important that communities are balanced and that everyone who needs to work in that community can get a house in that community and can afford to do so”*. However, he went on to tell us that the principal driver for housing in the South East was not the need for expansion or better housing for existing communities, but rather the desire to accommodate newcomers drawn to the area, for economic reasons, as a result of London’s position as a world-class city. He told us that *“these [newcomers] are people with world-class skills that are needed in things like the financial services industry. They are coming because they think they can earn far more money here than they can earn anywhere else in the world”*.⁵⁵ He went on to say

51 Q 14

52 Q 564

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that “we have an urgent need to find housing of high quality for some of the best people in the world who want to come here”.⁵⁶ In response to the question of whether the emphasis on the Thames Gateway and the South East would exacerbate the general economic division between north and south he told us he did not believe this was the case and that people from the north of the country “will want to come because of the wealth and prosperity of the South East”⁵⁷ **Sir John Egan was of the view that it will be very difficult, and probably detrimental to the economy, to focus too much effort on developing northern regions when there is such a draw to the South East from all over the country and from the rest of Europe. He implied that these other regions would develop of their own accord if they had the potential. Whilst this argument may make some sense from a purely economic perspective, it has few merits from a social or environmental one. It is alarming to us that a senior Government advisor should express such views: we believe them to be wrong and would like to hear from Government to what extent it supports them.**

58. ODPM and HM Treasury must make clear at what stage they will judge the South East region to have reached its growth limits and what options they have considered to assist social and economic development within sensible environmental limits elsewhere in the country.

Housing Targets

59. The housing targets for the whole of the South East region include 478,000 houses in the East of England Region. This was approved by EERA for their draft Regional Spatial Strategy in November 2004, though at the time EERA also rejected proposals by the ODPM for an extra 18,000 homes to be added to its targets within the Strategy. Since then, however, EERA has withdrawn its endorsement for the overall targets stating that it “deplores the Government’s grossly inadequate funding of transport infrastructure costs associated with the additional 478,000 houses planned for this region”.⁵⁸ There is also strong opposition within SEERA, which is in the process of consulting on future housing targets. The ODPM had suggested a figure of 720,000 homes to be built by 2026 in the region. SEERA’s original intention was to consult on yearly targets of between 28,000 and 36,000 for the region, however following consideration by Assembly members this was reduced to between 25,500 and 32,000.

60. Lord Rooker presented the effect of the rejection of housing targets set by the Government as “*miniscule*” since the number of houses rejected by EERA is tiny in comparison to the numbers that it had, until recently, accepted within its Regional Spatial Strategy.⁵⁹ However should SEERA decide not to increase its annual target following consultation, the shortfall taken with that of the EERA region could over time be in excess of 70,000 homes. This is over a third of ODPM’s target of an extra 200,000 homes being

56 *ibid*

57 QQ 690-691

58 EERA Press Release, ‘East of England Regional Assembly suspends its endorsement of the East of England Plan due to Lack of Central Government Funding’, 10 December 2004

59 Q 846

built in the Growth Areas by 2016. In our view this is by no means miniscule and raises the question as to whether ODPM would be willing to force through housing numbers on a significant scale should their targets be rejected. Furthermore, should the Government accept the Baker Review's suggestion that up to 120,000 extra homes a year should be built to improve housing supply, it is likely that these are exactly the regions, where there are currently the greatest problems with affordability, which the majority of this increase would be targeted at. Given the difficulties ODPM is having in convincing the regions in the South East to take on current housing targets, it is difficult to see how they would accept any further significant increases in the future unless forced to do so by the Government.

61. The approach to housing advocated by the Government at a local level in its planning guidance of “planning, monitoring and managing” supply does not seem to apply when it comes to housing provision at a regional and national level. The Government has taken the approach of predicting significant levels of demand for housing in the South East Region and planning to meet this demand without any attempt to manage growth or to shift it to other areas. **The SCP simply predicts growth in the South East and sets out to provide for it. This predict and provide approach makes no attempt to rebalance housing demand and economic development in the country as a whole. Given the limited ability and willingness of the South East regions to absorb further growth, this reflects a short-term approach from the Government to what is a long-term problem. The undoubted result of the acceptance of such an unequal model of growth can only be to exacerbate regional differences in prosperity, to the detriment of the country as a whole.**

Environment in the South East

62. The South East Region is already an area of the country under environmental stress. According to the Environment Agency, significant areas of the South East are already being supplied water by an unacceptable and unsustainable abstraction regime in both winter and summer months:

*“In an average year there is less water per person in England and Wales than in Spain or Portugal. In parts of the south and east of England there is less per person than in Ethiopia or the Sudan. This scarce resource needs very careful management if we are to ensure that there is enough for us to use in our homes, in industry and for agriculture. ... the natural environment also needs water”.*⁶⁰

The Agency also told us that it estimates that, if the trend continues, quantities of municipal waste produced in the South East could grow by 67% to 2031 (from 4.1 million tonnes/yr to 7 million tonnes/yr). The anticipated new homes would generate an estimated further 1.7 million tonnes of municipal waste per year.⁶¹

63. The ODPM Select Committee inquiry into the SCP identified in April 2003 the problems of water availability and infrastructure provision for the South East, particularly

60 Environment Agency, *Water resources for the future: A strategy for England and Wales*, March 2001

61 Ev281

in the Growth Areas, calling for impacts on water supply to be assessed, and expressing dismay that water companies were not involved in any discussion about proposed housing targets for the South East. The Select Committee's report also called for an independent comprehensive review of the environmental impacts of the proposed housing in the Growth Areas.⁶² **It is astounding that despite the clear need for an assessment of the environmental impacts of the proposals for the Growth Areas as a whole, nothing has been done to date by ODPM or DEFRA to address this issue.**

64. The East of England Regional Assembly published the Strategic Environmental Assessment of its Regional Spatial Strategy in November 2004. This found that there were serious environmental impacts associated with the proposed growth plans in their region:

*“The rate and intensity of economic, housing and infrastructure growth envisaged for the region, especially its southern parts, is intrinsically damaging to many aspects of the environment and quality of life. Particularly serious problems include water resources, flood risks, quantity of movement to be accommodated, urbanisation and conflicts and competition for land (both inside and outside settlements) between development and public interests.”*⁶³

65. In September 2004 the Southern Region Environment Agency office (which covers most of the South East of England Region) published a press release to accompany the publication of the *State of the Environment 2004* report, with the heading “*The development of 800,000 new homes in the South East could set off an environmental time-bomb*”.⁶⁴ The Regional Director for the Thames Region, was quoted as saying:

*“This State of the Environment report shows the fragility of our environment – in some parts of the region **we are reaching our environmental limits**. Unless the environment is built into plans for development now we will seriously threaten the quality of life in the South East.”*⁶⁵

On being questioned about this Mr Morley told us “*it was a regional office. It was not the Environmental Agency centrally that said that*”.⁶⁶ He went on to say that the Agency's views were based only upon what it perceived as a lack of forward planning. The Agency told us in its supplementary memorandum that development on the proposed scale would result in environmental pressures in the region if environmental issues are not considered as early as possible in the planning process. It stressed that it had not stated the view that environmental limits are close to being reached which appears flatly to contradict the opinion expressed in the press release.⁶⁷ **It is not satisfactory that there seems to be a degree of confusion within the Environment Agency as to the environmental impacts**

62 ODPM: Housing, Planning, Local Government and Regions Committee; Eighth Report of Session 2002-03, *Planning for Sustainable Housing and Communities: Sustainable Communities in the South East*, HC77-I.

63 EERA, *East of England Plan: Sustainability Appraisal Report*, October 2004

64 Environment Agency Press Release 142/2004, ‘Environment At Stake Unless At Heart Of Development Says Environment Agency’, 15 September 2004

65 *ibid*

66 Q 756

67 Ev318

of further large scale development in the South of England. Ministers should take steps to ensure that any remaining concerns within the Environment Agency are fully explored; and the Agency itself clearly has a responsibility to make sure that it is offering frank and consistent advice.

The Thames Gateway

66. The Thames Gateway Growth Area runs along both sides of the Thames River from the London Docklands to Southend and Sheerness. It was identified as an area where there was potential for growth in both housing and jobs, and that was in need of regeneration, as far back as 1990. There is significant development already underway in many parts of the Gateway, including the construction of 11,000 homes at Barking Reach in Dagenham. The Gateway suffers from a high level of social exclusion and low level of employment, with only 500,000 local jobs and 1.5 million residents.⁶⁸ As a result of this the proposals for the Gateway differ from those for the rest of the Growth Areas, in as much as there is a need to create jobs as well as build new homes if the ODPM's aim of creating sustainable communities is to be met. The Sustainable Communities Plan envisages building 40,000 homes in addition to those already planned in RPG, bringing the total of new homes to 120,000 by 2016 and states that there is potential for creating at least 200,000 jobs in the area. The ODPM has so far committed £546 million funding for infrastructure projects in the area.

67. The Thames Gateway is the Growth Area where plans for development are at their most advanced. It is therefore of real concern to hear the LGA tell us in evidence that with regard to the SCP plans for the Thames Gateway “*there is a very real danger that the current strategy in the Communities Plan, which started off with the Treasury model of envisaging about 50,000 or 60,000 new homes would produce exactly the kinds of problems [...] talked about before: poor infrastructure, low community facilities, relatively low density, high environmental impact or low environmental sustainability*” and went on to suggest a different approach “*if we take a longer term strategy to developing the Thames Gateway—perhaps up to 2030—at higher density with infrastructure development up front something like 120,000 to 150,000 new homes could be created with much higher environmental standards—aiming for standards like carbon neutral and so on, a much higher quality design—and the way to do that is to build out now from town centres with the existing infrastructure [...] and to take a more measured view about what can be delivered over the next fifteen or twenty years.*”⁶⁹

68. The SCP has been put forward by the Government as a way of meeting changing demographics largely due to the expected increase in single person households. It was with surprise therefore that we heard from Sir John Egan, the Prime Minister's adviser on the Thames Gateway, that this is not in reality the principal reason behind the plan. He referred, as previously mentioned, to an expected influx of 1 million people by 2010, from all over Europe, attracted by the prosperity in the South East. He also told us that the

68 SEERA, *Growth and regeneration in the Thames Gateway: Interregional Planning Statement by the Thames Gateway Regional Planning Bodies*, October 2004

69 Q 95

purpose of development in the Thames Gateway, in particular, is to provide high quality housing for the most highly skilled people, who are attracted to London as one of the most successful cities in the world. He was adamant that the purpose of development in the Gateway and the rest of the South East should be to allow anyone to live in any part of the region and commute into any part of London.⁷⁰ This approach to development in the Region is not only contrary to many of the key requirements for sustainable communities set out in the SCP, but would have significant environmental implications.

69. We also heard from Sir John that vital infrastructure projects in the Thames Gateway are already suffering from delays. He expressed concerns regarding delays in determining how rail infrastructure will be provided for the area, pointing out that it is important to get transport systems established in order to know which communities can be developed.⁷¹ When questioned as to how the Government intends to deal with the problems of rail infrastructure which is antiquated, already running to capacity and with little physical space for expansion, in order to bring people to work into London from the Thames Gateway he was unable to answer, other than referring to the Crossrail proposal (which has yet to be properly approved and will not be in place for at least another eight years). Despite this thousands of homes are already being built in the Thames Gateway, with a total of 120,000 planned.

70. Development as proposed in the Thames Gateway will result in a long commuter corridor, where most residents will travel to London to work, unless every effort is made to create jobs in the area, provide local infrastructure and ensure a significant proportion of new housing is affordable. Lord Rooker in evidence to us acknowledged that this would be an undesirable outcome. And yet the reduction in commuting times to central London that are proposed are likely to result in increased house prices and will have little benefit for local communities, unless equal effort is made to develop infrastructure and jobs at a local level.

