



House of Commons  
Environmental Audit  
Committee

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**Housing: Building a  
Sustainable Future**

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**First Report of Session 2004–05**

***Volume II***

*Oral and written evidence*

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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.

### Committee staff

The current staff of the Committee are: Mike Hennessy (Clerk); Lynne Spiers (Second Clerk); Eric Lewis (Committee Specialist); Elena Ares (Committee Specialist); Francene Graham (Committee Assistant); Caroline McElwee (Secretary); and Robert Long (Senior Office Clerk).

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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

# 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 Ev. 114

Environment, Food and Rural Affairs

**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

**Wednesday 27 October 2004**

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

**Wednesday 3 November 2004**

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

**Wednesday 10 November 2004**

**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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# List of written evidence

---

Friends of the Earth	Ev 1, Ev 17
World Wildlife Fund (WWF)	Ev 21, Ev 30
Campaign to Protect Rural England (CPRE)	Ev 31
Local Government Association	Ev 42, Ev 53
Building Research Establishment (BRE)	Ev 54, Ev 66
Office of the Deputy Prime Minister	Ev 68, Ev 81, Ev 83, Ev 84
Countryside Properties	Ev 90
House Builders Federation (HBF)	Ev 96, Ev 106
Department for Environment, Food and Rural Affairs	Ev 111, Ev 120
Ms Kate Barker	Ev 121, Ev 136
Countryside Agency	Ev 139
Royal Town Planning Institute	Ev 156, Ev 176
Sir John Egan	Ev 181
Housing Corporation	Ev 198
English Partnerships	Ev 202, Ev 214
Supplementary memorandum from Lord Rooker	Ev 237
Scott Brownrigg	Ev 241
Sustainability Works	Ev 241
Council of Mortgage Lenders	Ev 244
Rope Properties Limited	Ev 247
Kevin Cahill	Ev 250
Henry George Foundation	Ev 252
Association of British Insurers	Ev 255
Royal Society for the Protection of Birds (RSPB)	Ev 260
Legal & General Assurance Society Limited	Ev 262
Government-Industry Forum on Non-Food Uses of Crops	Ev 264
Natural Environment Research Council	Ev 266
National Housing Federation	Ev 269
National House Building Council (NHBC)	Ev 273
ecoSE	Ev 275
English Heritage	Ev 279
Environment Agency	Ev 281, Ev 316
English Nature	Ev 286
Timbmet Group Ltd	Ev 290
National Federation of Demolition Contractors	Ev 294
Wilson Bowden plc	Ev 294
Town and Country Planning Association (TCPA)	Ev 300
Tom Wolley	Ev 305
Zed Factory Ltd	Ev 308
Woodland Trust	Ev 314

# Past reports from the Environmental Audit Committee since 1997

---

## 2003-04 Session

First	Annual Report 2003, HC 214
Second	GM Foods – Evaluating the Farm Scale Trials, HC 90
Third	Pre-Budget Report 2003: Aviation follow-up, HC 233
Fourth	Water: The Periodic Review 2004 and the Environmental Programme, HC 416 ( <i>Reply, HC 950</i> )
Fifth	GM Foods – Evaluating the Farm Scale Trials, HC 564
Sixth	Environmental Crime and the Courts, HC 126
Seventh	Aviation: Sustainability and the Government Response, HC 623 ( <i>reply, HC1063</i> )
Eighth	Greening Government 2004, HC 881
Ninth	Fly-tipping, Fly-posting, Litter, Graffiti and Noise, HC 445
Tenth	Budget 2004 and Energy, HC 490
Eleventh	Aviation: Sustainability and the Government's second response, HC1063
Twelfth	Environmental Crime: Wildlife Crime, HC 605
Thirteenth	Sustainable Development : the UK Strategy, HC 624

## 2002-03 Session

First	Pesticides: The Voluntary Initiative, HC100 ( <i>Reply, HC 443</i> )
Second	Johannesburg and Back: The World Summit on Sustainable Development–Committee delegation report on proceedings, HC 169
Third	Annual Report, HC 262
Fourth	Pre-Budget 2002, HC 167 ( <i>Reply, HC 688</i> )
Fifth	Waste – An Audit, HC 99 ( <i>Reply, HC 1081</i> )
Sixth	Buying Time for Forests: Timber Trade and Public Procurement - The Government Response, HC 909
Seventh	Export Credits Guarantee Department and Sustainable Development, HC 689 ( <i>Reply, HC 1238</i> )
Eighth	Energy White Paper – Empowering Change?, HC 618
Ninth	Budget 2003 and Aviation, HC 672 ( <i>Reply, Cm 6063</i> )
Tenth	Learning the Sustainability Lesson, HC 472 ( <i>Reply, HC 1221</i> )
Eleventh	Sustainable Development Headline Indicators, HC 1080 ( <i>Reply, HC 320</i> )
Twelfth	World Summit for Sustainable Development – From rhetoric to reality, HC 98 ( <i>Reply, HC 232</i> )
Thirteenth	Greening Government 2003, HC 961 ( <i>Reply, HC 489,2003-04</i> )

## 2001-02 Session

First	Departmental Responsibilities for Sustainable Development, HC 326 ( <i>Reply, Cm 5519</i> )
Second	Pre-Budget Report 2001: <i>A New Agenda?</i> , HC 363 ( <i>HC 1000</i> )
Third	UK Preparations for the World Summit on Sustainable Development, HC 616 ( <i>Reply, Cm 5558</i> )
Fourth	Measuring the Quality of Life: The Sustainable Development Headline Indicators, HC 824 ( <i>Reply, Cm 5650</i> )
Fifth	A Sustainable Energy Strategy? Renewables and the PIU Review, HC 582 ( <i>Reply, HC 471</i> )

Sixth            Buying Time for Forests: *Timber Trade and Public Procurement*, HC 792-I ,  
(*Reply, HC 909, Session 2002-03*)

#### **2000-01 Session**

First            Environmental Audit: *the first Parliament*, HC 67 (*Reply, Cm 5098*)  
Second        The Pre-Budget Report 2000: *fuelling the debate*, HC 71 (*Reply*  
*HC 216, Session 2001-02*)

#### **1999-2000 Session**

First            EU Policy and the Environment: An Agenda for the Helsinki Summit, HC 44  
(*Reply, HC 68*)  
Second        World Trade and Sustainable Development: An Agenda for the Seattle  
Summit, HC 45 (Including the Government response to the First Report  
1998-99: Multilateral Agreement on Investment, HC 58) (*Reply, HC 69*)  
Third          Comprehensive Spending Review: Government response and follow-up,  
HC 233 (*Reply, HC 70, Session 2000-01*)  
Fourth        The Pre-Budget Report 1999: pesticides, aggregates and the Climate  
Change Levy, HC 76  
Fifth          The Greening Government Initiative: first annual report from the Green  
Ministers Committee 1998/99, HC 341  
Sixth          Budget 2000 and the Environment etc., HC 404  
Seventh       Water Prices and the Environment, HC 597 (*Reply, HC 290, Session 2000-01*)

#### **1998-99 Session**

First            The Multilateral Agreement on Investment, HC 58 (*Reply, HC 45, Session 1999-*  
*2000*)  
Second        Climate Change: Government response and follow-up, HC 88  
Third          The Comprehensive Spending Review and Public Service Agreements,  
HC 92 (*Reply, HC 233, Session 1999-2000*)  
Fourth        The Pre-Budget Report 1998, HC 93  
Fifth          GMOs and the Environment: Coordination of Government Policy, HC 384  
(*Reply Cm 4528*)  
Sixth          The Greening Government Initiative 1999, HC 426  
Seventh       Energy Efficiency, HC 159 (*Reply, HC 571, Session 2000-01*)  
Eighth        The Budget 1999: Environmental Implications, HC 326

#### **1997-98 Session**

First            The Pre-Budget Report, HC 547 (*Reply, HC 985*)  
Second        The Greening Government Initiative, HC 517 (*Reply, HC 426, Session 1998-99*)  
Third          The Pre-Budget Report: Government response and follow-up, HC 985  
Fourth        Climate Change: UK Emission Reduction Targets and Audit  
Arrangements, HC 899 (*Reply, HC 88, Session 1998-99*)

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# Oral evidence

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## Taken before the Environmental Audit Committee

on Wednesday 16 June 2004

Members present:

Mr Peter Ainsworth, in the Chair

Gregory Barker  
Mr Colin Challen  
Mr David Chaytor  
Mr Mark Francois

Mr Malcolm Savidge  
Mr Simon Thomas  
Joan Walley

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### Memorandum from Friends of the Earth

Friends of the Earth England, Wales and Northern Ireland welcomes the opportunity to provide evidence to the Committee on the implications of the Barker Report<sup>1</sup>. Friends of the Earth is an NGO with 200,000 supporters and local campaigning groups in 240 communities. We are also a member of Friends of the Earth International, which has member groups in 57 different countries. Friends of the Earth has worked on planning and housing for over 25 years, and we are convinced that the land use planning system is a key mechanism for delivering sustainable development.

#### SUMMARY

Friends of the Earth believes that current Government policy on regional development and housing provision is a major obstacle in achieving sustainable development in the UK and conflicts with the Government's own stated aims contained within the UK Sustainable Development Strategy<sup>2</sup>. Existing policy, exemplified by the Sustainable Communities Plan<sup>3</sup>, is essentially a reflection of a market driven macro economic model which assumes that the growth should be concentrated in the broader South-East of England. Such a policy will reinforce significant regional inequalities resulting in the continued decline of some communities and the over-development of others.

The Communities Plan<sup>4</sup> will also fail to deliver sustainable development because its proposals were based on a scant understanding of the environmental limits of those areas where the highest growth is to be delivered. It also failed to identify how vital strategic infrastructure, for example for public transport, would be funded so that in many cases housing development will precede such vital investment. In addition, while the technology exists to radically reduce the resource consumption of new homes, the Government has chosen to adopt a gradualist, voluntary approach to implementing such standards. This is a profound policy failure and loses the opportunity for a step change in the quality and long-term sustainability of our communities.

The recommendations of the Barker Report would exacerbate these trends by deregulating control over built development and so remove vital mechanisms through which we might achieve a more balanced and sustainable development of the nation. The recommendations of the Barker Report would:

- exacerbate regional inequalities;
- result in widespread breaches of environmental limits;
- result in the marketisation of planning decisions; and
- remove vital democratic safeguards from the planning process.

The Barker Report fails to recognise that it is not possible to make recommendations on the future of housing provision without understanding the environmental implications of such development. As a result the Barker Report is a significant barrier in achieving an integrated strategy for sustainable housing development in England.

Overall the Barker Report is neither a helpful nor authoritative analysis of the current housing crisis. The report uses simplistic cost benefit economic analysis to approach a complex social and environmental problem. As a result the report is both divisive and distracts from the sensible debate we need to have on the smart growth of our nation. To achieve sustainable development regional and housing policy must seek

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<sup>1</sup> Review of Housing Supply "Delivering stability: securing our future housing needs" Final Report, Kate Barker, March 2004.

<sup>2</sup> A Better Quality of Life: A Strategy for Sustainable Development for the United Kingdom, May 1999.

<sup>3</sup> Sustainable Communities Plan "Sustainable Communities: Building for the future" February 2003.

<sup>4</sup> *ibid.*

to integrate the four pillars of the UK Sustainable Development Strategy<sup>5</sup> and not continually prejudice economic growth as the prime objective. In addition we urgently require a national framework for strategic planning which can give spatial expression to the UK Sustainable Development Strategy and combat growing regional inequalities. Such a project requires much greater inter departmental cooperation than has been evident in either the Communities Plan or the Barker Report.

## INTRODUCTION

This memorandum focuses primarily on the implications of the Barker Report and acknowledges the wide breadth of expertise in organisations such as Shelter, TCPA, CPRE and WWF on other vital issues such as housing need, sustainable housing layout and design and housing forecasting. The memorandum is structured in two parts. The first deals primarily with the policy implications of the Barker Report the second deals briefly with a number of specific concerns over existing housing delivery policy. The paper does not deal with the Barker Report proposals for fiscal policy which were addressed by an earlier submission<sup>6</sup> by Friends of the Earth.