71. Also of concern to us is the scale of development that will take place in the Thames floodplain as a result of the growth in the Thames Gateway. The ODPM has recognised this and emphasised the need for developments to meet the requirements of existing planning guidance on flooding. Despite this commitment the Environment Agency has raised concerns with us about the level of development that will be at high risk of flooding in the South East as a result of the SCP. It told us that of the 2,811 planning applications to which it objected in 2003 and for which it knows the outcome, 323 were permitted by local planning authorities against the Agency's advice. Of these at least 21 were major developments.⁷² The Association of British Insurers was also concerned about the impact of flooding on any future development in the South East. It drew attention to the Environment Agency's estimates that development in the Thames Gateway will cost at least an extra £4000-£7000 per property to pay for the additional flood defences required.⁷³

70 Q 606

71 Q 602

72 Ev284

73 Ev256

72. Despite there being strong planning guidance against developments on land where there is a high risk of flooding, local authorities are still allowing significant numbers of such developments to go ahead. **The proposals for growth, particularly in the Thames Gateway, are likely to result in a dramatic increase in the number of properties being flooded unless the Environment Agency's advice is heeded. We support ODPM's proposal that the Agency should become a statutory consultee for applications in areas notified as at risk of flooding or likely to add to flood risk. In the meantime, local authorities should be strongly encouraged to notify the Agency of the outcome of applications to which it had objected on the grounds of flood risk.**

Infrastructure provision

73. Regardless of how and where new homes are built it will be impossible to consider any development sustainable unless the accompanying infrastructure is developed to ensure that existing communities grow, and new ones are created, in a way that minimises impacts on the environment. ODPM told us in its memorandum that it has committed £2.7 billion to transport schemes within the Growth Areas. It has also recently announced a further £100 million funding for infrastructure projects in the Thames Gateway, on top of the £446 million announced when the SCP was launched. Furthermore, the Department for Transport has recently set up a Community Infrastructure Fund (CIF), as recommended by the Barker Review, which will consist of a capital grant allocation of £200m to be made available as £50m in 2006/07 and £150m in 2007/08. Of this sum, £34m has already been earmarked for two schemes within the Thames Gateway growth area.⁷⁴ This funding will only be available in Growth Areas, something that was not specified by the Review

74. This is, of course, a step in the right direction. However it is not anywhere near enough to meet the infrastructure needs of all the housing that is envisaged in the SCP. A report published in November 2004 by consultants Roger Tym & Partners,⁷⁵ assessing the public costs of all the infrastructure and affordable housing required by the housing growth proposed in the South East Plan and the East of England Plan over the next 20 years, found there were significant costs associated with the proposed housing targets. The report found that there would be a need for between £2 to £2.5 billion public sector funding a year in the region, adding up to between £40 to £50 billion over the next twenty years, to meet the required infrastructure demands. The sheer scale of investment need is also illustrated by the East of England Regional Assembly's bid for £1.5 billion of investment needed to support the growth proposed in its region, and the subsequent withdrawal of its support for housing targets in its region as a result of what it sees as lack of adequate funding for transport infrastructure by the Government.⁷⁶ Kent County Council published a business plan for its area entitled *What Price Growth?* that set infrastructure costs for development envisaged by the SCP in its area alone at £1.65 billion..

74 DfT, *Community Infrastructure Fund – Guidance Paper*, 19 November 2004

75 Roger Tym & Partners were appointed by the South East Counties (the counties in the South East Region plus Bedfordshire, Essex and Hertfordshire) to carry out the work.

76 EERA Press Release, 'Regional Assembly approves East of England Plan', 5 November 2004

75. CIF funding of £200m should be seen in the above context. In addition, the fact that the CIF funds are only available in the Growth Areas raises the question of whether other parts of the country may suffer as a result of lost funding. **There is disturbing evidence that the sum so far allocated for infrastructure funding will not be anything like sufficient to meet the requirement generated by the Growth Areas. The Government should revisit this issue as a matter of urgency and make clear exactly what level of public funding for infrastructure it intends to make available in the Growth Areas over the next twenty years, and assure us and the public that this will not result in other parts of the country suffering a lack of resources as a result.**

76. In building new homes there is a real need to ensure infrastructure provisions are provided in a timely way from the very beginning. Local infrastructure and sustainable transport provisions are vital from an early stage in order to ensure that car use is minimised. Badly planned, poorly funded infrastructure, particularly for transport and local amenities, would be completely contrary to the general principles contained in the SCP. **Lord Rooker’s statement that there would be no growth without infrastructure was welcome. However, if this is so then the Government needs to make clear how it intends to ensure timely development of infrastructure to keep pace with housing construction. This does not yet appear to be happening.**

Environmental Appraisal of the Sustainable Communities Plan

77. When considering the environment within the context of sustainable development it is not enough to ensure that impacts are reduced and mitigated at a local level. The Countryside Agency, in evidence before us, was very supportive of ODPM’s plans for including green areas and park within the development of the Growth Areas.⁷⁷ This, if done carefully, could have significant benefits for biodiversity and flood protection at a local level. However, whilst we welcome the efforts that are being made towards greening the Thames Gateway, for example, this is simply not enough. **The focus in the Sustainable Communities Plan on improving and protecting the local environment is a positive step; however there is as yet no clear understanding of the impacts of development on the wider environment and this has to be urgently addressed. There is a pressing need for a thorough environmental appraisal of the Sustainable Communities Plan.** In the meantime, hundreds of thousands of homes for which there appears to be no agreed associated infrastructure provision are going to be built to the minimal environmental standards contained in the Building Regulations with no assessment of the associated environmental impacts.

78. European Directive 2001/42/EC “on the assessment of the effects of certain plans and programmes on the environment”, known as the Strategic Environmental Assessment or SEA Directive, came into force in July 2004. The Directive only applies to statutory documents of a national, regional or local nature, such as Regional Spatial Strategies, and therefore is not applicable to the SCP. However, the Directive does raise the question whether environmental appraisals should be carried out on all plans on a national scale,

whether statutory or not, as a matter of best practice. The Scottish Executive, for example, has committed itself to carrying out SEAs on all its major national plans, regardless of legal status and including its National Spatial Planning Framework.

79. The SEA that was carried out for EERA on the East of England Plan concluded that it was possible that development as proposed in the plan would be less detrimental to the environment if situated in other parts of the country, though it was not formally within the remit of an SEA carried out on a regional basis to be able to determine this.⁷⁸ Lord Rooker argued when before us that the SCP was not sufficiently detailed to be analysed using the method outlined in the SEA Directive. Whilst the particular approach may not be appropriate for assessing the impacts of the SCP, it would still be possible to apply the general principles. That this is feasible is supported by the work carried out by Entec on the proposals of the Barker Review. Entec was able, from the level of detail available, to conduct a scoping study on the impacts of increasing housing numbers and densities, which is just one of the components of the SCP. Likewise, from the detail available it should be possible to carry out an assessment as to whether the selection of the Growth Areas is beneficial from an environmental perspective or whether other parts of the country would benefit more from investment and growth. It should furthermore be possible to assess whether the approach of large-scale demolitions taken in the nine Pathfinders, and indeed the selection of these areas, is the most beneficial for the country as a whole.

80. Of even greater benefit would be the production of a National Spatial Framework, as proposed by the Royal Institute of Town Planners and similar to those already in existence in Wales and Scotland, in which the principles and aims of the SCP would clearly be given a spatial dimension within the context of the whole of England. This would not only make it possible to address inter-regional issues but it would also allow a Strategic Environmental Assessment and Sustainability Appraisal to be carried out on the implications of the Plan for the country as a whole. **It is imperative that something as significant as the Sustainable Communities Plan should be assessed for its environmental and other impacts on the country as a whole, not only for its impacts on the areas where growth and investment are planned. With this in mind, the Government should strongly consider a National Spatial Framework similar to those already in place in Scotland and Wales.**

The Egan Review of Skills

81. The *Egan Review: Skills for Sustainable Communities* was published in April 2004. The remit given to Sir John Egan was a narrow one: what skills were required, and by whom, to achieve sustainable communities.⁷⁹ However, as he told us in evidence, Sir John's approach was much broader. The Review considered the attributes and qualities which make communities sustainable and how these elements can be measured in terms of success and failure; the processes necessary to deliver success; the professional skills needed for those

78 EERA, *East of England Plan: Sustainability Appraisal Report*, October 2004

79 Q 593

processes and how they differ from those available now; and the necessary changes to processes and professional skills. The Egan Review made recommendations in each area. The main ones were summarised as follows in a press release:

- *“All key stakeholders should adopt a common goal of creating sustainable communities.*
- *Local authorities should have the lead responsibility for working in partnership with others to deliver the common goal. They should encapsulate the vision for their area in a Sustainable Communities Strategy.*
- *Further changes to planning processes are needed, especially the adoption of a pre-planning application process.*
- *All occupations involved in delivering sustainable communities should possess generic skills, to different degrees and different levels depending on their roles.*
- *A new National Centre for Sustainable Communities Skills should be established to work with others in developing world class generic skills, to contribute to research and national and international debate on sustainable communities, identify skills gaps, review formal education available for core occupations, and encourage more entrants into these professions”⁸⁰*

82. The report included its own definition of what sustainable communities were, with the aim of creating a goal to work towards, and set out seven vital components all of which need to be addressed to ensure sustainable communities (social and cultural; governance; environmental; housing and the built environment; transport and connectivity; economy; and services). **We welcome the Egan Review’s work, which despite the fact that it was not part of the original brief, makes some progress towards a definition of what a sustainable community might be and which gives greater prominence to the environment than anything as yet put forward by the Government.**

83. The Egan Review found that there were in total over a hundred occupations relevant to sustainable communities. Some occupations, mainly those professionals working in the built environment (such as planners, architects and engineers), officials from all levels of Government and voluntary and community organisations, are at the heart of delivering sustainable communities, but there are also many more associated occupations, such as police officers and teachers, that are also involved in delivering sustainable communities.⁸¹ The Evidence Based Review of Skills carried out by Ernst & Young to support the work of the Review found that there were particular shortages emerging in four areas: civil and structural engineers; town planners; transport planners and engineers, and conservation officers. The report also highlighted the fact that approximately half of Chartered Civil Engineers are expected to retire in the next 10 years and numbers applying to study civil engineering at university are falling, down 56% from 1994 to 2002.⁸² According to the

80 ODPM Press Release 04/96, ‘Delivering skills for sustainable communities- Egan Skills Review’, 19 April 2004

81 ODPM, *The Egan Review of Skills for Sustainable Communities*, April 2004

82 ODPM, *Evidence Base Review of Skills for Sustainable Communities*, Research Summary No 2, 2004

Construction Industry Training Board, the construction industry as a whole needs a “staggering” 76,000 new entrants a year to meet demand.⁸³ The Barker Review also found a shortage of skills, reporting that 90% of house building companies are already experiencing a shortage of skills, and concluded that even a modest growth in output would require 70,000 more workers in the house building industry. A more substantial expansion could increase this up to as much as 280,000 people.

84. Egan’s Review concluded that the lack of skills amongst built environment professionals and the people shortages in the four areas mentioned above have the potential to hamper severely the ability of government, local authorities and the housing industry to deliver the SCP. We would like to see the Government set out how it intends to improve the skills base of those professionals already practising and also improve the recruitment to relevant professions. **It is imperative that the Government addresses the lack of skills and need for training, identified by both Egan and Barker, in all those professionals involved in delivering sustainable communities and regeneration, including outside agencies and consultancies.**

85. The main recommendation of Egan’s Review was the creation of a National Centre for Sustainable Communities “which should be at the forefront of innovative thinking to develop the world class skills to create communities fit for the 21st century”. The Government has taken up this recommendation and has set up a task group which is expected to make an announcement by early 2005 as to how the National Centre will be taken forward. **Whilst we welcome the creation of the National Centre for Sustainable Communities this will not be enough to address the problems at hand. There is a need for a large-scale training programme for those professionals and officials at all levels already involved in delivering sustainable communities.**

86. **If the shortages of skills are not properly addressed as a matter of urgency it is increasingly likely that we will end up with a large number of badly built houses in poorly designed communities with limited transport infrastructure that have severe environmental impacts, rather than the “sustainable communities” that are the Government’s stated aim.**

Indicators for sustainable communities

87. In his report Sir John proposed a set of 50 indicators for Sustainable Communities. The Government response to the suggestion that these indicators should be incorporated into Community Strategies by the end of 2005 was anything but enthusiastic: “*Indicators can be drawn from the Egan list but we would not want to preclude selection of others if these better reflect local circumstances*”.⁸⁴ In evidence Sir John told us that when using indicators local authorities should not be able to choose them arbitrarily. We agree with the proposition that there should be some core indicators used across the board to begin with, which should evolve to become a complete set of common indicators that local authorities would

83 CITB Website, http://www.citb.co.uk/about_us/default.htm, 15 December 2004

84 ODPM, *Government Response to the Egan Review - Skills for Sustainable Communities*, 20 August 2004

have to comply with.⁸⁵ The reluctance by the Government to establish a set of common indicators to measure sustainable communities is perhaps understandable since it has yet to set out what sustainable communities are. However this does beg the question of how the success of these communities and the SCP will be measured.

88. As an audit committee we would be very interested to hear from the Government how it intends to measure its success at creating sustainable communities and how it intends to, if at all, compare communities' achievements without the use of a common set of indicators for sustainable communities.

Planning and Sustainability

89. The Government is currently in the process of revising general planning guidance as contained in Planning Policy Guidance Note 1: *Policy and Principles* (PPG1). This is within the context of a revision of all planning advice with the aim of separating guidance on practical implementation from policy statements. With this in mind it published a draft of the new Planning Policy Statement 1 (PPS1): *Creating Sustainable Communities* in February 2004. This makes clear that planning authorities will need to take an approach based on integrating the four sustainable development aims. It also sets out the three themes which should underpin the policies and principles of the planning system:

- sustainable development, which the Government states as the purpose of the planning system;
- a Spatial Planning Approach; and
- community involvement in planning.

90. The aim, stated within PPS1, is for a planning system that creates both sustainable communities and delivers sustainable development. However the Government has as yet failed to make clear the relationship between these two concepts. **We are surprised to see the proposed PPS1 title “*Creating Sustainable Communities*”, given that there is as yet no clear understanding of what sustainable communities are. The final version PPS1 should make very clear how sustainable communities and sustainable development relate to each other and not treat them as interchangeable concepts.**

91. From the contents of the consultation document on PPS1 it appears that, yet again, it is the Government's view that economic imperatives are the driving force within sustainable development. The draft PPS1, in its second paragraph, states that “*planning has a critical role in delivering the Government's wider macroeconomic, social and environmental objectives*” and then goes on to give two examples of these: the pressing need to achieve balanced housing markets and sustainable improvements in the economic performance of all English regions. **Nowhere in the draft Planning Policy Statement 1 is recognised the need to ensure development occurs within environmental limits, or the need to adopt a**

precautionary principal with regard to what those environmental limits might be. This is a serious failing and should be rectified by ODPM.

92. In view of the aims stated in the draft PPS1 and the inclusion in the Planning and Compulsory Purchase Act 2004 of a clause which states that those with planning responsibilities “*must exercise their function with the objective of contributing to the achievement of sustainable development*”, and must do this whilst having regard for national policy and guidance, we would expect that planners will shortly be able to integrate all aspects of sustainable development into their work. This would mean having the powers to impose conditions on developers that would limit environmental impacts and to refuse planning permission on the grounds of proposals not being sustainable.

93. However, it is unclear yet what weight will be given to the environment in practice within PPS1 as the Government has still to publish any guidance to accompany the proposed policy document. Mr Morley told us in evidence that “*there will be stronger guidance issued to local authorities about the whole issue of sustainable development which has not featured in planning criteria very much so far*”.⁸⁶ Keith Hill MP, Minister for Housing and Planning, ODPM, told us that he would expect materials and quality of design with relation to sustainable development to be material considerations that should be taken into account.⁸⁷ The LGA told us that it was generally accepted that planning permission could be denied on physical grounds, such as the lack of appropriate infrastructure, but issues such as energy, waste or materials use are not material planning considerations, and it is not clear that PPS1 would change this.⁸⁸

94. It is imperative that the final version of PPS1 adopted by ODPM, together with the promised guidance on its implementation, makes clear that minimal environmental standards of new houses, and all other buildings, together with their wider environmental impacts, should become material considerations for planning decisions.

Land Use

95. Concerns have also been expressed to us that to meet the housing targets, as set out in both the SCP and the Barker Review, there will be a need dramatically to increase the development of both greenfield and Green Belt land. Organisations such as the Campaign to Protect Rural England (CPRE) and the LGA have made clear their anxieties about the implications for land use of building on such a scale. In response to claims that the South East is in danger of being concreted over, the Barker Review included an estimate that implementing the proposal to build 120,000 homes a year for the next 10 years would result in 0.75% of the undeveloped land in the South East of England being built on in the “*highly unrealistic, and indeed undesirable, scenario that all additional development occurs*”

86 Q 415

87 Q 243

88 Q 116

*in the South East.*⁸⁹ This was estimated to be equivalent to 10% of Buckinghamshire or 18,700 hectares.⁹⁰

96. Using the same assumptions as the Review, the need to provide the 180,000 homes a year already proposed under the SCP will result in a requirement for 28,050 hectares of undeveloped land. The total of 46,750 hectares is the equivalent of 25% of Buckinghamshire or 1.9% of the South East of England. These figures are broadly in line with those used by Entec in its report on the environmental impacts of increasing housing supply. Whilst we would accept that not all of this development would take place in the South East it is undoubtedly the case that the majority of house building in England over the next ten years is planned within the Growth Areas and therefore has significant implications for land use in these areas. Indeed, one of the conclusions of the Entec report was that the greatest burden of environmental impacts of increasing housing supply, with relation to land use, would fall on the Southern regions of the UK.⁹¹

97. The Government has set a target that 60% of all development should take place on previously developed or brownfield land. Figures published for 2003 show that this has been met, with 66% of development nationally on brownfield land. This is very welcome news and we support this target being kept or even increased, although we acknowledge that there might be some difficulties with raising it. However, this level of development on brownfield land will still not be enough to meet the requirements of housing targets in the South East Region, and therefore there will still be a requirement for undeveloped land if they are to be met.

98. The Government has encouraged higher density developments in planning guidance, stating that local planning authorities should encourage developments which make more efficient use of land (between 30 and 50 dwellings per hectare) and should also seek greater intensity of development at places with good public transport accessibility.⁹² According to ODPM figures for years up to 2001, densities were generally much lower than this, particularly in the South East:

“In 2001 the overall density of residential development in England was 25 dwellings per hectare. This has remained unchanged since 1996. Over the period 1997 to 2001, more than half of the land used for housing was built at densities of less than 20 dwellings per hectare and over three-quarters at less than 30 dwellings per hectare. In the South East, an area of high demand for housing where pressures for land are acute, the average for 1997 to 2001 was 23 dwellings per hectare.”⁹³

89 Q 474

90 Kate Barker explained in her evidence to us how this figure had been arrived at. The figure assumed that 60% of development would be on brownfield land and building densities of 30 dwellings per hectare. It included an allowance for related infrastructure, and was estimated to be equivalent to 10% of Buckinghamshire or 18,700 hectares

91 Entec, *Study of the Environmental Impacts of Increasing the Housing Supply of the UK*, April 2004, p48

92 ODPM, *Planning Policy Guidance 3 (PPG3): Housing*, 2000

93 ODPM Circular 01/02, *The Town and Country Planning (Residential Density) (London and South East England) Direction*, 2002

Since then there has been a gradual increase in density with an average national housing density figure of 30 dwellings per hectare in 2003.⁹⁴ However, this is still the lower end of the Governments stated target and will need to increase further given the pressure to increase the numbers of dwellings being built. **In order to limit the amount of undeveloped land being built on to meet housing targets, ODPM should use every effort to maximise both development on brownfield sites and housing densities.**

Green Belt Land

99. The policy to date for designating land surrounding large urban areas as Green Belt, where there is a presumption against any kind of development, has been very successful in controlling the spread of development and preventing urban sprawl in the areas surrounding England's towns and cities. Although the overall amount of land designated as Green Belt has increased since the Government came to power, the situation is not the same across the whole of the country.⁹⁵

100. There have been growing calls for a change in approach as to how Green Belt land is used. The Countryside Agency told us that increased house building is likely to result in the need for development on greenfield sites in some areas and it accepts "*that this might involve minor revisions to Green Belt land boundaries where this would result in the most sustainable option for the development in a particular location*".⁹⁶ It also argued for an intermingling of urban and rural areas using more convoluted boundaries and the development of the urban-rural fringe in a way that strengthens the links between both.⁹⁷ Organisations such as the Countryside Landlords Association and the Town and Country Planning Association have called for a more imaginative use of Green Belt land that takes full advantage of its potential for rural communities, and improves sustainability.⁹⁸ Whilst there may be some advantages to exploring these options we would be strongly opposed to any changes that could affect the presumption against inappropriate development on Green Belt land. We are also concerned at any approach that would soften the boundaries between urban and rural land in a way that resulted in a slow encroachment of development into previously rural areas.

101. It is vital that the increased pressure for development in the South East of the country does not lead to a gradual erosion of Green Belt land. Neither would it be acceptable for the Green Belt boundaries to be moved increasingly further out to compensate for urban encroachment.

94 CPRE, *PPG3—What progress 3 years on?*, June 2004

95 According to Government figures in 2003, designated Green Belt land amounted to 1,671,600 hectares, about 13 per cent of the land area of England. Between 1997 and 2003, the area of English Green Belt has increased from 1,652,300 hectares to 1,671,600 hectares, a net increase of 19,300 hectares

96 Ev139

97 Q 506

98 *ibid*

The Role of DEFRA

102. The formal role of DEFRA in the provision of housing is limited. It is mainly involved with the supply of affordable housing in rural areas. Its memorandum to us sets out the areas in which it is contributing to the SCP: it is extensively involved in flood defence provision in areas such as the Thames Gateway through the Environment Agency, and also in work on green spaces and biodiversity through the Countryside Agency. It is also involved to some extent in work to determine how water and sewerage services will be provided in the Growth Areas. The memorandum also sets out DEFRA's aims when it comes to fulfilling the need for extra housing, namely:

- to ensure that new communities are as sustainable as possible, particularly in eco-efficiency terms;
- to promote sustainable infrastructure;
- to minimise the adverse environmental consequences.

103. When challenged during evidence as to exactly how sustainable “*sustainable as possible*” was, Mr Morley acknowledged that “*if we are building huge numbers of houses, we have a duty to ensure that they are sustainable. They cannot be only a bit sustainable*”. However, he also emphasised the fact that one of the key tensions in housing was in relation to costs, and that there was nervousness about the kind of standards that should apply to buildings because of the impacts they would have on the price of homes. He told us that he did not accept this as a major problem himself and agreed with us that it was possible to build a sustainable house at very little extra cost and recover this during the lifetime of the dwelling.⁹⁹ DEFRA's stated aim of ensuring that new communities are as sustainable as possible, given concerns about costs, highlights a certain lack of ambition within the Department. In our view, if the Government is serious about meeting its targets for reducing carbon emissions, the only feasible approach to housing in the long-term is the implementation of a zero carbon emissions policy for all new buildings.¹⁰⁰ DEFRA should see it as its role to take such a long term, but fundamental, aim forward and champion it within Government and the SCP. And yet when questioned about this Elliot Morley told us “*It would be nice to build all zero carbon homes*” but that this was not the intention.¹⁰¹ We recognise that encouraging other departments to take on board the need for sustainable development to be incorporated into policies and practice is undoubtedly an uphill struggle, but this is very disappointing. **The Secretary of State for DEFRA, The Rt Hon Mrs Margaret Beckett MP, has a duty to ensure that sustainable development, which is a vital component of the Department's responsibilities, is properly considered across Government. As a Committee we strongly support Mr Morley's efforts to champion sustainable development within Government and we regret that in the case of housing the Department seems to have been sidelined.**

99 QQ 363-4

100 Buildings that do not produce carbon emissions as a result of energy use during their occupation

101 Q 395

104. It emerged during the course of our inquiry that ODPM and HM Treasury did not consult DEFRA on the terms of reference of the Barker Review. Despite this, the remit of the Review did include reference to sustainable development, asking Barker to consider the interactions between housing supply, and factors affecting this, and the Government's sustainable development objectives. This would be welcome were it not for the fact that, as already highlighted, there appears to be little understanding within ODPM of sustainable development. The fact that these issues were not properly taken into account is exemplified by the conclusions of Barker Review's interim report:

*“UK economic well-being could be improved by increasing the supply of housing. Set against this, consideration needs to be given to the associated environmental costs. This gives rise to difficult choices, and the Government needs to weigh carefully its different policy objectives to determine its overall approach to housing. Making a real difference to housing supply may require a robust set of policies”.*¹⁰²

The Review only briefly mentions environmental issues in either report, leaving them on one side as an area for Government policy. In our view this is a reflection of the fact that despite sustainability being included in Barker's remit little emphasis seems to have been placed on it by departments. Mr Morley acknowledged to us in evidence that the Review did not address environmental and sustainability challenges in detail and that this was disappointing.¹⁰³ We would hope that had DEFRA been given a role in commissioning and setting the terms of reference for this report the result would have been greater awareness by Kate Barker of the need to address these issues. We also found that DEFRA is not involved in the taskforce set up by ODPM and HM Treasury for taking Barker's proposals forward. We regard this as a serious omission.