## PART 1

### THE BARKER REPORT

#### *Context*

1.1 The Barker Report reflects a long standing Treasury led policy agenda which seeks to question the core principles of democratic planning on the basis that such regulation is anti-competitive and a barrier to UK macro economic policy. (McKinsey<sup>7</sup> was the first of these reports, produced for the Treasury in 1998). It is significant that there is no empirical evidence to support this view, a conclusion reached by an ODPM report<sup>8</sup> in 2003.

1.2 The Barker Report accepts uncritically the Treasury's macro economic idea of the "golden arc" of growth (that is the wider South East defined by a line from Bournemouth to Cambridge) which is essentially the economic driver of the UK. This model of unequal growth lies at the heart of the unsustainable nature of both Barker and the Communities Plan.

1.3 It is also important to stress that the implications of the Barker Report go far beyond the provision of housing, implying fundamental changes to the way planning decisions are taken. The Barker Report's recommendations for deregulation are at least as important in the debate on sustainable development as the substantive recommendations for housing growth.

### CORE MESSAGES OF THE BARKER REPORT

#### *Market driven housing provision*

1.4 The premise of the Barker Report is to reduce high house price inflation by increasing supply. While this can be achieved in a variety of ways the report focuses on recommendations which would make the provision of housing through the planning system price sensitive. This is a radical shift to the planning system which is traditionally meant to integrate or at least "balance" market pressures with other public interest objectives such as sustainable development, and with a process that is both participative and democratic. The planning system has sought to provide for housing need based on demographic change rather than housing land price which is a purely market driven indicator.

1.5 The radical nature of the Barker Report is illustrated by two specific recommendations:

1. LPA's should allocate up to 40% more housing land than forecast need to be released in response to local price volatility (Paragraph 2.36 and recommendation 9).
2. At box 2.1 the report recommends introducing "price premia". If the price of land for a particular use exceeds an established indicator, the price premia, then there should be a presumption in favour of the development of that type of land.

1.6 These two recommendations would make land price the main material consideration in the planning process. The direct implication is that a market mechanism should determine the amount of land and its location. Paragraph 2.40 makes clear that the private sectors' view of the viability of an individual site should have a major influence on the location of development.

1.7 The report is particularly unhelpful in analysing how these price mechanisms can be integrated with environmental protection and the democratic nature of planning. **In fact the recommendations are not merely an adaptation of the planning system, they overturn its very rationale and purpose.**

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<sup>5</sup> *ibid.*

<sup>6</sup> Friends of the Earth's submission to the Environmental Audit Committee on the Budget, 24 March 2004.

<sup>7</sup> Driving Productivity and Growth in the UK Economy, McKinsey, Global Institute, October 1998.

<sup>8</sup> Fourth Report of the ODPM: Housing, Planning, Local government and Regions Committee, 2003.

1.8 Regulatory democratic land use planning was a reaction to the failure of the private sector to provide developments of sufficient quality in socially and economically desirable locations. If the needs of the market, 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. Economic considerations should remain a central concern but should not themselves be allowed to change the decision-making process.

1.9 The nature of planning decisions in the UK is unique and based on the exercise of discretion by planning professionals and local politicians to judge the outcome of individual decisions using policy as key guidance. Any trigger mechanism such as price premia will overturn that structure, changing the nature and role of planning professionals and effectively removing local democratic control from Development Control decisions.

1.10 The Barker model of decision-making would result in the following decision-making model:

1. Local authorities are forced to allocate a buffer of up to 40% more housing land than is needed in their Local Development Frameworks.
2. Land price volatility breaches the price premium for housing land in a particular area.
3. Local authorities must then release land held as a buffer.
4. Planning applications for this land would benefit from a presumption in favour of approval.

1.11 The use of a presumption in favour would make it almost impossible for local authorities to reject an application which, for other important material considerations, might be unsuitable.

1.12 Barker has argued that since all housing land is approved to the development plan process that these price trigger mechanisms and the land allocated would be subject to democratic scrutiny. This would only be true if local authorities have the freedom not to adopt the price premia model in the first place. Once having imposed a mechanism on local authorities they are forced to allocate more land than is needed and left with no real discretion to reject individual applications on that land.

1.13 This model assumes that:

- It is possible to establish a sensible price premia.
- That local authorities can identify the over-provision of housing land in areas with significant environmental and social constraints.
- That the local population will accept large-scale development which goes beyond social need.

1.14 A price sensitive planning system does not just change the nature of decision-making it seeks to replace the role of local politicians in safeguarding the public interest with a crude measure of economic welfare. This point is reinforced in the report by a number of references to removing democratic scrutiny of individual decisions by the use of greater delegation to officers (Paragraph 2.50). Indeed the report states clearly that “Using price signals in this way would help distance land availability decisions from the political process” (Box 2.1). This statement, and by the recommendation for greater use of delivery vehicles such as UDCs (recommendation 23) which remove all democratic scrutiny from decisions, illustrates Barker’s complete failure to understand the importance of public involvement in planning decisions. Throughout the report, Barker assumes, wrongly, that the planning system takes place in a simplistic economic vacuum, ignoring evidence as to the complex process and objectives of the planning system.

1.15 Friends of the Earth is also extremely concerned that the notion of price sensitive land use regulation is an expression of a much wider Treasury view on how environmental decision-making should be reformed and would have a very negative impact on the Government’s stated goal of achieving sustainable development. The existing planning system may be less than perfect but it embodies vital methodologies such as Environmental Impact Assessment, with public participation and representative democratic control.

### *Exacerbating regional Inequalities*

1.16 The Barker Report makes clear that to stabilise housing markets, increased housing provision should be made in areas of high demand. This would have huge and obvious implications for regional inequalities by concentrating unlimited growth in a limited geographic area to the detriment of all other regions and nations of the UK. Paragraph 1.54 explicitly acknowledges that some areas will decline and that “this might mean taking a much more active approach to demolitions and clearing stock that is no longer required.” The social cost of such extreme free market urban policy would, particularly in areas already defined by poverty and racial tension, be incalculable.

1.17 The report’s implicit endorsement of the “golden arc” treasury model ignores the fact this model is now the most profound barrier to the sustainable development of the United Kingdom by enshrining a market-led growth model which shows inadequate regard for environmental limits and social justice.

#### *Ignoring environmental costs*

1.18 While the report makes wide ranging recommendations on the planning system, it gives no consideration to the environmental costs of its key recommendations for a price sensitive system. It does not make clear that the environmental capacity of areas such as the South East is limited and that large-scale development would inevitably compromise these limits.

1.19 DEFRA recently published an analysis<sup>9</sup> of the impact of three expansion scenarios including those recommended by Barker. The report concludes that this option, which amounts to 300,000 new dwellings per year being built in southern and central England between 2001 and 2016, would have very significant environmental consequences.

1.20 In the year 2015–16 carbon dioxide (CO<sub>2</sub>) associated with construction could represent 5% of all current industry emissions. In the same year, CO<sub>2</sub> associated with use of the new dwellings could equal 12% of the current domestic CO<sub>2</sub> total. These extra CO<sub>2</sub> emissions are identified as the biggest external cost of the plans.

1.21 The amount of additional aggregates required in the year 2015–16 would equate to 10% of the construction industry's entire consumption in 1998. (It is important to note that there are already major environmental concerns over the impact of aggregate production in general and in particular marine dredged aggregates supply to the South-East, which currently accounts for 35% of consumption) Additional household waste would be equivalent to 25% of the current total. Water demand would be nearly 73 million litres higher (We note that Thames water has announced a plan to build the first desalination plant on the Thames which will be energy and land intensive). And up to 77,500 hectares of greenfield land would be built on between 2001 and 2016.

1.22 The Barker Report does have the briefest acknowledgement that there might be environmental costs but there is no detailed analysis, no indication of the level of these costs or their severity. **It is not sufficient for the authors of the report to claim that these issues were not in their terms of reference since they are factors which are profoundly important in making sensible recommendations on housing provision.** It is also worth noting that the report exceed its remit in other respects such as making recommendations which question the democratic nature of planning.

#### *Putting a price on the environment*

1.23 The Barker Report assumes (recommendation 10) that the environment is valued only in relation to its opportunity cost. This form of crude quantitative cost-benefit analysis, which permeates the whole report, was largely discredited in the 1960's in relation to strategic planning because costing long term environmental impacts were too uncertain and the process ignored the complex pattern of competing individual and community interest that surround planning decision-making.

#### *Housing provision and the private sector*

1.24 The report lets the building industry “off the hook”. There is a very substantial difference between the interim<sup>10</sup> and final Barker Reports. The interim report nailed the industry as one of the prime problems in housing supply. The final report largely focuses on the planning system and proposes a voluntary approach to encouraging the private sector to build more houses (recommendations 32 to 36).

#### *Social Housing*

1.25 The Barker Report restates the longstanding analysis of the shortage of social housing (Paragraph 5.2). However, the report does not offer any detailed analysis or new solutions. Simply increasing the total supply of housing will not substantially impact on affordability. At best the report acknowledges it will stabilise house price inflation.

1.26 Friends of the Earth's view is that there is an overwhelming social justice case for meeting the demand for social housing in every region in the most efficient manner possible. In practice this means moving away from a model based on the private sector provision of affordable homes through mechanisms such as planning obligations (essentially a form of cross-subsidy, so that higher value housing can subsidise low cost units). This is inefficient in terms of land use and has not always ensured the right tenure choice. Instead radical reform of the funding and delivery of social housing is necessary which recognises that it is a lack of public investment not the planning system which is the prime cause of the social housing crisis. This reform should be based on three principles:

- Significant increases in central government funding on social housing.
- A return to the direct delivery of housing by local authorities.
- Decentralised participative governance of housing management.

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<sup>9</sup> Study into the environmental impacts of increasing the supply of housing in the UK. DEFRA, April 2004.

<sup>10</sup> Review of Housing Supply “Delivering stability: securing our future housing needs” Interim Analysis, Kate Barker, December 2003.

1.27 Direct public sector provision allows for the efficient use of land and the greatest integration of housing provision with the planning process. Public sector control allows the rate of housing unit production and the quality of design to be effectively delivered.

#### *Implementing Barker*

1.28 ODPM is in the process of considering how best to implement the Barker Report despite its obvious and profound flaws. While we understand there will be a period of consultation we also understand the Treasury is determined to uphold the recommendations for a price sensitive planning system. It is Friends of the Earth's view that, other than some recommendations on fiscal measures, none of the key recommendations of Barker should be implemented. Instead, if government is serious about sustainable development it should begin again to assess housing need on a national basis and along side indices of social deprivation, housing need and environmental limits to produce a comprehensive national spatial framework for sustainable development. Such a framework should be subject to rigorous strategic environmental appraisal and be the product of genuine cross departmental corporation to avoid the fragmented approach which has characterised the Communities Plan and the Barker Report.

## PART 2

### HOUSING PROVISION IN THE UK

#### *The Communities Plan*

2.1 The Communities Plan is a fragmented and partial spatial response to housing shortages in the South-East. The plan itself has an uncertain status since this output will only have a real practical impact when incorporated into Regional Spatial Strategies (RSS) which themselves have their own adoption process. In addition the ideas of the Communities Plan have emerged over a period of 18 months so that there is now more focus on issues affecting northern cities. What is clear is that this ad hoc approach was not based at any time on an overview of how to deliver sustainable development in the UK as a whole. Unlike all other planning processes the Communities Plan proposes significant growth before it had any systematic measure of the suitability of those areas to accommodate such development.

2.2 This illogical and unreasonable approach to a highest level of strategic planning inevitably leads to failures to directly consider infrastructure needs and environmental limits of particular localities. In addition to the environmental impacts identified by the DEFRA study<sup>11</sup> this can lead to the focusing of growth in areas such as the Thames Gateway where there is significant flood risk from climate change.

2.3 There is an important policy conflict between the objectives of the Sustainable Communities Plan and the achievement of sustainable development. This tension is illustrated in the Draft PPS 1<sup>12</sup> where there is significant confusion as to which of these principles is meant to be the core objective of the planning system. What is clear is that the definition of sustainable communities as illustrated in Annex A of PPS 1 "Creating Sustainable Communities"<sup>13</sup> are significantly different from the accepted notions of sustainable development contained within the UK Sustainable Development Strategy<sup>14</sup>. Annex A for example, contains no reference to the importance of nature conservation.