105. DEFRA is the department with responsibility for taking forward the Government's policies on sustainable development. We therefore find it highly unsatisfactory that when embarking on the Sustainable Communities Plan and the Barker Review – both of which clearly have major implications for the ability to meet sustainability targets – the Government did not feel it necessary to give DEFRA a more prominent role.

106. The problems that have resulted from the separation of departmental responsibilities for land use and the environment, following the break up of DETR, are exemplified by the lack of any serious consideration that has been given to potential environmental impacts of development, as proposed in the SCP and the Barker Review. A further concern is the prominence given by the ODPM to sustainable communities—on a par with sustainable development—within PPS1, which further highlights the lack of weight currently being given to environmental considerations within planning and land use policy. **Environmental considerations and sustainable development are central to land use and planning policy and it is inexplicable that responsibility for these areas was separated into different departments. It is a matter of urgency that they are once again integrated into a single Government department at the earliest opportunity.**

¹⁰² Barker Review of Housing Supply: Delivering Stability: Securing our future housing needs, Final Report, March 2004, p130

¹⁰³ QQ 373-4

Housing Construction

Background

107. The main control on how buildings are constructed, including housing, is through the implementation of the Building Regulations. The Regulations aim to ensure the health and safety of people in and around buildings by providing functional requirements for building design and construction, though they may also be used to implement energy and water efficiency measures and furthering the conservation of fuel and power. Recently the Sustainable and Secure Buildings Act 2004 has extended the power of the Secretary of State to make Building Regulations for the following purposes: furthering the protection or enhancement of the environment, facilitating sustainable development and furthering the prevention or detection of crime. Part L of the Regulations set out energy efficiency standards required from buildings with the aim of conserving energy and power.

108. Other than the Building Regulations there are various standards, codes and checklists that are being used by developers and councils to improve how well new homes are built. The most commonly used standard, which deals with environmental performance, has been developed by the Buildings Research Establishment (BRE). This is EcoHomes, the domestic version of the assessment method developed by BRE for commercial buildings (BREEAM). BRE has also carried out work with Government departments on sustainability checklists for development, and has worked with the South East of England Development Agency (SEEDA) to produce such a checklist for the South East. In addition, the Energy Savings Trust has a Best Practice Standard which helps developers to produce homes that are superior in energy performance to existing Building Regulations by 20%. There are several other organisations and documents providing information on how to improve sustainability, such as Sustainability Works, Sustainable Homes, Design for Biodiversity (produced for London) and many others. Work is also being carried out to encourage the use of sustainable and recycled materials by organisations such as WRAP and Wood for Good. However there is currently no statutory requirement for the sustainability of materials used in construction to be considered.

109. In addition to environmental standards, there are standards that relate to other aspects of housing development. CAFE (Commission for Architecture and the Built Environment) is a government-sponsored body which champions the benefits of good design, both in the public and private sector. CAFE and other organisations have been involved in the development of DQI (Design Quality Initiative) for assessing the design quality of buildings. *Secured by Design* is a police initiative supporting the principles of designing out crime. While all these different approaches are useful in improving the quality of housing built overall, there is the potential for some of these standards to conflict or contradict each other, causing confusion as to what the best approach may be.

110. Despite all these bodies and initiatives, there are very few dwellings, particularly in the private sector, being built to improved environmental standards. WWF, in its work on sustainable housing, has identified six key barriers to increasing the level of uptake of improved environmental standards in the house building industry. These are:

- a lack of fiscal incentives;
- current Planning and Building Regulations not promoting sustainable homes;
- a perceived lack of investor support;
- a perception of extra cost;
- a lack of consensus around the definition of a sustainable home; and
- a perceived lack of consumer demand.¹⁰⁴

Building Regulations

111. All new and renovated housing stock has to comply with the requirements of the Building Regulations. The local authority is the relevant enforcement agency for the Building Regulations, and Building Control officers advise on whether proposed building projects comply with the current Building Regulations. However, increasingly, building work is being dealt with under private building control and supervision by an ‘approved inspector’. At present there is no requirement for anyone to take responsibility on site for compliance with the Regulations during the building phase, or to liaise in an official capacity with the Building Control official. In the case of construction sites, work is frequently contracted and sub-contracted, leading to a lack of clarity as to lines of responsibility.¹⁰⁵

Standards and Enforcement

112. Each local authority in England, through its Building Control section, has a general duty to see that building work complies with the Building Regulations, except where it is formally under the control of an approved inspector. It is also the role of the local authority, as the enforcing body, to carry out prosecutions for non-compliance. Local authorities check plans before granting planning permission, to ensure they comply with Building Regulations, and any contraventions are notified to builders or developers with the aim of rectifying the problem on site. In evidence to us, the LGA told us that best efforts are used to resolve any issue where the law may have been broken without issuing formal notices or referring the matter to the courts. It also highlighted the difficulty of prosecuting for non-compliance due to the requirement for local authorities to take action within six months of becoming aware of the contravention as “*authorities [...] are finding it*

104 Ev21

105 House of Commons Library, Research Paper 04/10, ‘Sustainable and Secure Buildings Bill’, 29 January 2004

very difficult to maintain their routine inspections and ensure they allow time to take matters through the courts.”¹⁰⁶

113. One of the issues that we came up against time and time again during the course of this inquiry was the need to ensure that the standards set out in the Building Regulations are actually met. We are satisfied that the process of ensuring *plans* are compliant with Building Regulations is generally satisfactory. However, we have seen little evidence that the energy efficiency standards of the Regulations, set out in the plans approved by local authorities, are being met. This is because the necessary post-completion inspections are not always being carried out. Concern has been expressed by BRE, among others, that the system overall is not equipped to police the environmental standards as they are set out in the Regulations. They told that us “*unless we accept the fact that building control officers are not really trained nor do they have the resources to check on environmental aspects, you are not going to achieve anything*”.¹⁰⁷ The LGA told us that there seems to be some general consensus that the Regulations are becoming too detailed and complex to be fully understood and many local authorities are also concerned that the Regulations are becoming burdensome to enforce.¹⁰⁸

114. We have ourselves seen evidence of how this is a problem. Investigations commissioned by Aberdeen Council, and carried out by BRE, to determine why a modern housing development supposedly compliant with building regulations suffered heat losses normally associated with Victorian housing, found that in most of the houses the insulation, though notionally compliant with recommended levels, was very poorly fitted.¹⁰⁹ In this particular case, poor workmanship and a lack of post-completion checks ensured that any potential benefits from increased energy efficiency set out in the Regulations were completely lost. BRE’s work to investigate compliance of new housing with air permeability standards, highlighted similar problems. It tested 33 homes to determine if they met Building Regulation standards in this respect. Over 60% of these properties failed. In a further investigation of 99 dwellings of various types, all constructed to 2002 Building Regulation standards, 32% failed to achieve air permeability standards.¹¹⁰ These findings have significant implications for the assumption that Government departments are making about the levels of energy saved as a result of the implementation of Building Regulations. They also place a large question mark over any potential benefits that might be expected to come from further strengthening the Regulations.

115. Unless action is taken by Government to address this situation the shortfall between requirements and compliances is likely only to get worse as energy efficiency standards are tightened. Local authorities do not currently appear to have the will or the resources to carry out their duties with regard to building inspections. We are encouraged by the commitment from ODPM to carry out a general review of the enforcement procedures for

106 Ev53

107 Q141

108 Ev54

109 Aberdeen Council, *Thermal performance of housing in the Aberdeen Area*, October 2004

110 Energy Savings Trust, *Assessment of energy efficiency impact of Building Regulations compliance*, November 2004

all aspects of the Building Regulations. This must include a review of the funding to local authorities for carrying out their duties in relation to the Regulations and consider the opportunities for setting local authorities targets for the levels of post-completion checks carried out by their inspectors. However, we are concerned that it is also investigating possibilities for increasing self-certification schemes, since evidence to us from the LGA regarding the self-certification scheme for windows, FENSA, found that there were wide variations in opinion within local authorities about how effective this approach was: “*some believe it is working fairly well but others believe it to be bureaucratic and ineffective, with non-compliance widespread*”.¹¹¹

116. We are alarmed at the apparent ease and possible extent of non-compliance with part L of the Building Regulations. We call on ODPM to carry out a thorough review of the extent of the problem. This should include consideration of how the number of local authority building inspectors can be increased and their skills improved; and examine the feasibility of setting local authorities targets for the number of inspections carried out. We would be concerned about any proposals for extending self-certification schemes without a proper assessment first being made of current levels of compliance with existing self-certification schemes.

117. The only body we heard from who expressed the view that existing Building Regulations are being widely complied with was the House Builders Federation. When asked they stated that they believed compliance with Building Regulations by house builders was 100%.¹¹² The Federation went on to point out the NHBC and Zurich, the two bodies who provide insurance cover for owners of new build homes, carry out post-completion inspections for warranty provisions that help ensure compliance. Unfortunately, these bodies do not provide warranties for compliance with all the provisions of the Building Regulations, compliance with energy efficiency measures, for example, are not covered. Therefore householders who find their homes are poorly insulated or too drafty are not included in insurance. The fact that compliance with Part L of the Building Regulations is not covered by new buildings insurance, combined with a lack of post-completion inspections by Building Control bodies, provides little incentive for developers to carry out work to a standard that ensures proper compliance with energy efficiency requirements.

EcoHomes Standard

118. Other than the energy and water efficiency requirements of the Building Regulations, there are currently no obligations for house builders to meet minimal environmental standards in the construction of new dwellings. However, BRE introduced the EcoHomes standard in 2000 as an independent and voluntary measure of the environmental impacts of housing developments, based on its already existing BREEAM scheme for commercial buildings. This assessment looks at issues related to energy, transport, pollution, materials,

111 Ev54

112 Q349

water, land use and ecology, health and well-being. Weighted scores are given and a rating of Pass, Good, Very Good or Excellent awarded.¹¹³

119. According to BRE there have been 9,564 homes certified to EcoHomes standards since 2000 and it has another 10,000 registered that will be aiming for certification in the near future.¹¹⁴ This is encouraging, but when put within the context of 140,000 houses started in 2003-03, and the possibility of this increasing up to 260,000 a year in view of Barker Review's proposals, the impacts of the EcoHomes standard on the quality of homes being built so far is minimal and in the foreseeable future mainly limited to housing in which Government bodies have an influence on standards of construction. The Housing Corporation for example, requires all of its developments, currently around 13,000 homes a year, to achieve an Eco Homes 'Good' standard, and will shortly be changing that to 'Very Good', something that English Partnerships already does in all its housing developments.