#### *Friends of the Earth's response on Housing*

2.4 Friends of the Earth recognises that the environment sector has not always fully and responsibly engaged in the policy debate on housing needs. Friends of the Earth accepts that housing poverty reflected through homelessness and poor conditions is a major contributor to social exclusion. The level of poor housing conditions for children and the elderly are of particular concern. We also recognise that demographics and particularly the growth in household formation has created a demand for new homes and new kinds of homes. We do not accept, however, that "predict and provide" in relation to new-build provides an effective or sustainable solution to these problems. We also strongly reject the assumption that increased housing provision will tackle house-price inflation. In order to achieve a lowering of house prices through market mechanisms it will be necessary to generate an oversupply of housing, which would breach the principles of sustainable development.

#### *Design and Layout*

2.5 Friends of the Earth is extremely concerned by the Government policy on design and layout. Specifically we believe the Communities Plan approach to the implementation of sustainable housing is a major impediment to sustainable development by failing to provide sufficient regulation and incentives to affect the radical changes we need to make in housing design. A clear illustration of how the Government

<sup>11</sup> Study into the environmental impacts of increasing the supply of housing in the UK. DEFRA, April 2004.

<sup>12</sup> Draft Planning Policy Statement 1: Creating Sustainable Communities, ODPM.

<sup>13</sup> Planning Policy Statement 1: Creating Sustainable Communities, ODPM, 2004.

<sup>14</sup> *ibid.*

regards the implementation of sustainable housing standards can be gained from the recent publication<sup>15</sup> of proposals for a Code for Sustainable Building (CSB) which contains a range of excellent proposals on energy efficiency, floods resilience and water conservation. Unfortunately this code only has the status of best practice. This exemplifies the clear gulf between the available technology and design proposals (exemplified in the detailed work of WWF “One million sustainable homes”<sup>16</sup>) and the Government’s unwillingness to identify effective delivery mechanisms.

2.6 The solution to this problem is:

- Provide a greater degree of prescription in building regulations to ensure new build and conversions enshrine proven resource conservation technology including small-scale renewable technology and meet the Eco homes excellent standard.
- Provide much greater prescription in a new PPS 3 on housing in relation to master planning and the layout and service provision of new housing.
- Provide greater integration between the Environment Agency and planning authorities in relation to future flood risk and sea-level rise in order to provide strategic guidance based on best available modelling from the Met office.
- Specify in PPS 11<sup>17</sup> a CO<sub>2</sub> reduction target for the delivery of new housing to be enshrined in Regional Spatial Strategy.
- Increased investment for the retrofit of existing houses with energy conservation technology.
- Underpin the new drive for sustainable housing by enshrining the above objectives in a new Public Service Agreement (PSA) target for ODPM.

2.7 There is no doubt that such development will add cost to the delivery of new housing units. However, such upfront capital cost will result in long-term savings particularly in energy costs for users. Such savings will disproportionately benefit those on low and fixed incomes who spend a higher proportion of their income on energy. In the wider context, the contribution of sustainable housing to reducing the negative impacts of climate change is likely to be significant (These costs have been assessed in the recent DEFRA report<sup>18</sup>).

#### *A National Spatial Framework for Housing*

2.8 A more detailed description of Friends of the Earth’s policy on housing location and design is appended at Annex A. The most significant strategic element of this policy is Friends of the Earth’s commitment to a national spatial framework which would address issues of the over-development of the South-East, housing abandonment, quality-of-life and negative inter-regional competition.

2.9 This framework should have the prime objective of redistributing demand pressures from areas of growth in the South-East to areas of low demand in the North and West. Such a policy should also address the need to deal with the drivers of housing demand by restricting and decentralising public and private sector commercial growth from South to North. This policy should achieve the systematic redistribution of population and industry to areas of low demand. Failure to deal with this issue strategically will lead to the continued decline of some communities and to the overcrowding of others, with all the attendant political controversy and reduction of quality-of-life. The recent publication of census data reinforces the decline of regions such as the North East and North West while areas such as Milton Keynes have seen growth of around 60% in the last 20 years. Government must address the need to deal with the vacuum in policy left after the abandonment of comprehensive regional redistribution policies in the early 1980s. Friends of the Earth believes that housing policy should no longer attempt to meet general demand in all regions. While social housing needs must be delivered everywhere, the continued expansion of housing in the South East is not sustainable in the medium and longer term.

#### CONCLUSION

If the Barker Report is successfully implemented in full then price sensitive decision-making will do irrevocable damage to the ability of the land-use planning system to deliver sustainable development. Friends of the Earth believes that the Government should carefully reconsider its regional economic and housing policy. This policy should have the prime objective of giving spatial expression to the UK Sustainable Development Strategy. It should be based on an integrated assessment of the social, environmental and economic circumstances of the nation.

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<sup>15</sup> Report of the Sustainable Building Task Group, May 2004.

<sup>16</sup> “One million sustainable homes”: Moving best practice from the fringes to the mainstream of UK housing, WWF, January 2004.

<sup>17</sup> Draft Consultation Paper on New Planning Policy Statement 11 (PPS11)—Regional Planning, ODPM, 2003.

<sup>18</sup> Study into the environmental impacts of increasing the supply of housing in the UK. DEFRA, April 2004.

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June 2004

## Annex A

EXTRACT FROM FRIENDS OF THE EARTH’S GUIDE TO  
REGIONAL SPATIAL STRATEGIES

## HOUSING

*The Government’s Housing Policy*

Friends of the Earth has four fundamental concerns about the government’s existing housing policy as specified in the Communities Plan (ODPM, 2002):

Existing policy has led to the development of large scale greenfield sites with an undoubted impact on the environment. The development of these sites has often been unimaginative, low-density and largely dependent on the car. The provision of new housing in suburban locations has contributed to the decline of the inner areas of our towns and cities.

I. Existing housing policy has dramatically failed to deliver equity in the provision of housing. Many of the most vulnerable groups in society particularly the young and the elderly live in unacceptably poor housing conditions. The provision of large-scale new housing development would do nothing to meet these needs nor would it address the critical issue of affordability.

II. Current housing policy tends to reinforce the tension between the national need to provide new homes and the rights of individuals and communities to have a say over the way that their areas develop. New policy must make clear where the boundaries between these sometimes contradictory policy objectives lie in order to avoid divisive political polarisation.

III. Traditional forecasting techniques based on crude trend projection have proven inaccurate and insensitive to local needs. Forecasting for housing must be sensitive to local housing needs surveys and to the environmental and social capacity of a locality to take increased housing numbers.

*Making good policy*

The consideration of housing policy should be conducted holistically, considering the full range of factors which define quality, quantity and accessibility. These factors include:

- Population and household formation rates.
- Housing conditions.
- Empty and second homes.
- Affordability.
- Tenure choice.

The current debate over housing is dominated by housing land supply and underplays the need to address affordability and housing quality.

Friends of the Earth accepts that housing poverty reflected through homelessness and poor conditions is a major contributor to social exclusion. The level of poor housing conditions for children and the elderly are of particular concern. We also recognise that demographics and particularly the growth in household formation has created a demand for new homes and new kinds of homes. We do not accept however that predict and provide in relation to new-build provides an effective or sustainable solution to these problems.

We also strongly reject the assumption that increased housing provision will tackle house-price inflation. In order to achieve a lowering of house prices through market mechanisms it will be necessary to generate an oversupply of housing, which would breach the principles of sustainable development.

#### *Friends of the Earth's Principles for housing provision*

New housing policy should be based on the principles of:

- Social Equity. Access to good housing is a basic human right (By delivering social housing needs through greater public sector investment).
- Sustainable Development. Communities which maximise quality of life and minimise resource use by operating within the environmental limits of the locality.
- Demand Management. The redistribution of housing demand from areas of high to low demand.
- Urban Capacity. By a greater sensitivity of social and environmental capacity of existing communities to accommodate new housing and of the housing needs of those communities.
- Design Innovation. By the promotion of innovation in housing design, construction and layout.
- Participative Processes. A planning system which places the views of local people at the heart of the planning system.

#### *Regional redistribution*

Friends of the Earth supports the need for a National Spatial Framework for the UK which can provide the strategic context for sustainable housing provision. This framework should have the prime objective of redistributing demand pressures from areas of growth in the South-East to areas of low demand in the North and West. Such a policy should also address the need to deal with the drivers of housing demand by restricting and decentralising public and private sector commercial growth from South to North. This policy should achieve a fairer more balanced distribution of population and industry to achieve:

- The social, economic and environmental regeneration of areas of low demand to ensure increased life chances and social well being.
- To prevent the continued breach of core environmental limits (such as biodiversity and water resources) in areas of high demand and continued decline of quality of life.

The recent publication of census data reinforces the decline of regions such as the North East and North West while areas such as Milton Keynes have seen growth of around 60% in the last 20 years. Government must address the need to deal with the vacuum in policy left after the abandonment of comprehensive regional redistribution policies in the early 1980s. The practical result of this approach to housing is that policy should no longer attempt to meet general demand in all regions. While social housing needs must be delivered everywhere, the continued expansion of housing in the South East is not sustainable in the medium and longer term.

#### *Housing Land Provision*

Friends of the Earth strongly supports the use of a sequential approach to the provision of housing land, which is encouraged through PPG 3 and 13 and defined in paragraph 2.2 of this document. Friends of the Earth emphasises the need for this RSS to reflect a “plan, monitor and manage” approach to housing provision. This suggests that a flexible and iterative approach is required, with an emphasis on meeting local needs and formulating creative solutions to protracted problems through continual monitoring and adjustment. The housing aims of this RSS should reflect such an approach from the outset.

#### *Setting targets for the recycling of land and buildings*

Friends of the Earth strongly supports the aim of increasing the percentage of housing development which takes place on previously developed land and the conversion of redundant buildings. This helps development to occur within the environmental limits of a region and can play a positive role in urban regeneration. Friends of the Earth believes that a greater level of “recycling” of land and buildings could occur if policies and programmes were in place to support it. Thus, it is essential that policies to guide such



an increase are clearly set out in RSS and that funding regimes are put in place to support these policies. These should aim for at least 75% of all housing provision to be made on previously used land. Friends of the Earth recommends the following housing policy:

**Local authorities should include policies in their Development Plans which will lead to an increase in the level of housing development on previously developed land so that the target of 75% can be reached over the plan period. These policies should include:**

- the use of phasing mechanisms;
- the reallocation of sites for housing which are currently specified for other uses; and
- requirements for higher densities of urban housing developments.

#### *A phasing mechanism*

Friends of the Earth strongly supports the use of phasing mechanisms to ensure that housing developments take place on previously developed land before the use of greenfield sites. Phasing mechanisms should have three components:

- Policies need to ensure that land allocated in Development Plans is brought forward at a rate which encourages the reuse of urban land.
- Local authorities must be proactive to bring forward previously developed land.
- Policies should reflect paragraph 30 and 31 of PPG 3 which places an emphasis on: using previously developed sites within urban areas; converting existing dwellings and non-residential premises; raising densities; releasing land held for alternative uses; and facilitating area wide redevelopment through land assembly measures. RSS should emphasise the priority to achieve the most efficient use of land by adopting this sequential approach to ensure maximum use of previously developed land.

#### *Design and density*

Fundamental to the attainment of achieving urban and rural renaissance is improving the attractiveness and safety of cities, towns and villages and, where new development takes place, the creation of high quality, sustainable places where people chose to live, work and take their leisure. Friends of the Earth is particularly concerned to emphasise the need for increased densities to be encouraged and for more resource efficient homes to be built in the region. To this end, Friends of the Earth recommends that minimum acceptable density levels are included as a guide in the RSS. PPG 3 states that low density of development should be avoided and emphasises that densities of up to 50 dwellings per hectare may be appropriate if close to existing centres. Circular 02/02 TCP (residential density) Direction 2002 reinforces the government's view that development of less than 30 dwellings per hectare should be avoided and creates specific power in the South East to review such applications. Friends of the Earth would also recommend a more proactive policy stance in regard to the reuse of vacant properties and the promotion of 'homes above shops' as part of a comprehensive package to revitalise urban areas. Friends of the Earth supports measures which can help to make more effective use of existing urban areas but would wish to emphasise that infill development should not take place at the expense of the quality of the urban spaces.