120. The EcoHomes standard is widely accepted among the industry and the Code for Sustainable Buildings proposed by the Sustainable Buildings Task Force is likely to be based on this standard. Whilst it may be logical for any improvement in standards to be based on a methodology that is already in place and understood we have concerns that the standard at its most basic level of "Pass" or "Good" may be too low to offer significant environmental gains. In their memorandum ecoSE, a partnership of public and private sector bodies from the South East of England, proposed that all developments in the South East should at least meet the EcoHomes "Very Good" standard because the lower standards can allow developers to cherry-pick areas of compliance and do not guarantee a high all round performance.¹¹⁵

121. One of the impediments to the more widespread use of this voluntary code, other than the reticence of a generally conservative housing industry, is the industry's concerns regarding the increased costs of compliance with the standard. BRE estimates that the costs of achieving the highest, "Excellent", standard is about £1800 per property, although this is dependent on various requirements being met regarding infrastructure, local facilities and public transport, and costs can be as much as £3000 per property. The average price of a new build home in November 2004 was £261,645.¹¹⁶ Therefore construction to the "Excellent" standard would add between 0.7% and 1.2% to the final asking price.¹¹⁷ Although these costs are not insignificant, the costs of implementing these standards are more than offset by the lifetime savings in energy and water efficiency. In addition, there are significant economic benefits to be had from reduction in environmental damage as a

113 The award is given to whole developments rather than individual homes, which means that some part of a development can be more sustainable than others, with the overall rating achieved calculated as an average of the development as a whole

114 Ev66

115 Ev277

116 Telegraph Online, 'Million-pound house sales reach 13 a day', 08 November 2004

117 In the same period the average price of a house in England and Wales was £187,971

result of a sustainable use of materials and reducing carbon emissions, as highlighted by the findings of the Entec Report on the impacts of increasing housing supply.¹¹⁸

Emissions from the Housing Sector

122. The Government announced in the Energy White Paper, published in February 2003, its intention of bringing forward the review of part L of the Building Regulations, dealing with energy efficiency, to 2005. The Regulations relating to energy efficiency were last amended in 2002, when standards were increased to improve the performance of new dwellings by 25%. The new revisions are aimed at improving energy efficiency by a further 25%. This would result in emissions from new homes being reduced from 0.47 tonnes of carbon (tC) to 0.35tC per year, compared to the 1.8tC average emissions from existing households. Current emissions from the existing 25 million dwellings in the UK are estimated at 40 Mtonnes of carbon (MtC) a year and contribute around 30% to UK carbon emissions.¹¹⁹

123. We are concerned that the changes proposed in the Building Regulations, welcome though they are as a move in the right direction, are not ambitious enough. We have ourselves seen first-hand the level of energy efficiency that can be achieved at very little extra cost in traditional types of housing, such as the houses designed by Gokay Devenci in Aberdeen. Emissions from these houses were 60-70% lower than new houses built to current Building Regulation standards. These houses are examples of how simple and inexpensive measures, such as increasing the level of insulation required in walls, taking advantage of passive heating and ensuring a reasonable level of air-tightness, all have a significant effect on energy efficiency. Indeed this is something that the Energy Savings Trust has also called for in response to the consultation on Part L of the Building Regulations, pointing out that the proposals for a minimum U-value of 0.35 required for walls in England is above the 0.27 required in Scotland and therefore not stringent enough.¹²⁰ WWF's report on building in the Thames Gateway concluded that benefits from building to EcoHomes "Very Good" standard were a 32% reduction in CO₂, a 39% reduction in water use and a 25% reduction in household waste sent to landfill, compared to building to current Building Regulations. Building to Z² (zero waste, zero fossil energy) standards could result in a 99% saving in CO₂, a 65% reduction in water use and a 72% reduction in waste sent to landfill.¹²¹ Building to these higher standards does entail increased costs but these are more than offset by benefits in reduced bills to owners over the lifetime of the building concerned and by reduced impacts on the environment.

124. The Government estimates that the cumulative effect of the changes made to the Building Regulations in 2002 should achieve a saving of 1.4 MtC per year by 2010. The changes to the Regulations proposed to take effect from 2005 should reduce average emissions per household further and should result in an added reduction in emissions of 0.09MtC per year by 2010 at current build rates. However, the yearly carbon emissions

¹¹⁸ Entec, *Study of the Environmental Impacts of Increasing the Housing Supply of the UK*, April 2004

¹¹⁹ DEFRA, *Energy Efficiency: The Government's Action Plan*, April 2004

¹²⁰ U – value is the measurement of rate of heat transfer through a given building material. The lower the U-factor of a material the higher its energy efficiency.

¹²¹ WWF, *Z-squared: Enabling One Planet Living in the Thames Gateway*, October 2004

associated with the occupation of the new housing constructed will be an extra 0.3MtC per year by 2010, 1.5MtC by 2030, at current build rates. It has to be pointed out that if building rates increase, as is the Government's intention, emissions will be higher and that these figures assume that the Building Regulations will be complied with, which as we have seen is not necessarily the case. In addition there will be 1.4MtC emissions a year as a result of actually building new homes.¹²² Cumulative emissions from the construction of new housing at current rates to 2030 will be 33MtC, and as much as 62MtC if building at the higher rates suggested by the Barker Review.

125. Measures proposed by the Government, such as the requirement for condensing boilers to be the norm when replacing boilers, from April 2005, could result in savings of around 2.5MtC a year by 2030, and may go some way to counteracting this.¹²³ So might the implementation of the Energy Performance of Buildings Directive, though it is not possible to quantify this as yet and, likewise, measures outlined in the Government's Energy Action Plan. However it is unlikely that any of these measures will reduce emissions from the housing sector significantly below 40MtC per year, once the emissions from new housing are taken into account, certainly not below 35MtC per year. This will not be enough at a time when the Government has set a target for the UK as a whole of reducing emissions from 152.2MtC a year in 2000 to 65MtC in 2050. **Unless significant measures are put in place to reduce emissions from the housing sector from their current level of around 40MtC a year they could constitute over 55% of the UK's target for carbon emissions in 2050, nearly doubling the current 30% contribution. This is clearly unsustainable.**

126. Increases in emissions from the housing sector must be viewed in conjunction with the trends in emissions from other sectors where steep increases are expected. For example, our report on *Budget 2004 and Aviation* highlighted the significant increases in emissions from aviation in the light of the Government's growth projections for this sector. We estimated that by 2050, taking into account the effects of radiative forcing, the aviation industry would be emitting the equivalent of 43.5MtC per annum.¹²⁴ Unless measures are put in place to significantly reduce emissions from aviation and housing, their combined emissions will be the equivalent to around 80MtC emissions a year by 2050, 15MtC a year above current targets. Indeed, the Government has recently accepted that the UK is likely to fail to meet the 2010 target of reducing carbon emissions by 20%.¹²⁵ **Expected emissions from the housing sector are in themselves a cause of concern, but appear even more worrying when viewed in conjunction with other areas, such as aviation, where emissions are projected to rise dramatically. These increases will significantly affect the UK's ability to meet its targets for reducing carbon emissions. DEFRA recently admitted that on the basis of current policies alone it will not be possible to achieve the 2010 UK domestic target of a 20% cut in carbon dioxide emissions. Our figures show that on current trends exactly the same can be said for the 2050 target of cutting yearly emissions by 60% to 65MtC.**

¹²² Carbon associated with building on dwelling are 9.54 tonnes of carbon or 35 tonnes of carbon dioxide.

¹²³ The ODPM consultation on the amendment of part L of the Building Regulations estimates that at current replacement rates the requirement for condensing boilers could reduce emissions by 0.1MtC a year, which would be a total of 2.5MtC per year by 2030.

¹²⁴ EAC, *Ninth Report of Session 2002-03: Budget 2003 and Aviation*, HC672, July 2003

¹²⁵ DEFRA Press release 504/04, 'UK climate change programme review: consultation launch', 8 December 2004

127. House building, whether it is at current levels or the increased levels proposed by the SCP or the Barker Review, will have significant impacts on the UK's carbon emissions. Improving energy efficiency requirements within the Building Regulations will result in cuts in emissions per household. However, these savings are wiped out by the increased carbon emissions associated with building the new housing projected. Increasing the energy efficiency requirements from new homes, whilst absolutely necessary from an economic, social and environmental perspective, will go no way towards reducing the UK's overall carbon emissions from the housing sector as long as building rates are increasing and homes are not being built to zero carbon emission standards. Furthermore, measures are needed to ensure existing homes become more efficient, together with measures to encourage the use of renewable energy sources. **We urge the Government to explore all avenues for reducing emissions from existing housing and for the construction of new housing, given the levels of carbon emissions from this sector. This should include considering the introduction of fiscal measures to encourage improved energy efficiency in homes, in particular the introduction of a reduced rate of stamp duty for all homes that achieve set standards.**

Research and Development

128. The lack of significant funding for research and development of sustainable construction methods is of concern. BRE told us that its funding had been drastically cut over the last four years and that there were many areas where further work could be done but funding was not available.¹²⁶ Tom Wolley, of Queen's University Belfast, called sustainable construction the "Cinderella field", highlighting a dearth of research funding, particularly for universities. He raised concerns that much of the research being carried out by the private sector in this country is being driven by commercial vested interests, particularly the concrete, plastics and insulation industries. He also highlighted the fact that other countries, such as Australia, Austria, USA and Holland, are doing much more significant work in this area and that many of the sustainable materials being used in the UK are currently being imported from Germany, Switzerland and Austria.¹²⁷ BRE highlighted the fragmented approach to funding sustainable construction projects within Government since responsibility was transferred from the old DETR to various departments (DTI, construction; ODPM, housing; and DEFRA, sustainability).¹²⁸

129. When questioned on this issue, ODPM told us that that there had been, on average, between £50-70 million per annum spent on research into the built environment over the last ten years. It was not able to tell us exactly how much of this was spent on researching sustainable construction methods although it estimated that £4-5 million was directed towards research on sustainable methods or materials as its primary driver. It also highlighted the £5 million per annum spent on developing the Building Regulations.¹²⁹

126 Q 135

127 Ev306

128 Q 137

129 Ev87

130. **There is an urgent need for the Government to review how sustainable construction methods are researched and developed in this country. The current approach is fragmented and the funding so low as to be practically insignificant.**

131. **The Government should consider setting up a body specifically charged with encouraging and co-ordinating research and development in the areas of sustainability and construction.** The aim of this should be not only be to improve and bring together the available knowledge base, and to support new technologies that would be of economic benefit, but also to assist in the development of low technology solutions which are less likely to find favour or funding within industry.

Modern Methods of Construction

132. Modern Methods of Construction (MMC) involve the off-site manufacture of homes in factories. MMC offers the potential benefit of faster on-site construction as units are delivered complete, or partially complete, and then assembled on site. There are also potential benefits associated with reductions in energy use and waste production during the manufacture and assembly process. The Government is very keen on increasing the use of MMC and has set the Housing Corporation a target of building 50% of its stock in 2004-2006 using these methods. However, we heard from BRE that there has been very little work done to determine if MMC is better in the long term, not only from an environmental point of view, but also in more general terms, compared to traditional methods. In evidence, Mr Keith Hill, told us that these methods had been used extensively in other countries and that they are well tried and importable.¹³⁰ However, BRE expressed concerns that there is no evidence as yet that MMC are better than conventional methods and there are concerns about the durability of housing built using these methods.¹³¹ Concerns were also expressed to us that MMC would reduce the recyclability of construction materials.¹³² The Environment Agency told us there are reported economic and waste management benefits of MMC but that there needs to be more comprehensive research on the full range of its environmental impacts, so that environmental sustainability is properly incorporated in the process. The Agency is about to commission some research in this area that is expected to conclude in 2005.¹³³

133. **We are alarmed to see that yet again ODPM has committed itself to a course of action aimed at increasing the numbers of new houses built without considering the wider implications for sustainability. It is imperative that research is carried out to determine the long-term implications of the significantly increased use of Modern Methods of Construction currently being encouraged by the Department.**

130 Q 230

131 Q 151

132 Ev306

133 Ev320

A Code for Sustainable Buildings

134. Following the Better Buildings Summit in October 2003, the Government set up the Sustainable Buildings Task Force to identify ways in which Government and industry could improve the quality and sustainability of new and refurbished buildings.¹³⁴ The Task Force published its report and recommendations in May 2004, which the Government responded to in July 2004. The main recommendation of the Task Force was to set up a Code for Sustainable Buildings (CSB), based on BRE's EcoHomes and BREEAM codes. This Code would be non-statutory and would set standards above and beyond those set out in the Buildings Regulations. The Task Force also recommended that the Government should lead by example and adopt the Code as a requirement for all new buildings in the public sector.

135. Further recommendations from the Task Force include revising the Building Regulations to specify a minimum percentage by value (at least 10%) of recycled material in buildings, together with a 25% saving in water use, energy use and the provision of collection facilities for recycling in multi-occupancy buildings, all by 2005. It also flagged up the issue of ensuring reliable post-completion checks for the Building Regulations. Some of the recommendations, such as improving energy efficiency in buildings by 25% and improving enforcement of the Building Regulations are being taken forward in the current consultation on the Building Regulations. Other measures proposed by the Task Force such as improving water efficiency, the level of recycled materials used by the construction industry and fiscal measures, such as a reduced stamp duty for energy efficient homes, are being considered further by Government. Although in the Government reply, ODPM, DTI and DEFRA stated that they wholeheartedly supported the principle of the Task Force's recommendations and the majority of the means for delivering these, the detailed response to the actual recommendations placed a great deal of emphasis on the cost of implementing any measures, stating for example that "*it is essential that any Code is practical, cost-effective and flexible enough to be achievable by all.*" This raises concerns that the Code, when agreed, could be so soft as to allow house builders to gain the credit of compliance without any significant environmental improvements being achieved.

136. The Code for Sustainable Buildings is a real opportunity for innovation and this must not be lost by the wish to set up something quickly and simply. BRE's approach was to establish something to work within an industry that is not particularly receptive to innovation or change. Whilst it is to be commended for its success, the EcoHomes standard allows trade-offs that result in no minimum requirements being achieved in some of the areas it covers. This was acknowledged by the Task Force and we support its recommendation that the Code should set minimal standards in certain key areas that would have to be achieved to meet its requirements.

137. We very much welcome the work of the Sustainable Buildings Task Force and agree that there is a real urgency for change and reform in how buildings are designed

134 DEFRA Press Release, 'Sustainable Buildings Task Group line-up revealed', 12 November 2003

and constructed. We generally support the approach of the Task Force, although as its proposals stand they will result in a Code for Sustainable Buildings that will not be as stringent or cover as wide a range of areas as we would like to see.

138. Simply taking the Building Research Establishment's standard forward in the proposed Code could result in a missed opportunity to achieve the step change that is required in construction practices to reduce the environmental impacts of all buildings, including houses.

139. The Government committed itself in its memorandum to us to publishing a draft Code for Sustainable Buildings by January 2005: "*The Senior Steering Group will be established as soon as possible and we aim to publish a first outline of the Code in time for the Sustainable Communities Summit in January 2005. Our aim is to complete the Code by the end of 2005, and to take action on the national rollout by early 2006*".¹³⁵ The Task Force recommended that the body to develop this Code should be set up by August 2004. We were therefore very concerned to find that ODPM had not set up the proposed steering group by the end of November 2004 despite the fact that the Group is supposed to report by the end of January 2005.¹³⁶ We were told in evidence by ODPM at the beginning of November that there was still plenty of time for an outline of the Code to be produced. We disagree. The Government finally announced the composition of the steering group on 15 December 2004, together with the intention that the group will present a first outline of the new Code at the Sustainable Communities Summit in January 2005. **We do not see how ODPM and other departments can claim to be making credible efforts to improve the environmental performance of buildings when they set a target of what will effectively be six weeks or less for the outline of the Code for Sustainable Buildings to be agreed.** The Code is a vital opportunity for ensuring the environmental performance of buildings is improved and it is important that all options are considered carefully. This will not be the case if the work of the Steering Group is curtailed or hurried for the sake of meeting the January deadline; nor would it be acceptable for the role of the Group to be simply to rubber stamp the approval of the BRE's approach to environmental standards.

140. There is ample representation from industry, Government and social housing groups on the Steering Group. Having being told in evidence that organisations such as BRE and the Energy Savings Trust would be invited onto the Group, we were surprised to see that there is no representation from any organisations that are directly involved in how to improve the environmental performance of buildings.¹³⁷ It is incredible that the Government has not thought it important to have any representation from the organisations that have the greatest expertise in this area. This omission does not inspire us with confidence that the Code will result in significant and meaningful improvements in how houses are built or how their impacts on the environment are minimised.

141. So far the Government has committed itself to using the Code for Sustainable Buildings in "*a number of demonstration projects; including one in a Market Renewal*"

135 Ev84

136 ODPM Press Release 04/320, 'Towards more sustainable housing', 15 December 2002

137 Q824

Pathfinder project and another in the Thames Gateway growth area".¹³⁸ **We would like to hear further details from the Government on the expected levels of uptake of the Code and how, other than the various demonstration projects that have been mentioned, it will be encouraging uptake by house builders.**

Scope of the Code

142. In our view the proposed Code could and should go further than the Task Force recommended and that BRE's EcoHomes standard does, taking advantage of the fact that the new remit of the Building Regulations, under the Secure and Sustainable Buildings Act 2004, would allow much broader ranging requirements to be eventually included within the Building Regulation, such as those set out below:

- that all buildings should be designed to achieve a minimum set lifetime of use, and meet a resilience and durability standard that ensures that damage and repair costs of new homes are affordable throughout their use;¹³⁹
- that any new materials used in construction should meet minimal recyclability standards to encourage their re-use once a building is demolished; and
- that minimum standards of safety and design quality for housing should be incorporated with minimum environmental requirements.

143. It is vital that when buildings are dismantled as many materials as possible should be re-used and recycled. The National Federation of Demolition Contractors told us that although "*average demolition recycling figures are high, between 70% & 85% by weight of structures demolished, the remaining fraction of un-recycled material would appear to be increasing, particularly when the more recently constructed buildings are demolished using modern deconstruction methods*". **The Task Force proposed that the Building Regulations should require 10% of materials in the construction of new building to be recycled. We welcome this, although we would prefer to see a higher figure. In addition, we would like to see the Code include a requirement for any new materials used in construction to meet minimum recyclability standards.**

144. The Countryside Agency is in the process of developing what it calls a new kind of "vernacular architecture" which it summarised as an approach that seeks to re-connect the design and construction of new buildings with the environment and promote modern, sustainable, high quality buildings that enhance local character.¹⁴⁰ This is the kind of approach to new housing that we very much support. We would like to see included in the Code minimum standards of safety and design quality, together with environmental requirements, integrating the kind of work being carried out by the Countryside Agency, *Secured by Design*, CABI and BRE.

138 ODPM Press Release 04/320, 'Towards more sustainable housing', 15 December 2002

139 It is generally accepted that houses are built with an expected lifetime of 60 years, whereas the Barker Review estimated that homes would have to last an estimated 1200 years at current stock replacement rates.

140 Ev139

145. With regards to the issue of design it is worth noting that ODPM is exploring the use of urban coding to speed up the planning system. Urban coding allows planning applications that comply with particular design principles for an area, as set out by planning authorities, to go through a speeded-up approval process. This was an approach supported by the Barker Review. Whilst this may have benefits it would be an issue of great concern if the increased use of urban coding restricted the use of innovative design and materials aimed at reducing environmental impacts, or lead to a reduction in other environmental considerations being applied.

146. Sustainable, recycled or recyclable, and—where possible—locally sourced materials should be used in all construction. The Task Force did address this issue though it simply recommended that the feasibility should be examined of introducing an environmental product declaration for sustainable construction products and materials. This is not ambitious enough. BRE already produces a *Green Guide to Specification* which rates 250 different types of materials according to their environmental impact.¹⁴¹ There is more than sufficient information already available to allow the Code to include minimal environmental requirements for materials and how they are sourced. A product declaration or labelling scheme would be helpful but not a prerequisite and, in actual fact, including minimum requirements in the Code would in itself generate a strong incentive for such a scheme to be created.

147. Sir John Egan pointed out to us the significant improvements seen in commercial sector construction over the last five years. He was of the view that this has not been mirrored in housing because the overwhelming majority of house buyers are non-repeat customers which means that there is no incentive for builders to improve their product.¹⁴² It is difficult to see private house builders taking up the Code in the absence of any incentive to do so. Indeed the lack of take up of BRE's voluntary EcoHomes standard supports this view. **The Task Force recommended the Code should be set up to work in conjunction with the Building Regulations. We agree; and ODPM must make clear that the requirements of the Code are precursors to more stringent Building Regulations. It would also help the building industry if the Department set out a clear timeframe for the standards in the Code to be met or to be translated into the Regulations. This is the only way a voluntary Code will have any significant impact on house builders.**

148. **The best practice guide for PPS1 called for by the Task Force should give clear indications as to how the Code could be used by local authorities to require improved standards from developers.**

149. One of the more interesting recommendations of the Egan Review is that *“the Government should look at incentivising progress, with the longer term aim of meeting developments that achieve carbon emissions and waste minimisation standards consistent with a sustainable one planet level within, say eight years”*. In evidence Sir John told us that from an engineering perspective it would be relatively straightforward to lower CO₂ emissions from households. Although the supply chain was not yet capable of delivering

141 BRE, *Green Guide to Specification*, January 2002, Blackwell Publishing

142 Q 589

sustainable new houses, he suggested that the problem could be overcome within eight years, if standards were tightened gradually. **The Government should set out a clear timetable for achieving zero carbon emission homes through the proposed Code for Sustainable Buildings.**

The House Building Industry

150. The focus of this inquiry is the house building industry, rather than the construction industry as a whole. This is an important distinction. Whilst there are some major players within the house building industry, the majority of house building companies produce a small number of units. Only the top three house builders in 2003 built more than 10,000 units out of a total of 140,000 dwellings. Many of the larger national companies actually work through local operating units, and small companies often dominate the market in their local area. This means that the house building industry is highly fragmented. Nor does the industry have a permanent customer base to compete for: house buyers are rarely repeat customers which does very little to create an incentive for builders to produce a high quality product. This is reflected in the findings of CABA's recent survey looking at the design quality of a 100 new housing schemes, of which only 17% achieved a Good or Very Good rating.¹⁴³

151. The market for new homes does not function in favour of buyers as there is little or no competition for customers for new homes. In addition, developers often control production rates, especially on large developments, to prevent depressing the local value of their product. The Barker Review highlighted the often significant time-lag between purchasing a piece of land and completion of any development upon it, concluding that house builders' profitability depends on obtaining valuable land rather than building a higher quality product in ever more efficient ways.¹⁴⁴ The Review went on to say that private house builders are catering less and less for first-time buyers and those in need of affordable housing:

"In 2001 71 per cent of homes built for the private market had three or more bedrooms, whereas only 34 per cent of homes built for the social sector had three or more bedrooms. The types of units delivered in 1991 also reflect a predominance for three or more beds in the private market and one and two beds for the social sector, although the amount of private three bed dwellings being built has risen from 55 per cent in 1991 to 71 per cent in 2001. This suggests that rather than producing more, smaller homes to respond to demand and to fill any gap left by reduced social build, the private sector is

143 CABA, *Housing Audit: Assessing the design quality of new homes*, October 2004

144 Barker Review of Housing Supply: *Delivering Stability: Securing our future housing needs, Final Report*, March 2004

*tending to build even larger units in terms of number of bedrooms. Private house builders are therefore catering less and less for first time buyers.*¹⁴⁵

It added that:

“Low output in the short run appears to suit many players—local authorities, home owners and arguably the industry. The only people it does not suit is the homeless, first time buyers and those inadequately housed”.

152. Furthermore the Barker Review pointed out that the house building industry is very risk averse and reluctant to make long term fixed commitments. It concluded that this results in a “*low level of investment in capital-intensive technologies, innovation and in the skills of the workforce, who are frequently employed on a sub-contract basis*”.¹⁴⁶ Sir John Egan told us about companies making up the house building industry in his evidence:

*They find it difficult to get planning permission. They have economic cycles where their product is difficult to sell [...]. The ones that have survived have pared themselves down to a relatively comfortable life, but that is not the way in which you stimulate innovation. These are comfortable people doing a comfortable job.*¹⁴⁷

153. The environmental implications of how homes are built should therefore be seen within the context of a very fragmented and restricted market, where most of the players are small and risk averse. There is little pressure to innovate or improve environmental performance, much less to invest in relevant skills. This was brought to our attention by the World Wide Fund for Nature (WWF) who told us: “*It has become so obvious that this is a supply driven industry, where consumers have no choice, have no say in the quality of the product that they effectively are forced to buy, that there is little point in channelling resources at this moment in time in trying to inspire greater consumer demand, because it would simply lead to greater disappointment*”.¹⁴⁸

154. WWF gave us the example of the Telford Millennium Community where there were bids from ten different developers to work to EcoHomes “Excellent” standard plus additional local authority requirements. This is despite most of these same developers normally building to below EcoHomes standards as a matter of course. There are developers and developments that testify that it is possible to achieve high environmental standards. However, the industry seems unwilling to transfer the standards that it is able to meet when required of them, such as when working with English Partnerships and the Housing Corporation, to other developments. This highlights the need for measures that push the industry to improve its record across the board.

155. There are house building companies who do stand out from the rest on this issue. WWF carried out a survey, as part of its sustainable homes campaign, of the UK’s 13 largest listed house builders. This found that there are some encouraging examples of good

145 *ibid*

146 *ibid*

147 Q 614

148 Q 41

practice. Countryside Properties, who gave evidence to us, was found to be the best performer. They explained how their approach to building homes adds to the overall quality of development. They also found that their good track record of bringing developments through the planning process ensures a steady supply of land from landowners and a good relationship with local authorities.¹⁴⁹ In addition, the company's approach to sustainable development attracts skilled employees in an industry where recruitment has been recognised as a significant problem,¹⁵⁰ although even they find there is a shortage of suitable candidates available: "*it is hard finding people*".¹⁵¹

156. While we are encouraged by the attitude of some house building companies the majority are nowhere near achieving the kind of record with regard to environmental performance we would consider acceptable.