In addition, Friends of the Earth believes that Development Plans should be required to promote the development of resource efficient homes through the inclusion of policies which specify acceptable levels of resource efficiency for all new developments. The recent ODPM Select Committee Report (Planning for Sustainable Housing and Communities: Sustainable Communities in the South East Eighth Report, ODPM, 2003) endorsed the Building Research Establishment measure of resource efficiency known as the "Eco Home" standard. **Friends of the Earth strongly recommends that RSS should support the achievement of Eco Homes "excellent" standard for all new homes built over the plan period.** ("One million sustainable homes: Moving best practice from the fringes to the mainstream of UK housing", WWF, January 2004)

(Relevant advice is contained in "By Design—Urban Design in the Planning System: Towards Better Practice" (DETR 2000)).

#### *Low Impact Housing*

RSS policy should encourage new developments in housing design which combine elements of traditional building techniques with innovation in sustainable building materials, energy conservation and water and refuse recycling. Such development has a minimal or benign affect on the local and global environment and provides a visionary model for how sustainable communities might develop in the future. RSS should provide strong leadership in encouraging such housing design. Local authorities should consider the benefits of such development to sustaining the rural environment so long as they do not harm environmental and landscape designations of acknowledged importance.

*Affordable housing*

*Housing equity is a vital part of the sustainable development of the region. There is need not just to increase the supply of affordable housing but to ensure a range of size, types and tenures of housing to be provided so as to ensure a greater level of equity in housing provision than that which currently exists.*

The RSS should make a clear commitment to ensure that approximately 30% of all new homes are affordable. Such targets may need to be exceeded in some areas depending on local circumstances.

*Monitoring housing supply objectives*

Core indicators for monitoring housing supply are a vital part of effective implementation of housing policy. Friends of the Earth would recommend that the core indicators to be used are:

- **affordable housing provision as a proportion of all housing completions (as stated);**
- **the number and proportion of new dwellings including conversions built on previously developed land, which should be above the aspirational targets set out in the RSS;**
- **the average density of new development, which should always be above 25 dwellings per hectare; and**
- **the number of households in substandard or overcrowded accommodation.**

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*Witness: Dr Hugh Ellis, Planning Advisor, Rights and Justice Team, Friends of the Earth, examined.*

**Q1 Chairman:** Good afternoon, Dr Ellis. I am sorry we have kept you waiting. Thank you very much for the substantial memorandum which you sent in, for which we are grateful. We have looked at that memorandum, and it is clear that you are not happy with several important aspects of the Barker Review. One of the issues you raised is that the review is based uncritically on the “Treasury’s macroeconomic idea of a ‘golden arc’ of growth” in the South East. Can you elaborate a little bit about why you disapprove of the “golden arc of growth” and the emphasis that the Treasury has placed on that?

**Dr Ellis:** Yes, I can. There has always been, in planning terms, since the last war a major structural inequality in the nation in terms of economic growth performance, and that has had huge implications for social justice and for the environment. The issue has come to the fore now again simply because the Treasury “golden arc” model is a simplistic idea that says essentially that the broader South East is our economic driver, vital to ensuring our economic competitiveness in the global economy. All of this, of course, is fine but it begs important questions about environmental quality in the South East and how that is to be sustained, and about quality of life. Essentially, it delivers a vision of the nation which has a North in “managed decline”, which is a phrase which has been used more and more in government policy, and a vision of the South of “uncontrolled development”, and Barker is, I suppose, the final expression of that policy initiative. Ultimately, neither economically, socially nor environmentally can that kind of policy be sustained, and in fact I would go further to say that although the nation faces many issues of sustainable development and challenges, there is no greater issue in spatial terms than that regional inequality. Unless we can sort it out, the environmental and social costs for the South in terms of congestion will be overwhelming. I do think, reading Barker, that in relation to urban policy, the effective acknowledgement of the abandonment of some communities which “no

longer have an economic purpose” is a price too high to pay in every possible terms: politically, socially and environmentally. The fact that the Treasury persists with that model, despite those other issues, makes it very difficult to plan strategically for sustainable development, I think.

**Q2 Chairman:** There is also in Barker a reference to unused open space having little social value, which is the flipside of what you have been saying. Do you have thoughts on that?

**Dr Ellis:** I think underpinning Barker is a view that planning is no more than opportunity cost of land and that all decisions can be boiled down essentially to that cost/benefit question. One of the grave drawbacks of Barker is that it is a report that does not understand planning history, nor the planning system. That kind of cost/benefit analysis was tried in the Sixties with the third London airport, for example, and actually the nuclear programme, and what people discovered was that it is impossible to place those kinds of costs on land, because planning is a complex process of community, political, environmental, social and economic views, that have to be discussed, mediated and traded off. Putting those values on land is essentially meaningless. It does not help us in policy terms to make good decisions.

**Q3 Chairman:** I am a South East Member of Parliament, and it will not surprise you to know that your approach finds a lot of resonance with my constituents. But is there not a case for looking more closely at the economic argument? Is there not something of merit in the idea that you knock down houses where people do not want to live and maybe create some kind of environmental improvement as a result, and build houses where they do want to live?

**Dr Ellis:** The planning system has always been sensitive to those economic pressures broadly. I think Barker has two layers of implications which are very negative. One: as a nation, are we willing to accept what is in the Communities Plan about

16 June 2004 Dr Hugh Ellis

the Pathfinder renewal project? We can take an urban area in Liverpool or Newcastle, demolish high-density, terraced, poor property and redevelop at low density, and we end up still with a community, but there is a logic beyond that, a macro logic in Barker, that says that when the economic purpose of communities no longer exists, managed decline is what we will do. My question is: what is the limit of managed decline for the North? Not only is the logic of Barker that we do not plan, because it is a price-sensitive issue, but that that decline will be prolonged. It will not be a question of five to ten years; it will follow the structure of the golden arc and be prolonged. All I can express is that, in relation to the examples of the decline of coalfields, for example, I think it is unacceptable to say to a community, "Since your economic purpose has been removed, your social purpose is also removed." In some ways, that is a point way beyond environment, and goes to the heart of how we organise our nation. In relation to the South East, the flipside of that is: how much land do you think you can identify for how long for this growth to continue? What is the limit of growth? That is a question which neither Barker nor the Communities Plan nor the Government is willing to answer, and it is a very difficult question, and fundamental. The second tier in Barker which I think is important is this issue of price sensitivity. Barker is suggesting that we do not plan. While the Barker team has said many things after the report to say "We should have thought more about the environment," the essential implication of a price-sensitive planning system is that we release land over and above need in areas of high demand, 40% more than need in areas of high demand. That means we concentrate development in the South East. That is the net effect of that. Remembering that the Local Plan process now is a three-year review process, so we go on allocating 40% more land on a three-year cycle. Where does that leave us? Ultimately, where does it leave the North? The report says we will not use this mechanism in the North because there is relatively lower demand there. That is a recipe for regional inequalities on a hitherto unseen scale, not really since the 1930s, before we had planning. I think on all of those levels we as a nation have to be able to strategically plan so that the communities in the North have a future, so that the communities in the South have sustainable development in a way which upholds quality of life. That means biting the bullet and saying we need a national spatial framework which in part is redistributive, which is, again, a very hard question.

**Q4 Joan Walley:** The Chairman is an MP for the South East; I am an MP from north of Watford. I would just like to ask you about the strategic approach and whether or not, turning it the other way round, you see the prospect or the opportunities for the Treasury, having commissioned the Lyons report jointly with ODPM, as a means of kick-starting economic growth in areas where the economic basis of those

communities may already have disappeared. How do you see that linking to this wider spatial issue about planning and the contents of the Barker report?

**Dr Ellis:** I think the content of the Lyons report is very positive. In fact, it takes us back, it seems to me, to perhaps where we were in the 1960s, when the last big decentralisation of public services took place. This is a very crude generalisation, but some communities really would not be there if it had not been for that decentralisation of public services, such as Vehicle Licensing, for example. That decentralisation can be very positive, and it provides, I suppose, an economic purpose for these communities. I think decentralisation is very positive. The question, of course, comes when you move from public to private sector and how that is to be achieved. That is the hard question. I think decentralisation of public services should be seen as part of the national strategic framework, certainly for England, as we stand at the moment. I do not think Barker fits into that. Barker is working in the opposite direction.

**Q5 Joan Walley:** That was my point. Could there not be an opportunity for the objectives of both to be reinforcing each other in an ideal world? Should that not be what is happening?

**Dr Ellis:** In an ideal world. I think at the present they cross on the train at Watford, in the sense that Barker is opening the gates for unrestrained growth in the South East, and Lyons is attempting to say that we can restore administrative purpose and social and economic purpose to communities in the North. There is a myth going round that the regional policy in the Sixties and Seventies was a complete failure in this country and the attempt to redress the structural imbalance was a disaster. I do not accept that. Much of the regional policy did give communities in the North effective purpose for some time, but if you turn the tap off in 1982–83, then you live with the consequences of no regional policy for 20 years, and that has caused a tremendous amount of damage. I think Barker is a distraction from the Lyons Review; it is a distraction ultimately actually from the Communities Plan and other major initiatives because of the simplicity with which it approaches the problem.

**Q6 Mr Challen:** In your critique of Barker's reforms, you have said that "they question the core principles of democratic planning" but is it not really the case that, at the local level at least, planning decisions are a complete mystery to most people? I represent a seat in the south of Leeds, I have to say, and we have had a Unitary Development Plan recently adopted, last year. It took 10–12 years for that plan to come to fruition, and it reflects previous plans, and only the planning anoraks really understand what the process is and where it is at. Would it not make a lot of sense for some of these so-called democratic principles to be looked at very seriously?

16 June 2004 Dr Hugh Ellis

**Dr Ellis:** I see no problem at all in making planning efficient and open and participative. In fact, probably in the last two years of my work with ODPM, the planning system has come into disrepute because of delay and complexity, and you are absolutely right that it is a mystery to a lot of communities, but I do not think that is a reason to dismantle the core principles in the way that Barker is suggesting. I think that is a different question. Making planning accessible is about making anoraks like me speak in normal language, and making the system easy, with real opportunities to participate in meaningful ways. I think we can make plans more related to community needs by engaging communities more, but at the end of the day, local politicians are the absolute safeguard of public accountability. That is their core function, and if you take them out of the system, you are left with a major problem about who decides what the public interest is for the south of Leeds or the South East in general. Who is going to decide that?

**Q7 Mr Challen:** I was trying to bottom that question of accountability really in my first question, whether there was any accountability as such in this UDP process that I have mentioned. The policy that everybody wanted actually was what John Prescott announced in PPG3, protecting greenbelt, and as a consequence of that national decision, a lot of local land in my constituency was returned to the green belt, I think against the wishes of many local politicians or their offices, more to the point. So where is the accountability?

**Dr Ellis:** I can see the point. It is a very complex question, because there are layers of it. Clearly, central government retains very directive powers on planning in relation to the way that it can or cannot endorse a plan or set policy. In some ways, that question, which does need sorting out, is in my mind separate to what Barker is talking about. Barker is saying "Let's make planning non-planning; let's make it price-sensitive." The system is imperfect at the moment. There is no doubt about that, but at least you can object, at least you can have your say, at least you can talk to a local councillor, and ultimately at least you can lobby at higher levels on planning issues, but if you take up Barker's suggestion by saying that we start to locate and release and decide the amounts of land purely on price, how will communities respond to that? They are essentially being told "Your needs are the same as price." If we get to that position in planning, which is essentially the heart of Barker, we have put ourselves back 40 years, and we have said that sustainable development amounts to no more than speculative desire for land prices. I would say that the track of making planning more accountable to the local level, which is the subject of an ODPM publication that came with PPS1 on community involvement in planning—that paper was very good and contained a lot of material that helped address those questions, but I think it is separate from stripping away those principles altogether. We should be trying to make them work rather than removing them.