157. When questioned about its approach to improving the environmental performance of the house building industry, ODPM told us it will be encouraging sustainable construction methods and improving the design of buildings by setting up demonstration projects to show the industry what can be achieved. **The emphasis placed by ODPM on using a few developments as examples of best practice is clearly not enough when we are told that builders are already quite willing and able to meet higher environmental standards when forced to do so. More needs to be done by ODPM to address this.**

The House Builders Federation

158. The lamentable lack of ambition within the industry was nowhere clearer than in the evidence presented by the House Builders Federation (HBF). The HBF presented scant evidence that they were in any way enthusiastic about the proposed changes to Part L of the Building Regulations. Indeed they had little to say on the subject, which is surprising given that these changes are something that all those involved in housing must have been aware of since April 2003. When questioned about sustainable development, HBF were again very reticent. They told us they had begun to look at how they promote sustainable development. Given all the focus in the last year and a half on the housing sector and its performance, this shows at the very least a lack of foresight. We were also very surprised to hear the HBF tell us that they were not yet able to commit to improving the skills of the workforce that will be needed to meet increased housing targets because "*there had not yet been a long term commitment to a strategy to increase the output of housing in this country*".¹⁵² This again shows a lack of willingness to take on any kind of agenda for innovation and improvement within the industry.

159. Given that house builders stand to make enormous profits from the proposals contained in both the SCP and the Barker Review it is entirely unacceptable that they show such a reluctance to make the industry more progressive and to limit its environmental impacts. More seriously this implies a failure to understand the growing public and

149 QQ 249-252

150 Q261

151 Q268

152 Q 302

political concern about sustainability; and also reveals the failure of the Government's attempts so far to raise the profile of this issue with the industry. **The apparent reluctance within the House Builders Federation to acknowledge the need drastically to improve the environmental performance of the building process and of new houses is a matter of serious concern. It is particularly worrying that the current political drive for a significant increase in house building coincides with a shortage of skills in the industry. In the absence of commercial pressure to raise the industry's environmental performance we believe that the Government has a duty to intervene ensure adequate environmental standards.**

160. Since giving evidence to us, the HBF has presented further information on its proposed Sectoral Sustainability Strategy. This strategy is welcome, particularly the proposal for establishing Key Performance Indicators against which progress within the industry would be measured. We hope to see this translated into action. However, in light of the HBF's evidence session with us we feel obliged to register a note of scepticism.

The Barker Review's Conclusions

161. The Barker Review concluded that house builders did not generally hold an excessive supply of land that could adversely affect development rates, although there was some indication that they controlled production rates in order to maintain house price increases. Consequently, the Review recommended that it would be desirable for planning permission to have lower set time-limits for development to take place and to include agreements on build-out rates. The Review also noted that house builders do not have to deliver a good product or high levels of customer service to win market share and that the industry must improve the quality of its customer service. Also acknowledged by the Barker Review was the fact that the impact of increasing the supply of land would have a very limited effect on housing supply if there was little innovation or a shortage of skilled labour. Improving local acceptability of development was also highlighted as a problem, one which the Review suggested could be improved by better quality of design, ensuring that developments enhance the existing built environment, are sustainable and bring new services to the local community.

162. It is therefore hardly surprising that the overall conclusion of the Review was that the industry is going to have to improve the way it operates in order to increase the supply of housing. What was surprising was the Review's approach to improving the house building industry's performance. As pointed out by Friends of the Earth, "*the final set of recommendations [within the Barker Review] are essentially a voluntaristic approach to persuading the industry to do what would be desirable, unlike the planning system, where major reforms, radical reforms are suggested*".¹⁵³ Indeed, the extent of the measures proposed for improving house builders' performance appear very modest compared to the drastic changes proposed to the planning system. This is of particular concern as it is very clear that there has been ample market opportunity for over a decade for developers to increase the supply of affordable housing, something they have failed to take up. **It is**

unclear to us how increasing the supply of land available to private developers, as proposed by the Barker Review, would in any way compel them to bring forward proposals for smaller dwellings, at higher densities, to reverse the trend in reduced affordable and social housing supply.

163. The Review recommends that the HBF, develop a list of strategies or codes to address a ream of issues: customer satisfaction; fair contracts, removing barriers to Modern Methods of Construction; uptake of apprenticeships; the external design of new homes; and a best practice guide for compensating householders for development in their area. The Review also recommends that the Government should consider policy options to improve the performance of the building industry if completion rates do not improve by 2007, and suggests that the Office of Fair Trading should carry out a wide-ranging review as to whether the market for new housing works well for consumers if customer satisfaction levels do not increase substantially.

164. Whilst the Review recognises the resistance to change that characterises the house building industry, none of its proposals would compel them in any way to improve the environmental performance of their product or to increase the supply of affordable housing. **The Government should make it clear that it will oblige the housing industry to address the way it functions if there is no clear and significant improvement in housing quality and affordable housing supply by 2007, at the latest. The housing industry as a whole will do very little unless forced to, which the Barker Review has failed to recognise. Unless the industry improves its standards it should expect to be required to operate in an enhanced regulatory environment.**

Conclusions and recommendations

1. The environmental impacts of the proposed increase in house building deserve much greater consideration than they have yet received from Government. Whilst we accept the need to improve housing supply, we believe that housing policy should be set within the overarching context of environmental limits. All new housing should be built to standards that minimise environmental impacts. There is a serious risk that, as matters stand, the principal beneficiaries of housing growth will be property development companies, whilst the principal loser will be the environment. (Foreword)
2. Large scale house building demands prudence, properly joined-up government, thorough environmental appraisals, a respect of environmental limits, local engagement, and improvements in skills, knowledge and awareness. We need sustainable communities and new sustainable housing, but unless they are environmentally sustainable they will never be truly sustainable at all. (Foreword)

The Barker Review of Housing Supply

3. The Review's proposal that a set of predetermined market indicators should be used to bring land forward automatically for housing development would be a direct attack on the principles underpinning the planning system. It would establish the principal role of planning as being simply to meet market demand, without regard to any other considerations, including democratic accountability. (Paragraph 20)
4. It was disingenuous of Kate Barker to insist that there was no geographical dimension to the Review's recommendations when it is obvious to us, and to many others, that any measure that aims to build more where the housing market is stronger will inevitably result in increased building in the South East. It is important that the Government acknowledges and addresses this before taking any steps towards implementing the measures put forward by the Review. (Paragraph 21)
5. It is a matter of great regret that Kate Barker failed to take full advantage of the remit of her Review in relation to sustainable development. It is also extremely disappointing that the Review did not address how fiscal measures could be used to improve the efficiency of the housing industry and reduce its environmental impacts, as Kate Barker has since told us should be the case. (Paragraph 26)
6. We urge ODPM and HM Treasury to acknowledge the shortcomings of the Barker Review and to ensure that the concerns Kate Barker has subsequently expressed regarding the environmental impacts of increasing housing supply inform the Government's approach to considering her recommendations. (Paragraph 27)
7. The publication of the Entec Report on the environmental impacts of increasing housing supply, though belated, was welcome as a very important step in the right direction. It is, however, lamentable that a report on such a key area of policy had to be carried out in just six weeks. This suggests that DEFRA was slow to realise the potential impacts of the Barker Review. (Paragraph 30)

8. We urge ODPM and DEFRA to ensure that any future study on the environmental impacts of increasing housing supply in England takes as its baseline no growth over the next thirty years. It is vitally important that the impacts of all homes that are to be built over this period are determined, so as better to inform the decisions on how and where they should be built, and this is the approach that ODPM and DEFRA should take. (Paragraph 33)
9. We seek reassurance from both ODPM and DEFRA that any research commissioned by departments into the environmental implications of the proposed house building shall be a continuation of the work initiated by Entec. The terms of reference for this research must be made public as soon as they have been agreed. (Paragraph 34)
10. The present evidence base for the Government's housing policies is inadequate and it is imperative that the Government ensures that work is carried out to rectify this. We recommend that no proposals are taken forward to further increase housing supply without ensuring that there is a sufficiently strong evidence base to support them. (Paragraph 35)
11. ODPM and HM Treasury should publish a substantive response to the Barker Review as a matter of urgency. This response should set out which recommendations are being taken forward, which are being considered as options and which have been discarded. It should also include details of what work is currently underway on the various proposals from the Review. (Paragraph 37)

The Sustainable Communities Plan

12. It is clear that the Sustainable Communities Plan does represent a positive change in how the Government approaches growth and regeneration. However, we are disappointed not to see set out explicitly in the key requirements for a sustainable community the need to comply with the principles of sustainable development; and we deplore the absence of any reference to environmental protection, or the need to respect environmental limits. (Paragraph 40)
13. We would like to know if or when ODPM intends to publish its definition of sustainable communities. This definition must give a clear indication of exactly how sustainable development underpins sustainable communities; and should explicitly give the environment equal footing with social and economic goals. (Paragraph 44)
14. The belated effort by ODPM to explore how sustainable development is linked to the Sustainable Communities Plan is a stark example of the failure of Government to place sustainable development at the heart of policy making and of how environmental considerations remain a bolt-on rather than a primary concern. (Paragraph 45)
15. It would appear to us that many of the efforts directed towards achieving sustainability within the SCP are little more than a window-dressing exercise. This is unsatisfactory and bound to have severely detrimental consequences in the long term. (Paragraph 52)

16. Sir John Egan was of the view that it will be very difficult, and probably detrimental to the economy, to focus too much effort on developing northern regions when there is such a draw to the South East from all over the country and from the rest of Europe. He implied that these other regions would develop of their own accord if they had the potential. Whilst this argument may make some sense from a purely economic perspective, it has few merits from a social or environmental one. It is alarming to us that a senior Government advisor should express such views: we believe them to be wrong and would like to hear from Government to what extent it supports them. (Paragraph 57)
17. ODPM and HM Treasury must make clear at what stage they will judge the South East region to have reached its growth limits and what options they have considered to assist social and economic development within sensible environmental limits elsewhere in the country. (Paragraph 58)
18. The SCP simply predicts growth in the South East and sets out to provide for it. This predict and provide approach makes no attempt to rebalance housing demand and economic development in the country as a whole. Given the limited ability and willingness of the South East regions to absorb further growth, this reflects a short-term approach from the Government to what is a long-term problem. The undoubted result of the acceptance of such an unequal model of growth can only be to exacerbate regional differences in prosperity, to the detriment of the country as a whole. (Paragraph 61)
19. It is astounding that despite the clear need for an assessment of the environmental impacts of the proposals for the Growth Areas as a whole, nothing has been done to date by ODPM or DEFRA to address this issue. (Paragraph 63)
20. It is not satisfactory that there seems to be a degree of confusion within the Environment Agency as to the environmental impacts of further large scale development in the South of England. Ministers should take steps to ensure that any remaining concerns within the Environment Agency are fully explored; and the Agency itself clearly has a responsibility to make sure that it is offering frank and consistent advice. (Paragraph 65)
21. Development as proposed in the Thames Gateway will result in a long commuter corridor, where most residents will travel to London to work, unless every effort is made to create jobs in the area, provide local infrastructure and ensure a significant proportion of new housing is affordable. (Paragraph 70)
22. The proposals for growth, particularly in the Thames Gateway, are likely to result in a dramatic increase in the number of properties being flooded unless the Environment Agency's advice is heeded. We support ODPM's proposal that the Agency should become a statutory consultee for applications in areas notified as at risk of flooding or likely to add to flood risk. In the meantime, local authorities should be strongly encouraged to notify the Agency of the outcome of applications to which it had objected on the grounds of flood risk. (Paragraph 72)
23. There is disturbing evidence that the sum so far allocated for infrastructure funding will not be anything like sufficient to meet the requirement generated by the Growth

Areas. The Government should revisit this issue as a matter of urgency and make clear exactly what level of public funding for infrastructure it intends to make available in the Growth Areas over the next twenty years, and assure us and the public that this will not result in other parts of the country suffering a lack of resources as a result. (Paragraph 75)

24. Lord Rooker's statement that there would be no growth without infrastructure was welcome. However, if this is so then the Government needs to make clear how it intends to ensure timely development of infrastructure to keep pace with housing construction. This does not yet appear to be happening. (Paragraph 76)
25. The focus in the Sustainable Communities Plan on improving and protecting the local environment is a positive step; however there is as yet no clear understanding of the impacts of development on the wider environment and this has to be urgently addressed. There is a pressing need for a thorough environmental appraisal of the Sustainable Communities Plan. (Paragraph 77)
26. It is imperative that something as significant as the Sustainable Communities Plan should be assessed for its environmental and other impacts on the country as a whole, not only for its impacts on the areas where growth and investment are planned. With this in mind, the Government should strongly consider a National Spatial Framework similar to those already in place in Scotland and Wales. (Paragraph 80)