**Q8 Mr Challen:** Some people hold to the view that markets are the most democratic things ever. An estate agent who says, "Location, location, location" is simply describing a democratic process whereby people choose where they want to live, and it just happens that a lot of people want to live in the same place and therefore the price goes up. I am being the devil's advocate to a certain extent, but surely you see some merit in that argument.

**Dr Ellis:** Am I allowed to say no? No, for two reasons. Firstly, price is not a function of need. Price is the result of, for example, people buying to let or speculating in land, or not bringing forth housing units on land they have planning permission for and therefore increasing unit prices and therefore increasing land prices. Social need is what planning deals with. In a funny way, I think that planning has always tried to say, "How many houses do we need in an area? Let's plan for that." It has never tried to say, "Let's not try and plan for need." If we wanted to change the nature of need, that would be fine, but let us be clear: that is not what Barker is suggesting. Barker is suggesting "Let's have need and then let's have price sensitive on top of need, over and above that." What is so frustrating about Barker in relation to the social justice question is that the report is written about stabilising house price inflation and says virtually nothing new about social housing need, certainly nothing new that is meaningful, and that is an important question. I would say one thing more on price, just because it could be the end of all anoraks. If we accept that price is the core and only determinant of social welfare, there is no logical basis for a planning system, which is why Barker is so damaging. Barker may not want to think that she has had that implication but the implication is absolutely clear in the report.

**Q9 Mr Challen:** In the context of simplifying the planning system, have you found anything of benefit in her report?

**Dr Ellis:** On balance, you could only say that of her discussion of some fiscal change to the way that planning operates in relation to betterment tax and land tax. Some of that is useful. Nothing else in the recommendations has any merit as far as I am concerned because it would be so damaging to the nature of the existing system and so contrary to the ideas of delivering sustainable development.

**Q10 Mr Challen:** Do Friends of the Earth propose a system which would ensure that there was a good supply of affordable housing in the right locations?

**Dr Ellis:** We would begin by admitting, as we have indeed admitted in front of this Committee before, I think, that our sector has not been as socially responsible as it needs to be on social housing need. We would go on from there to say that social housing need should be met everywhere, and there is no question about that. What we argue with is whether general demand should be met everywhere at all times. The real issue about delivering social needs housing is that at the moment it is delivered very inefficiently through cross-subsidies from the

16 June 2004 Dr Hugh Ellis

private sector, through s106 obligations, squeezing affordable housing out of units of housing of higher value. If you want to deliver social housing, it is very simple: you have to pay for it. It is a financing issue, not a planning issue, that is restricting the development of social housing. When local authorities controlled social housing, it was integrated into the planning system. Land was purchased and houses delivered and paid for by the state. In sustainable development terms, in terms of land use, that is the most effective way of delivering social housing. Our view actually is an old-fashioned one, which is that we should return, not solely but largely, to meeting social needs housing out of public investment. The private sector may have a role to play in that. The management of social housing had to change, and in our view that was the flaw in it for many years.

**Q11 Mr Challen:** It would be a return to council housing?

**Dr Ellis:** It would be a return to the provision of housing by local authorities, but the management of housing in a much more effective and participative way by tenants. That is as far as we have got with the debate, but what we are absolutely sure of is that you cannot efficiently deliver social housing in the South East by saying to the private sector “Please provide 10 units out of 100”, because the amount of land you have to allocate to effectively deliver social housing goes up and up because you are only getting a small proportion of cross-subsidy in any one go.

**Q12 Mr Thomas:** We know that we live in a very unequal country where regional inequalities are greater than they have been at any stage since the Second World War. We can see the underlying problems with that, but in the answer you just gave to Mr Challen you suggested that we can deal with social housing, but that surely does leave a large number of people chasing after scarce housing in the South East—nurses, teachers, whoever—who would not traditionally have been thought of as people in need of social housing, who are tied into the economic system, who have to be here. You may want to change that system in order that they do not have to be here in 20 years’ time, but they are now, and we are also facing this huge problem of affordability. A report came out today again underlining that gap of affordability. Surely there has to be some prescription that meets private housing demand as well. That is what Barker tries to do, albeit she has failed in your opinion. I do not think it is enough to rely on social housing.

**Dr Ellis:** No, it is not, and I do not think that we are arguing that we would not build in the South East. What we are saying is that the scale of development that Barker envisages is not sustainable in all sorts of terms. We have a planning process which we can define need through, and that is what we have been doing for 60 years, but the reason that that has stopped working is because we go back to the golden arc problem. I know what you are saying; it is

inadequate for me to say “Let’s solve the golden arc, but what do people do now?” and I am not sure I have a full answer for you. Ultimately, the answer is that unless we get a grip on moving the drive to that demand out of the South East, then nurses, doctors, police officers, will be confronted with that problem, an unintended consequence, if you like, of a Treasury macroeconomic idea.

**Q13 Mr Thomas:** What about the environmental argument about what tends to happen now—and I am not a South East MP, obviously—people who are actually commuting great distances, having an environmental impact in having to live 100 miles from London and trying to do their jobs in that way? That has to come into the picture as well, does it not?

**Dr Ellis:** It does. It is a complex picture, but again, on balance, it would be more sustainable and better if there were a more even pattern of development so those commuting distances did not have to take place. The solution cannot always be that we simply accommodate all that growth as a result of that commuting pattern in the South East. This is a classic wicked planning problem, in which it is difficult to see where the winners are, but we return to that central point that all of these are unintended consequences of that model. We have to deal with those drivers, and we probably have to deal with them urgently, in relation to making sure that we decentralise economic activity in a way which is fairer for the nation and relieves those pressures.

**Q14 Joan Walley:** You have been quite scathing in some of the comments that you have made. I just wonder whether or not you would look at the outcome of the Barker report or at the remit that the Treasury gave for the Barker report. Do you think there was a sufficient sustainable development brief from the Treasury in the first instance, or do you see it as wholly and solely arising out of the actual report that Barker made?

**Dr Ellis:** There are a couple of points there. Kate Barker has said since that the remit was very tight, to discuss a particular defined issue about house price inflation and housing supply in a particular area. My comment on that would be that her remit was tight, but she strayed from it in other areas to an incredible extent, particularly in questioning the democratic basis of planning, which did not cause the review team any problem. The issue of whether or not the remit was set in the first place in the place it should have been—Barker is in a long line of Treasury-inspired reports, beginning with McKinsey, which are anti-planning, that see planning as a brake to economic competitiveness, and that misunderstand the fact that it is trying to do a very complicated social, economic and environmental process. You could take a step back even from there and again, speaking with my anorak firmly on, we approached the regional issue of over-development in the South East through the Communities Plan before we had ever decided what the environmental limits of the South East were. The Defra report only arrived two years after that

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16 June 2004 Dr Hugh Ellis

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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 the Treasury on Barker, which in fact doubles that growth, and then Defra come along very belatedly and say that there might be one or two problems 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. Can I say that that is not in any way how we should have approached the strategic planning of England or the UK in any shape or form. What should have happened is that the principles of the Sustainable Development Strategy should have guided the process where those Departments worked together collectively to deliver a plan that was much more balanced and much more strategic.

**Q15 Joan Walley:** I think we will come on to some of those points in a minute, but just before we do, you say in your evidence that the building industry has been let off the hook by Barker. I am not quite sure why you reached that conclusion.

**Dr Ellis:** I think the interim report, in tone at least, was quite a lot more critical of the building industry than the final report. For example, in the interim report, in my reading of it, there was a more balanced view that planning was one element of the difficulty, but the industry bringing forward development at the right place, delivering the right kind of units, was also an issue. What has happened in Barker, perhaps leaving tax aside for the moment, is that the final set of recommendations—there are so many I just describe them as the ones in their late 30s—are essentially a voluntarist approach to persuading the industry to do what would be desirable, and unlike the planning system, where major reforms, radical reforms, are suggested, there is no such radicalism in relation to the building industry. Essentially, we are still left with the problem of how to encourage an industry which has skills shortages, which has some degree of interest in not building low-cost units—it has an interest in delivering units at the highest profitable value to themselves, and that is not always socially desirable.

**Q16 Joan Walley:** So are you saying that someone got at the report between the interim and the final? Do you think there was intensive lobbying on that?

**Dr Ellis:** I am afraid to say Friends of the Earth have no effective conspiracy theory to offer you. All I can say is I find it very surprising that the tone of the report changed so that the emphasis of the report was largely aimed in recommendation terms on nailing the planning system and a much more voluntarist approach in relation to the industry. It may well be, of course, that it is simply easier to nail up the planning system in relation to recommendations than to deal with the private sector building industry.

**Q17 Joan Walley:** Do you agree with the view of the Barker report that it is not a problem to have stock market listed developers with landbanks from 2.8 to 6.8 years before that land is released for development? Do you think that is a problem or not?

**Dr Ellis:** I believe it is a problem.

**Q18 Joan Walley:** Why do you believe it is a problem?

**Dr Ellis:** Essentially, it has to do with motivation. The industry's desires and motivations do not coincide with the public interest all of the time, particularly in relation to the release of land when it is most needed. At the moment we have a housing crisis in terms of delivery. There is land with granted planning permission out there. The question is why could that not be delivered? In relation to the control of that land, we have to find a way of drawing the private sector much more into decisions about the numbers of houses and where they are built than they are at the moment. Essentially, they can get permission for land for a considerable amount of time and sit on it, despite social need.

**Q19 Joan Walley:** Will private developers release or build affordable homes unless there is some element of compulsion?

**Dr Ellis:** No, they will not, and I think that is why we are more and more convinced that the public sector should do that job. If the public sector were to take a stronger role in delivering social housing, these problems would not be anything like as severe. It would also, of course, have a positive effect on house price inflation.

**Q20 Gregory Barker:** You have said it is easy to nail the planning system. Part of the reason why people are critical of it is the plethora of public documents that contribute to it, and also the guide to how sustainability is incorporated into planning policy and construction. Can you give us your views on the principal documents that I refer to, mainly the Sustainable Communities Plan, the Draft Planning Policy Statement 1 and the Sustainable Development Strategy? Is there enough in these to ensure that we generally build houses in a way that is compatible with the principles of sustainable development?

**Dr Ellis:** There certainly is not enough in any of those documents to deliver the step change in where we build and what we build to deliver sustainable development. In the order in which you took them, the Communities Plan is a very difficult beast because it has emerged in several parts, dealing primarily with the housing crisis in the South East and then turning to the Northern Way, which is part of the Communities Plan, obviously much later. It is a piecemeal approach to a housing crisis and, as I said, it makes political judgments about growth and where it will take place before any effective assessment of environmental limits has been made. But the effect of the Communities Plan

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16 June 2004 Dr Hugh Ellis

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has been very interesting in relation to sustainable development. If you examine PPS1, particularly the drafts before the one that was issued . . .

**Q21 Gregory Barker:** Before you leave the Communities Plan, I think it actually mentions environment in one place, where it says “A safe and healthy local environment.” What do you think that says about the Government’s commitment to practical measures?

**Dr Ellis:** That they are not serious, and the reason I would say that is that the Communities Plan definition of sustainable communities is beginning to replace the objective of sustainable development. That is vitally important in planning. PPS1 in the opening paragraph talks about the importance of sustainable communities, and, from memory, in paragraph 7 or 8 it talks about the importance of sustainable development, without ever telling us the relationship of those two ideas. If you go to Annex A of PPS1, “sustainable communities” is defined without any reference, for example, to nature conservation. That is just an example. Already, in some local plans that I have seen in the North, the objective of the plan, sustainable communities and sustainable development, does not actually feature in the policy at all. What the Government has done is confused two distinct ideas. I think the way it should run is this. Sustainable development is our objective, and sustainable communities might be one sub-agenda of the way we want to achieve sustainable development, but because PPS1 is not clear about that anywhere, what you get is a confused mess in which people take “sustainable communities” to mean a very pro-development agenda, particularly in the South East, and that sustainable development has been put on the back foot. The Government has not made those linkages, and without those linkages, planning in policy terms is in a real mess. We have to sort that out, I think, by saying the core objective and purpose of planning must be delivering sustainable development.