Skills

27. We welcome the Egan Review's work, which despite the fact that it was not part of the original brief, makes some progress towards a definition of what a sustainable community might be and which gives greater prominence to the environment than anything as yet put forward by the Government. (Paragraph 82)
28. It is imperative that the Government addresses the lack of skills and need for training, identified by both Egan and Barker, in all those professionals involved in delivering sustainable communities and regeneration, including outside agencies and consultancies. (Paragraph 84)
29. Whilst we welcome the creation of the National Centre for Sustainable Communities this will not be enough to address the problems at hand. There is a need for a large-scale training programme for those professionals and officials at all levels already involved in delivering sustainable communities. (Paragraph 85)
30. If the shortages of skills are not properly addressed as a matter of urgency it is increasingly likely that we will end up with a large number of badly built houses in poorly designed communities with limited transport infrastructure that have severe environmental impacts, rather than the "sustainable communities" that are the Government's stated aim. (Paragraph 86)
31. As an audit committee we would be very interested to hear from the Government how it intends to measure its success at creating sustainable communities and how it

intends to, if at all, compare communities' achievements without the use of a common set of indicators for sustainable communities. (Paragraph 88)

Planning and Sustainability

32. We are surprised to see the proposed PPS1 title "Creating Sustainable Communities", given that there is as yet no clear understanding of what sustainable communities are. The final version PPS1 should make very clear how sustainable communities and sustainable development relate to each other and not treat them as interchangeable concepts. (Paragraph 90)
33. Nowhere in the draft Planning Policy Statement 1 is recognised the need to ensure development occurs within environmental limits, or the need to adopt a precautionary principle with regard to what those environmental limits might be. This is a serious failing and should be rectified by ODPM. (Paragraph 91)
34. It is imperative that the final version of PPS1 adopted by ODPM, together with the promised guidance on its implementation, makes clear that minimal environmental standards of new houses, and all other buildings, together with their wider environmental impacts, should become material considerations for planning decisions. (Paragraph 94)
35. In order to limit the amount of undeveloped land being built on to meet housing targets, ODPM should use every effort to maximise both development on brownfield sites and housing densities. (Paragraph 98)
36. It is vital that the increased pressure for development in the South East of the country does not lead to a gradual erosion of Green Belt land. Neither would it be acceptable for the Green Belt boundaries to be moved increasingly further out to compensate for urban encroachment. (Paragraph 101)

The Role of DEFRA

37. The Secretary of State for DEFRA, The Rt Hon Mrs Margaret Beckett MP, has a duty to ensure that sustainable development, which is a vital component of the Department's responsibilities, is properly considered across Government. As a Committee we strongly support Mr Morley's efforts to champion sustainable development within Government and we regret that in the case of housing the Department seems to have been sidelined. (Paragraph 103)
38. DEFRA is the department with responsibility for taking forward the Government's policies on sustainable development. We therefore find it highly unsatisfactory that when embarking on the Sustainable Communities Plan and the Barker Review – both of which clearly have major implications for the ability to meet sustainability targets – the Government did not feel it necessary to give DEFRA a more prominent role. (Paragraph 105)
39. Environmental considerations and sustainable development are central to land use and planning policy and it is inexplicable that responsibility for these areas was separated into different departments. It is a matter of urgency that they are once

again integrated into a single Government department at the earliest opportunity. (Paragraph 106)

Housing Construction

40. We are alarmed at the apparent ease and possible extent of non-compliance with part L of the Building Regulations. We call on ODPM to carry out a thorough review of the extent of the problem. This should include consideration of how the number of local authority building inspectors can be increased and their skills improved; and examine the feasibility of setting local authorities targets for the number of inspections carried out. We would be concerned about any proposals for extending self-certification schemes without a proper assessment first being made of current levels of compliance with existing self-certification schemes. (Paragraph 116)
41. Unless significant measures are put in place to reduce emissions from the housing sector from their current level of around 40MtC a year they could constitute over 55% of the UK's target for carbon emissions in 2050, nearly doubling the current 30% contribution. This is clearly unsustainable. (Paragraph 125)
42. Expected emissions from the housing sector are in themselves a cause of concern, but appear even more worrying when viewed in conjunction with other areas, such as aviation, where emissions are projected to rise dramatically. These increases will significantly affect the UK's ability to meet its targets for reducing carbon emissions. DEFRA recently admitted that on the basis of current policies alone it will not be possible to achieve the 2010 UK domestic target of a 20% cut in carbon dioxide emissions. Our figures show that on current trends exactly the same can be said for the 2050 target of cutting yearly emissions by 60% to 65MtC. (Paragraph 126)
43. We urge the Government to explore all avenues for reducing emissions from existing housing and for the construction of new housing, given the levels of carbon emissions from this sector. This should include considering the introduction of fiscal measures to encourage improved energy efficiency in homes, in particular the introduction of a reduced rate of stamp duty for all homes that achieve set standards. (Paragraph 127)
44. There is an urgent need for the Government to review how sustainable construction methods are researched and developed in this country. The current approach is fragmented and the funding so low as to be practically insignificant. (Paragraph 130)
45. The Government should consider setting up a body specifically charged with encouraging and co-ordinating research and development in the areas of sustainability and construction. (Paragraph 131)

A Code for Sustainable Buildings

46. We are alarmed to see that yet again ODPM has committed itself to a course of action aimed at increasing the numbers of new houses built without considering the wider implications for sustainability. It is imperative that research is carried out to determine the long-term implications of the significantly increased use of Modern

Methods of Construction currently being encouraged by the Department. (Paragraph 133)

47. We very much welcome the work of the Sustainable Buildings Task Force and agree that there is a real urgency for change and reform in how buildings are designed and constructed. We generally support the approach of the Task Force, although as its proposals stand they will result in a Code for Sustainable Buildings that will not be as stringent or cover as wide a range of areas as we would like to see. (Paragraph 137)
48. Simply taking the Building Research Establishment's standard forward in the proposed Code could result in a missed opportunity to achieve the step change that is required in construction practices to reduce the environmental impacts of all buildings, including houses (Paragraph 138)
49. We do not see how ODPM and other departments can claim to be making credible efforts to improve the environmental performance of buildings when they set a target of what will effectively be six weeks or less for the outline of the Code for Sustainable Buildings to be agreed. (Paragraph 139)
50. We would like to hear further details from the Government on the expected levels of uptake of the Code and how, other than the various demonstration projects that have been mentioned, it will be encouraging uptake by house builders. (Paragraph 141)
51. The Task Force proposed that the Building Regulations should require 10% of materials in the construction of new building to be recycled. We welcome this, although we would prefer to see a higher figure. In addition, we would like to see the Code include a requirement for any new materials used in construction to meet minimum recyclability standards. (Paragraph 143)
52. The Task Force recommended the Code should be set up to work in conjunction with the Building Regulations. We agree; and ODPM must make clear that the requirements of the Code are precursors to more stringent Building Regulations. It would also help the building industry if the Department set out a clear timeframe for the standards in the Code to be met or to be translated into the Regulations. This is the only way a voluntary Code will have any significant impact on house builders. (Paragraph 147)
53. The best practice guide for PPS1 called for by the Task Force should give clear indications as to how the Code could be used by local authorities to require improved standards from developers. (Paragraph 148)

The House Building Industry

54. The Government should set out a clear timetable for achieving zero carbon emission homes through the proposed Code for Sustainable Buildings. (Paragraph 149)
55. While we are encouraged by the attitude of some house building companies the majority are nowhere near achieving the kind of record with regard to environmental performance we would consider acceptable. (Paragraph 156)

56. The emphasis placed by ODPM on using a few developments as examples of best practice is clearly not enough when we are told that builders are already quite willing and able to meet higher environmental standards when forced to do so. More needs to be done by ODPM to address this. (Paragraph 157)
57. The apparent reluctance within the House Builders Federation to acknowledge the need drastically to improve the environmental performance of the building process and of new houses is a matter of serious concern. It is particularly worrying that the current political drive for a significant increase in house building coincides with a shortage of skills in the industry. In the absence of commercial pressure to raise the industry's environmental performance we believe that the Government has a duty to intervene ensure adequate environmental standards. (Paragraph 159)
58. It is unclear to us how increasing the supply of land available to private developers, as proposed by the Barker Review, would in any way compel them to bring forward proposals for smaller dwellings, at higher densities, to reverse the trend in reduced affordable and social housing supply. (Paragraph 162)
59. The Government should make it clear that it will oblige the housing industry to address the way it functions if there is no clear and significant improvement in housing quality and affordable housing supply by 2007, at the latest. The housing industry as a whole will do very little unless forced to, which the Barker Review has failed to recognise. Unless the industry improves its standards it should expect to be required to operate in an enhanced regulatory environment. (Paragraph 164)

Formal minutes

19 January 2005

Members present:

Mr Peter Ainsworth, in the Chair

Mr Gregory Barker

Mr John McWilliam

Mr Colin Challen

Mr Simon Thomas

Mrs Helen Clark

Joan Walley

Mr Paul Flynn

The Committee deliberated.

Draft Report (Housing: Building a Sustainable Future?), proposed by the Chairman, brought up and read.

Ordered, That the Chairman's draft Report be read a second time, paragraph by paragraph.

The Foreword and paragraphs 1 to 164 read and agreed to.

Resolved, That the Report be the first Report of the Committee to the House.

Ordered, That the Chairman do make the Report to the House.

Several papers were ordered to be appended to the Minutes of Evidence.

Ordered, That the provisions of Standing Order No. 134 (Select Committees (reports)) be applied to the Report.

Ordered, That the Appendices to the Minutes of Evidence taken before the Committee be reported to the House.

[Adjourned till 26 January at 3pm.]

Witnesses

Wednesday 16 June 2004

Page

Dr Hugh Ellis , Planning Advisor, Rights and Justice Team, Friends of the Earth	Ev. 10
Mr Paul King , Campaign Director for World Wildlife Fund's One Million Sustainable Homes Campaign	Ev. 24
Mr Neil Sinden , Director of Policy, and Mr Henry Oliver , Head of Planning and Local Government, Campaign to Protect Rural England	Ev. 38

Wednesday 23 June 2004

Councillor David Sparks OBE , Dudley Metropolitan Borough Council, Chair of the Local Government Association Economic Regeneration Executive, Mr David Woods , Director of Housing and Health, London Borough of Barking and Dagenham, Mr Martin Bacon , Managing Director Ashford's Future Core Delivery Team and Mr Lee Searles , Programme Manager, Planning and Transport, Local Government Association	Ev. 45
Dr David Crowhurst , Director, Centre for Sustainable Construction, Mr David Warriner , Managing Director, Building Sustainable Solutions and Ms Deborah Brownhill , Association Director, Centre for Sustainable Construction, BRE Environment	Ev. 56

Wednesday 7 July 2004

Keith Hill MP , Minister for Housing and Planning and Lord Rooker , Minister for Regeneration and Regional Development, Office of the Deputy Prime Minister	Ev. 72
Ms Trisha Gupta , Director and Group Chief Architect and Mr John Oldham , Director of Countryside Properties (Special Projects) Limited and Group Town Planner, Countryside Properties	Ev. 91
Mr John Slaughter , Director of External Affairs, Mr Andrew Whitaker , National Planning Advisor and Mr Ian Hornby , National Technical Advisor, House Builders Federation	Ev. 98

Wednesday 21 July 2004

- Mr Elliot Morley MP**, Minister for Environment and Agri-Environment and **Ms Sheila McCabe**, Head of Sustainable Land Use Division, Department for Environment, Food and Rural Affairs Ev. 114
- Ms Kate Barker**, author of the Barker Review on Housing Supply Ev. 126

Wednesday 13 October 2004

- Mr Bob Roberts**, Programme Director, **Ms Joanna Russell**, Senior Planning Adviser and **Mr Terry Robinson**, Principal Manager, London and Thames Gateway, Countryside Agency Ev. 146
- Mr Kelvin MacDonald**, Director of Policy and Research and **Mr David Barraclough**, Planning Policy Manager, Royal Town Planning Institute Ev. 169

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- Sir John Egan**, Chairman, The Egan Review of Skills Task Force Ev. 182

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- Mr Jon Rouse**, Chief Executive, The Housing Corporation and **Mr David Higgins**, Chief Executive, English Partnerships Ev. 207

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- Mr Elliot Morley MP**, Minister for Environment and Agri-Environment, Department for Environment, Food and Rural Affairs and **Lord Rooker**, Minister of State for Regeneration and Regional Development, Office of the Deputy Prime Minister Ev. 219
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