**Q22 Gregory Barker:** Perhaps you could give us your views on the powers that planners actually have to insist on sustainable construction methods, for example.

**Dr Ellis:** I do not think that they have those effective powers. My colleagues who are giving evidence later will give you more detail. Our view is that we have to deliver a huge step change in construction quality and design quality. That is about design and layout, what we build and how we build, building small-scale renewables and energy efficiency into our housing. The only way you can do that is to be very, very prescriptive, and in fact, I would go further and say you have to be mandatory to persuade the industry to deliver the kind of change that we need.

**Q23 Gregory Barker:** Do you think the planners themselves would want that role?

**Dr Ellis:** I think the planners themselves must have that role. It seems to me that the whole purpose of planning must be to deliver sustainable development, and if these houses, wherever they are, have to be built—and we do not dispute need; it is about where, how and when and what—then we have to build to those high standards.

**Q24 Gregory Barker:** Do you think the planners, the individuals, who currently make up the profession of town planning, actually have the qualities and the capabilities to do that job properly?

**Dr Ellis:** You are asking me to be critical of my profession?

**Q25 Gregory Barker:** Yes. For example, in your average town hall.

**Dr Ellis:** No. I do not believe we have always—this is a generalisation—had the quality in planning that we need, because planning has been run down as a profession, run down as an activity, considered to be the sort of thing that you can clear a bar by announcing that you are one. That may be a generalisation, but it is really a profound problem, and it is profound in two ways: what is the purpose of planning, and therefore what is the purpose of the profession? It is true to say that there are a lot of highly skilled planners out there with important things to say, and the discretionary nature of our planning system, which Barker would undermine, means that those planning professionals’ role is really key. But we have to find ways of making it clear what their purpose is and educating them properly for that.

**Q26 Gregory Barker:** I think it is also the fact that they are not paid anything. It is a relatively low-grade, civil service job in the scheme of things, although it has the potential to be incredibly creative. If you compare the planner’s role to a well paid architect or private sector job, it is light years away, yet their impact on the system could be huge.

**Dr Ellis:** Yes. That is certainly a very big issue. I think ODPM in the culture change programme have tried to address some of those issues, but it is not helped by this confusion of purpose about what planning is for.

**Q27 Gregory Barker:** If we did have a national strategy for housing, would that be on its own a strong enough driver to ensure sustainability? Would it be of help to those local authorities that do not have the calibre of people?

**Dr Ellis:** I think a national strategy for housing would have to be part of what we have called in our evidence a national spatial framework, which many organisations have called for, and that is a framework which sets out firmly the regional inequalities agenda and tries to seek sustainable solutions to it. That strategy, as I said, would deal with decentralisation and relocation perhaps of public and possibly private sector measures. I would say this about the detail of what planners need to know about sustainable development:

ODPM is pushing for much slimmer national guidance in many areas in the PPS series that it is producing now. Planners actually benefit from more prescription almost always rather than less, in my experience. We need to be clear what that framework is. After all, PPSs are not something that they are forced to follow; they are guidance, but that kind of guidance, in detail, is really important. For example, if we want to build a sustainable village on a brownfield site, issues of design and layout are as critical as building techniques. So building regs can deal with part of this agenda, but PPS3 on housing needs to have much more content on sustainable construction and design in it than it has at present.

**Q28 Mr Francois:** On a related point, there has been major legislation going through Parliament precisely on this, the Planning and Compulsory Purchase Bill, and a lot of these new documents flow from that. What is the view of Friends of the Earth about that Bill?

**Dr Ellis:** There are two questions really. The relation of the Communities Plan to the Bill is difficult to see. I do not see any relationship to national policy to the Bill. The Bill itself was always desperately flawed. It was not based on an evidenced view of what was wrong with the existing planning system, and as a result of it has delivered a system which is highly complicated, highly fragmented, difficult to administer and a barrier to sustainable development.

**Q29 Joan Walley:** If I could pick up one aspect of the replies you gave to Mr Barker, and that is the ability of planners locally to have the capacity to actually deliver what is needed in terms of sustainable communities, however that is defined, I would define it in relation to sustainable development, but do we not need a step change too in respect of education in sustainable development? It is not just about the ability of the planners to deliver and the capacity that they have and the way of bringing all this together, but it is their understanding, or maybe even in some places their lack of understanding of sustainable development. I just wonder, in terms of the review that is going on within the Department of Education and Science, how we can be training planners to have this whole understanding of sustainable development integral in the work that they do.

**Dr Ellis:** I think that is really key. It is so important that that education on all levels takes place. The education of planning has become very procedural, very "staring at your boots", very legalistic, whereas it needed to be much more visionary and to understand sustainable development, I think. However, there is another dimension to this, which is that when people want to engage in planning, the language of sustainable development is fairly meaningless to them at the moment, but 30 years ago there were many projects which were putting

planning into schools and higher education, taking plans for local towns to teenagers and saying "What will we do with this? What would your vision be?" A lot of that has fallen away, and so it is not surprising that the understanding of what a sustainable community might be and how we might contribute to it has also diminished. That is key about political controversy, because if there were a shared understanding in the body politic at large in places like the South East, that there are times and places that we can build sustainably for environmental benefit, then it is not simply a NIMBY, no everywhere; it is about what planning should be, which is the right type of houses in the right place, meeting the right kinds of needs. That depends on education in the widest sense.

**Q30 Mr Francois:** You have made some candid comments about the planning profession and about some of the challenges that it faces. In your view, do our planners need to be reinforced? What often happens practically when you have a controversial planning application is that you have an under-resourced planning department at the local authority, which is being taken on by a well-off housing developer, usually with a battery of very expensive lawyers, waiting to go to appeal, and the implication to the planning department is "If you say no, we will appeal anyway and you will pay the costs" and it goes on the council tax. So very often it is not actually a fair fight. Do you think our planners need to be reinforced in order to balance the equation?

**Dr Ellis:** Yes, I do. I would have been extremely unfair to suggest that planners are not capable of this vision, but they are essentially a browbeaten bunch at the moment, for the reasons that you very accurately describe. Planning has been shoved around in many local authorities, re-titled, and certainly chief officer representation in the hierarchy of local authorities has been diminished. Planning has sometimes been called "economic development", and all of those things have contributed to the planning function in local authorities becoming a solely target-driven, procedural activity, which is in fact what the effect of ODPM setting targets so rigorously in planning contributed to. If you want people to think creatively, then you have to give them time and space and the political backing to do it. That is crucial. So we do need to support them, and supporting them is based on the idea of supporting the principles of planning that we have had for 60 years. We are always being undermined; we are always in an environment where we are being told we are anti-competitive, we are dull and we are slowing down the system, rather than a mechanism which mostly, on a good day, has been delivering some really positive public sector outcomes, in the public interest, for a very long time.

**Chairman:** Thank you very much indeed. That has been most helpful.



## Supplementary memorandum from Friends of the Earth

### *Response to specific questions from the Environmental Committee following Friends of the Earth's Oral Evidence Session, 16 July 2004*

#### INTRODUCTION

Your letter of 23 June posed two additional questions surrounding the contribution of the new Planning and Compulsory Purchase Act and the draft PPS 1 (Creating Sustainable Communities) to the achievement of sustainable development. Specifically you were interested in how the new Planning Act could be a barrier to sustainable development and how the new PPS 1 could adequately contribute to the effectiveness of the planning system to the achievement of sustainable development.

#### THE DELIVERY OF SUSTAINABLE DEVELOPMENT THROUGH THE NEW PLANNING ACT

Our principal concern surrounds the way the new Planning Act empowers and defines sustainable development and how this then relates to the content of PPS 1. Superficially the new Planning Act contains a new duty for the planning system to promote sustainable development. In fact the position and weight of sustainable development throughout the Planning system remains confused.

Clause 39 of the Act requires that those with planning responsibilities under the new system must exercise the function “with the objective of contributing to the achievement of sustainable development” (C139 (2)). This is clearly a substantially qualified duty suggesting that decisions must contribute to, rather than necessarily directly achieve, sustainable development. In addition the Act itself provides no definition for sustainable development, instead Clause 39 (c) suggests that such a definition will be contained in national guidance. Crucially decision-makers only have to “have regard” to national guidance. This weak formulation has a number of effects:

- It means that there is no ultimately binding definition of sustainable development enshrined in planning law. We believe this should have been a crucial step to setting coherent policy.
- It places very great responsibility on PPS 1 to provide a robust definition of sustainable development since this will be the principal guidance provided for the planning system.
- Whatever the content of the guidance in PPS 1 the Act limits its influence by creating a weak legislative construction to define how much status such guidance has in decision-making. (Having “regard to” national guidance clearly implies that such guidance is only one of many considerations and not necessarily the principal one).

The important question to consider is if sustainable development is at the heart of the planning system why has the government gone to such lengths to weaken the Clause 39 duty so as to render the obligation to achieve sustainable development as well as its definition in guidance so ineffectual?

#### THE DRAFT PPS 1

Notwithstanding the concerns expressed above it would still have been possible to make a robust and directive definition of sustainable development in the Draft PPS 1 so as to make clear the core purpose and objectives of planning. Instead PPS 1, while containing much policy which is welcome, fails to deliver a clear view of where sustainable development fits the decision-making process and what it might mean. A detailed description of these concerns is contained at Annex A in Friends of the Earth's submission to ODPM on Draft PPS 1. In summary our concerns are:

- PPS 1 confuses the objectives of sustainable development with those of sustainable communities as defined in the Communities Plan (ODPM 2002). These two ideas have distinctive rationale and differing objectives. It is not clear in PPS 1 what relationship these two ideas have to each other and which has primacy.
- PPS 1 simply omits important aspects of the sustainable development ideal which are expressed in the UK Strategy and other policy documents.
- PPS 1 fails to give a clear direction on the need to integrate the four pillars of sustainable development rather than trade them off against each other.
- PPS 1 places far higher emphasis on house building and economic activity than it does, for example, on climate change or other key environmental issues.

#### STRUCTURAL CONCERNS

The Planning Act makes radical structural changes to the existing planning system by abolishing all current development plans and replacing them with legally-binding regional plans and new local development frameworks at the local level. This new framework is extremely complex and it is not clear how this complexity will help implement sustainable development.

Instead of one plan with policies and a map, England will have a series of documents known collectively as a Local Development Framework (LDF). This will include: A Local Development Plan Scheme (LDS), Development Plan Documents (DPD's) including core policy and action plans, Local Development Documents (LDDs) which will include Statements of Community Involvement (SCI). These documents are intended to have differing legal weight in decision-making and may be adopted separately. Each document will be replaced every three years and reviewed annually.

It is not clear what problem the Government is trying to solve through this new framework but the result is a confusing mess which is a barrier to the implementation of clear, strategic, sustainable development. A prerequisite for any effective planning system is structural simplicity. Ironically the Act contains just a system in Part 6 which applies only to Wales and includes the retention of one simple local plan document with one adoption process. It is also illustrative of the cultural challenge to get the planning system to deliver sustainable development, that the word sustainable appears nowhere in the description of this vitally important suite of new documents.

*July 2004*

**Annex A**

## CONSULTATION ON DRAFT PLANNING POLICY STATEMENT ONE: CREATING SUSTAINABLE COMMUNITIES RESPONSE BY FRIENDS OF THE EARTH

### INTRODUCTION

Friends of the Earth believes the planning system should have a visionary purpose to deliver sustainable development through processes which are both transparent and democratic. The purpose of Planning Policy Statement 1 must be to recommit the practice of planning to the achievement of these principles. The tone of PPS 1 is equally important and should stress in clear language the achievements of planning regulation and celebrate its local democratic basis as unique in environmental regulation in the UK.

### SUMMARY

1.1 Friends of the Earth made a significant contribution to the pre consultation drafts of PPS 1. As a result this response focuses on a number of broad policy issues which we believe still require significant modification. Overall we continue to be concerned that the document unfairly prejudices economic growth over the other important pillars of sustainable development. In particular the tone is focused very much on the needs of economic competitiveness while much less attention is paid to key environmental challenges which confront the planning system, particularly in relation to climate change. The draft also sends equivocal messages as to whether the pillars of sustainable development should be “integrated” or “traded off” in planning decision-making.

### POSITIVES

1.2 Friends of the Earth strongly welcomes the inclusion of a commitment to public participation and involvement in PPS 1. Overall Friends of the Earth remains very concerned as to how these principles are translated into precise standards of participation, particularly at the regional tier of planning. However, we believe the statements of principle and particularly the acknowledgement of the importance of the Aarhus Convention are a very positive step forward in creating a comprehensive and coherent framework of public participation in planning. Such commitments can only assist in communicating the purpose of planning to the wider public and in securing public legitimacy. We also strongly support the new material in the draft PPS on social inclusion and spatial planning.

### NEGATIVES

#### *The purpose of planning!*

1.3 While Friends of the Earth welcomes the statement in paragraph 1.1 that sustainable development is the core principle of planning we remain concerned that paragraph 1.2 and 1.3 detract from this message by providing detailed discussion of the objectives of the Sustainable Communities Plan, 2003, without making clear what the relationship is between these goals and the overarching achievement of sustainable development. It is absolutely clear that these two ideas cannot be conflated nor do they share a set of common values. The definition of a “sustainable community” listed in annex A is quite distinct from accepted definitions of sustainable development and even the UK Sustainable Development Strategy. For one thing it includes nothing about the natural environment at all. The potential for confusion between these two ideas is compounded by the title of this PPS which makes no mention of sustainable development.

1.4 The title and substantive purpose of this PPS must be the achievement of sustainable development of which sustainable communities is a distinct sub set of policy initiatives. This hierarchy of objectives should be made clear inside paragraph 1.1. In addition and for or the sake of clarity PPS 1 should be titled as “**Delivering Sustainable Development**”.

#### 1.5 *The definition of sustainable development*

Friends of the Earth believes that the planning system is one of the principal delivery mechanisms for achieving sustainable development. PPS 1 has a particular responsibility to ensure that sustainable development is robustly defined in a way which allows meaningful changes to the methodology and outcomes of planning. We believe the current definition is deficient in 4 principal ways.

##### A. The disproportionate weight given to economic growth

1.6 We continue to believe that taken together the draft is unbalanced, focusing disproportionately on economic growth over social or environmental objectives. This imbalance is reflected in the contrast between the amount and character of the exposition of in paragraphs 1.15 to 1.17 on the economy and paragraph 1.20 on the environment. In addition the reordering of the pillars of sustainable development from the UK strategy in paragraph 1.13 might be read as an unintentionally crude attempt to draw more attention to economic growth as a core objective in the planning system.

##### B. The way growth is defined

1.7 Friends the Earth recognises that PPS 1 broadly attempts to transpose the principles contained within the UK Sustainable Development Strategy. However, we do not believe that the crude definition of economic growth provides a sensitive nor detailed enough definition to genuinely shift the culture and practice of planning to help secure a more sustainable society.

1.8 While Friends of the Earth support the objective of high and stable levels of employment, we believe that economic growth as currently defined and measured should not be regarded as an end in itself. It may often assist in the achievement of the other three goals, but often it may not. We need to be far more rigorous in distinguishing between the kind of economic growth that is compatible with the transition to a genuinely sustainable society, and that which is not. In the past the planning system has given overwhelmingly greater importance to a crude GDP based model of economic growth and has effectively subordinated protection of the environment and prudent use of resources to these other objectives. This approach has been a barrier to the achievement of sustainable development because of the resulting damage to the environment and loss of natural resources which is already imposing significant economic costs on society.

1.9 Friends of the Earth supports the Sustainable Development Commission suggested amendment of the 4th pillar of sustainable development.

The Government’s fourth objective about the economy should be re-formulated in such a way:

- as to promote the kind of economic growth that supports social progress, high employment levels, protection of the environment and prudent use of natural resources, and to discourage the kind of economic growth that does not; and
- that links high employment with the goal of social progress and wellbeing, rather than with economic growth, since having satisfactory work is such a fundamental part of social and personal security and identity. (Sustainable Development Commission 2004)

##### C. Failure to include vital components of sustainable development

1.10 PPS 1 fails to recognise important aspects of the sustainable development ideal which are represented both in the UK Sustainable Development Strategy (1999), other important planning strategies such as the Wales Spatial Plan (2003) and the findings of the Royal Commission on Environmental Pollution’s 23rd report “Environmental Planning”. These missing principles include:

- **environmental limits:** ensuring that resources are not irrevocably exhausted or the environment irreversibly damaged. This means, for example, supporting climate protection, protecting and enhancing biodiversity, reducing harmful emissions, and promoting the sustainable use of natural resources;
- **the precautionary approach:** the precautionary principle holds that where the environmental impacts of certain activities or developments are not known, the proposed development should not be carried out, or extreme caution should be exercised in its undertaking; and
- **the polluter pays:** ensuring that those who produce damaging pollution meet the full environmental, social and economic costs.

1.11 In addition to the accurate transposition of the UK Sustainable Development Strategy, PPS 1 should identify the need to achieve:

- **environmental justice:** putting people at the heart of decision making, reducing social inequality by upholding environmental justice in the outcomes of decisions; and
- **inter-generational equity:** ensuring current development does not prevent future generations from meeting their own needs.

1.12 Both these principles were identified by the Royal Commission on Environmental Pollution as vital components of sustainable development. (RCEP 23rd report 2002) It is important that all these principles are properly identified in describing sustainable development and we strongly suggests that there are incorporated into paragraph 1.12. We note that the Wales Spatial Plan contains a clear, full and operationally useful definition of sustainable development and we strongly urge that PPS 1 contains an equally coherent statement.

#### D. The principles of sustainable development: trade off or integration?

1.13 Paragraph 1.23 and 1.24 appears to provide contradictory advice in considering the weight to be given to the four pillars of sustainable development. On the one hand this paragraph appears to indicate the desirability of integration but at the same time it makes clear that local authorities can give more weight to particular pillars when they see fit. While integration is extremely challenging to traditional planning methodologies it should be strongly encouraged by providing more guidance, here and in best-practice, on how the process should take place.

1.14 In addition it is vital to make a distinction between how sustainable development is incorporated into policy and how it is applied to individual decisions. Paragraph 1.24 states that local authorities might seek to give “extra weight” to one of the pillars in planning policy. This suggestion is very different to giving extra weight to the impact of a particular pillar in actual land-use decisions. The point is that policy must always seek the highest standards of integration providing a framework for sustainable development. In a specific application we acknowledge that, rightly or wrongly, other material considerations may be influential. This paragraph needs to be redrafted to ensure such integration is the first and most important priority, that policy should support this view and the development control decisions should carefully seek to uphold this integrative approach wherever possible.

#### *Failure to adequately highlight key environmental challenges such as climate change and biodiversity*

1.15 One of the consequences of the over emphasis on economic growth is that while the need for increased competitiveness receives a good deal of policy discussion, the treatment of climate change and biodiversity is brief and inadequate. As a result, the current draft provides no real indication as to the imperative in dealing with the real environmental challenges which confront the nation.

1.16 Climate change urgently needs to be incorporated as a key operational principle of the planning system by making clear in paragraph 1.22 that anything relevant to how far development either reduces or adapts to climate change is a “material consideration”. This broadening would be consistent with the new power conferred on local authorities to promote the environmental, economic and social wellbeing of their areas, and would help the planning system play a full role in applying this new power. Again we would favour the approach taken in the Wales Spatial Plan which communicates both the extent of the threat of climate change and makes clear how planning can respond.

1.17 Nowhere in the discussion on the environment is there the briefest mention of the principles in the UK Biodiversity Action Plan. These principles should be incorporated into a separate objective inside paragraph 1.22.

#### *Prudent use of resources*

1.18 We would welcome greater emphasis on the importance of resource conservation by changing the tone of paragraph 1.21 from the weak “encouraging energy efficiency. . .” to the more positive “promoting energy efficiency . . .” We doubt that in its current form this policy will bring about any meaningful change to the practice of planning decision making.

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## Memorandum from WWF

### INTRODUCTION

Through its One Million Sustainable Homes campaign, WWF is working to bring sustainable homes from the fringes of the housing sector to the mainstream. At the start of the campaign WWF initiated a stakeholder dialogue to identify the barriers to sustainable homes. We consulted over 350 stakeholders from a wide range of sectors and as a result were able to identify six key barriers:

- A lack of fiscal incentives.
- Current Planning and Building Regulations do not promote sustainable homes.
- A perceived lack of investor support.
- A perception of extra cost.
- A lack of consensus around the definition of a sustainable home.
- A perceived lack of consumer demand.

Since the launch of the campaign in August 2002, WWF has been working with key partners to implement strategies to overcome the perceived barriers. For more information about the campaign please see the enclosed briefing.<sup>19</sup> Key activities to date include:

- WWF was the only NGO represented on the Egan Review of Skills and the Sustainable Buildings Task Group, both of which have recently submitted their reports to Government.
- WWF is pleased that, upon our specific recommendation, Andrew Stunell MP has introduced a Sustainable and Secure Buildings Bill (a Private Members Bill) to parliament. This important Bill seeks to amend the existing Building Act to allow sustainability to be addressed for the first time.
- WWF and Insight Investment, the asset manager of Halifax Bank of Scotland (HBOS) benchmarked the sustainability performance of the top 13 FTSE listed house builders to help overcome the perception that investors are not interested in sustainable homes.

WWF therefore feels ideally placed to answer the EAC's questions concerning sustainable housing.

1. *Are the conclusions of the Barker Review compatible with the general principles of sustainable development and the Government's own sustainable development objectives?*

The overriding message of the Barker Review was that we need to build more homes to help meet demand for housing that is affordable, and to increase stability in house prices. WWF recognises that in some areas of the country there is a need for more homes. However, our homes and communities have significant environmental impacts: nearly 30% of the UK's CO<sub>2</sub> emissions come from the domestic sector, and 55% of the timber used in the UK goes into our homes. Homes also have significant impacts in terms of the use of other natural resources including water and aggregates and in helping to determine resident's lifestyle choices such as how they to travel to work. WWF was very disappointed that the Barker Review did not pay adequate attention to the need to ensure that all new developments reach the highest standards of sustainability. In WWF's view, it is essential that quality must go hand in hand with quantity.

In June 2003, WWF produced a report, *One Planet Living in the Thames Gateway*<sup>20</sup> which examined the environmental, social and economic costs of the development of 200,000 new homes in the Thames Gateway to different building standards: current Building Regulations, Building Research Establishment's (BRE) EcoHomes "Very Good" standard and "zero energy, zero waste (Z<sup>2</sup>) standard". The findings showed that developing to EcoHomes "Very Good" standard could achieve a 32% reduction in CO<sub>2</sub> emissions, a 39% reduction in water use and up to a 25% reduction in household waste sent to landfill compared to current building regulations. Developing to "Z<sup>2</sup>" standard could achieve a 99% reduction in CO<sub>2</sub>, a 65% reduction in water use and a 76% reduction in household waste sent to landfill. The report shows that these improvements could be delivered for 2% additional build cost for meeting EcoHomes "Very Good", and 10% for Z<sup>2</sup>. However, these extra costs could be partly offset through planning gain (a mechanism whereby developers can increase development in exchange for meeting environmental targets) and partly by residents paying slightly more for their homes. The study shows that these increased mortgage repayments would be compensated for by the savings from reduced running costs and that living in sustainable homes would result in lower household expenditure in addition to the environmental benefits.

The report highlighted that if the Government is serious about meeting its own sustainable development objectives, it must ensure that all new homes and communities meet the highest sustainability standards, not only in terms of the buildings themselves but also in terms of enabling residents to reduce the environmental impact of their daily lives.

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<sup>19</sup> Not printed here.

<sup>20</sup> <http://www.wwf.org.uk/filelibrary/pdf/thamesgateway.pdf>.

2. *In view of the Barker Review is there a need for an overarching national strategy to ensure that the environment is at the heart of any building programme?*

WWF strongly believes that Government must ensure that the environment is at the heart of any building programme. As stated in the WWF/Town and Country Planning Association (TCPA) report *Building Sustainably*<sup>21</sup> WWF believes that the current frameworks that govern how and where new homes and communities are developed, the planning system and the Building Regulations, are woefully inadequate when it comes to addressing sustainability issues. One of the key problems is the confusion amongst planners and building control officers about which sustainability issues are covered by which regulatory framework. WWF would welcome an overarching national strategy to ensure that the environment is at the heart of any building programme, but we believe it would be vital to ensure that such a strategy complements and enhances the current regulatory frameworks, rather than adding to the confusion amongst practitioners.

3. *Is the current planning system robust enough to ensure that the environmental implications of building projects are fully taken into account? How can the planning system be used to increase the building of more sustainable housing? Would the proposed changes to the planning system in the Barker Review have a positive or negative effect on the environment?*

As stated above, WWF does not believe that the current planning system is robust enough to deliver sustainable homes. WWF welcomed the recent consultation on PPS1 and the Government's proposals to make sustainable development the "purpose of the planning system". However, as stated in WWF's response to PPS14, a significant problem with the current planning system is the inconsistent interpretation of national policy by regional and local planners. Clarity of purpose at the national level is vital to ensure that practitioners understand that all applications must be considered in the context of sustainable development.

PPS 1 should give planners unequivocal power to refuse consent if applications fail to address sustainability issues adequately. Equally, it is essential that developers receive a clear message from central Government that they must submit proposals that contribute to sustainable development, and that they will be denied planning consent if they fail to address these issues seriously. WWF fully supports the Sustainable Buildings Task Group's (SBTG) recommendation in their report, *Better buildings—better lives*<sup>22</sup> that PPS 1 should be clearer about the extent to which the planning system can require more sustainable building practices as opposed to merely encouraging or promoting them.

The Barker Review recommends improvements to, and a streamlining of, the planning process primarily to speed the process up. WWF has consistently promoted reform of the planning system to ensure that it facilitates only the development of sustainable homes. We believe sustainability need not be a brake on supply and as stated in our response to PPS1, WWF supports the SBTG's view that there is great scope to consider sustainability issues through pre-application discussions on planning applications.

As recommended in the WWF/TCPA report, and again by the SBTG, WWF strongly believes Government must produce a best practice guide to accompany PPS 1. This guide should explain the complementary roles of the building regulations and planning system and promote better co-ordination between the two. It should include a detailed list of sustainability criteria that should be addressed through the planning framework to complement the Building Regulations. WWF believes the BRE Sustainability Checklist for Developments<sup>23</sup> provides a comprehensive list of issues which should be covered in such a guide.

With 50% ODPM funding, WWF, BRE and SEEDA (South East England Development Agency) are working with the other RDAs to produce regional sustainability checklists relevant to regional circumstances and concerns and provide case studies of examples of best practice. The SBTG and the Egan Review have both endorsed the BRE Checklist and the SBTG has welcomed the Government's support for WWF to develop the Checklist for all regions. WWF believes the Checklist should be used as a basis for the best practice guide.

4. *Is it possible to ensure materials and resources used, and waste produced, during building do not have a harmful impact on the environment?*

WWF believes it possible to ensure that building processes minimise harmful impacts on the environment and indeed in some cases that it is possible for development to have some positive environmental impacts, for example by increasing biodiversity. WWF believes that the Building Regulations should require that materials used in construction have a low environmental impact—an area where considerable progress can be made should the Sustainable and Secure Buildings Bill receive Royal Assent. For example, the Bill specifically seeks to promote the recycling of materials from construction demolition. Best practice sustainable developments have already demonstrated that it is perfectly feasible to use more environmentally friendly materials such as recycled and reclaimed materials and timber from independently certified, well-managed sources.

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<sup>21</sup> <http://www.wwf.org.uk/filelibrary/pdf/buildingsustainably.pdf>.

<sup>22</sup> <http://www.dti.gov.uk/construction/sustain/EA—Sustainable—Report—41564—2.pdf>.

<sup>23</sup> [www.wwf.org.uk/sustainablehomes](http://www.wwf.org.uk/sustainablehomes).

WWF fully supports the SBTG's recommendation that the "Construction Products Association (CPA) and the DIY suppliers in consultation with the Government's Advisory Committee on Consumer Products and the Environment (ACCPE) look at the feasibility of introducing an Environmental Product Declaration scheme for sustainable construction products and materials that is applicable to both the consumer and professional market and is relevant at both product and building level. Such a scheme should be based on ISO 14020 in order to be internationally acceptable. In addition, the Group believes that Government needs to consider introducing some incentives to encourage uptake by customers."

WWF also believes the Building Regulations should require much higher standards in terms of water and energy efficiency, the use of renewable energy and the minimisation of waste both during construction and occupancy (eg through the provision of recycling facilities).

*5. Are the building regulations as they stand capable of ensuring that new housing is truly sustainable in the long term?*

As outlined above, WWF does not believe that building regulations in their current form are capable of delivering sustainable homes in the long term, which is why WWF fully supports the Sustainable and Secure Buildings Bill. Should the Bill receive Royal Assent, WWF will be working to ensure that ODPM starts work immediately on reviewing the Building Regulations in the context of sustainability. WWF fully supports the SBTG's view that should the Bill fall, Government should legislate at the earliest possible opportunity to ensure that the legislative objective is achieved.

Clearly, given that the majority of an individual's environmental impact comes from their lifestyle choices such as the way they travel and where their food comes from, housing can only ever contribute towards sustainability in the wider context. As WWF's One Planet Living in the Thames Gateway report demonstrates, the role of planning in creating the necessary infrastructure to enable people to live in an environmentally friendly way is absolutely essential.

*6. How could they be improved? Could greater use be made of existing environmental standards for housing?*

The WWF/TCPA report made clear and specific recommendations about how the Building Regulations should be improved. The report was welcomed by the Building Regulations division at ODPM, and they have since been fully supportive of the Sustainable and Secure Buildings Bill. There are a number of specific issues where the Building Regulations could be improved including: consideration of the environmental impact of materials, the requirement for greater energy and water efficiency, the use of renewable energy and the requirement for storage space for segregated recyclable waste.

WWF believes that existing environmental standards such as BRE's EcoHomes are crucial in that they provide a stepped approach to enable developers to improve performance beyond minimum regulatory requirements. They also point to how the Building Regulations should be improved in future revisions. The new Code for Sustainable Building as proposed by the SBTG would seek to build on BREEAM (BRE Environmental Assessment Method)/EcoHomes standards. WWF believes the Government must act upon the recommendations of the SBTG to ensure that compliance with the Code becomes a requirement of "doing business" with Government as well as incentivising take up by the private sector. In this way Government as a construction client can help to bring sustainable developments into the mainstream. This will be beneficial not only in terms of bringing costs down through economies of scale, but also in terms of helping to educate and forewarn the construction industry about future minimum regulatory requirements.

*7. How will it be possible to ensure a sustainable infrastructure, including transport and water supply, which will be necessary to support any extensive house building, is put in place?*

The Planning system is the only tool to have the flexibility to promote sustainable development in a holistic manner and in ways that are sensitive to local needs and circumstances (unlike the Building Regulations which are prescribed centrally). WWF therefore believes it is vital that the planning system considers the wider impacts of design and development on the global as well as the local environment. As the WWF report One Planet Living in the Thames Gateway demonstrated, the majority of an individual's "ecological footprint" is made up of their lifestyle impacts in terms transport, food and waste disposal. It is essential that new development and the regeneration of existing communities facilitates sustainable lifestyle decisions for residents and enables individuals to reduce their impact on the planet through the provision of local amenities and services. For example, providing local infrastructure and amenities can reduce the need to travel by personal car and allows residents to reduce their environmental impact whilst also improving their quality of life.

Another key challenge is that Government spending on housing, transport and other infrastructure/services is currently spread across different Government departments. The Treasury must encourage "joined up budgeting" to facilitate the development of affordable, sustainable communities.

*8. Do those involved in housing supply, both in the public and private sector, have the necessary skills and training to ensure new housing meets environmental objectives? If not, how can the knowledge base of those involved in the planning and building process be improved?*

The WWF/TCPA report highlighted that there is a lack of skills among planning and building control officers to deliver sustainable communities and that practitioners need training to enable them to become champions of sustainable development. The house builder sustainability benchmarking study that WWF recently carried out in partnership with HBOS, demonstrated that the majority of the top 13 FTSE listed

house builders are failing to address sustainability issues adequately, thereby indicating a similar shortage of skills in the private sector. To help address this issue, WWF and BioRegional are running “One Planet Living” continued professional development courses for a range of construction professionals. These courses have been very successful and consistently oversubscribed.

June 2004

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*Witness:* **Mr Paul King**, Campaign Director for World Wildlife Fund’s One Million Sustainable Homes Campaign, examined.

**Q31 Chairman:** Good afternoon, Mr King. I know you were listening intently throughout that evidence. You will have heard that we are in fact coming on to the question of the construction of the buildings. This is something I know you have done a lot of work on. Before we come on to that, can you just give us a thumbnail sketch of your overall impression of the Barker Review.

**Mr King:** Thank you very much for inviting me along to give some evidence today. Overall, I think Barker just looks at one bit of the picture, and I think, in fairness, in a sense, she acknowledges that and she says that there is a much wider government policy debate about sustainable communities, and that she has chosen in her final report to focus on housing supply. Unfortunately, I see no evidence in government that there is going to be any kind of serious counterbalance on the other aspects of achieving sustainable development or indeed sustainable communities, and therefore, what I fear is that one part of the argument is going to become the whole debate and it is going to be swallowed wholesale. I do not claim to be a planning expert, unlike the previous witness, but broadly, my impressions concur with the evidence that he has given. I think there are very few redeeming features in Barker’s recommendations. Again, I would reiterate the possible benefits of some sort of planning gain tax, and I also share some of her concerns about house builders when she puts a shot across the bows in terms of a potential Office of Fair Trading review, given the very poor customer satisfaction levels that the industry seems to experience. Other than that, I do not think I can say much more.

**Q32 Gregory Barker:** I am going to ask you a similar question to the one we asked Friends of the Earth. What is your view of the current plethora of public documents, such as the Sustainable Communities Plan, the Draft Planning Policy Statement 1 and the Sustainable Development Strategy? Are they enough to encourage and direct sustainable housing?

**Mr King:** I think, in a way, they are probably not enough and almost too much at the same time, because the big issue is that there is a tremendous amount of confusion. There is a lot of confusion about what the Government is really serious about delivering. There is a top line of rhetoric that runs through the Sustainable Communities Plan that it would be hard to disagree with, taken at face value, but actually, since that policy document was produced, there has been precious little action to deliver anything. There have been a lot of government reviews and consultation undertaken,

but not a lot has moved on. Coming to planning, as I did, as a relative layman, I think the planning system is somewhat confusing, and I do not think that that is being particularly clarified at the moment. Unfortunately, that seems to fuel the view that the planning therefore gets in the way of a sensible delivery and supply of much needed new housing, and I think that is the problem with Barker really, that planning is really seen as an obstacle to be somehow got rid of.

**Q33 Gregory Barker:** WWF have been running a sustainable homes campaign for over a year and a half now. Why did you, an organisation that most people associate with pandas and nature conservation, get involved in something so seemingly outside your remit?

**Mr King:** If I can take the big picture for a moment, the WWF produces a report called the Living Planet Report, every couple of years, and that report is a sort of health check on the planet. There are two real headlines. One is that it shows that species numbers have declined by about 30% in the last 30 years, which is pretty alarming, particularly if you are in our line of business, and there is another graph which shows the rising tide of human consumption and pollution. There is a neat summary of that analysis, which says that if everybody on the planet were living and consuming natural resources and polluting the environment at the same rate as we are today in the UK, we would need three planets to support us. If you look at that global challenge, and you relate it to the UK, and you say what are our sustainable development priorities, housing has a huge role to play. It has a huge role to play in terms of some very direct impacts. Twenty-seven per cent of our carbon dioxide emissions contributing to climate change come from our homes. If you look at timber use in this country, 55% goes into housing, and considering there is a major problem in terms of unsustainable deforestation around the world, you have to look at where some of these big threats emanate from. I could say the same in terms of the impact of our housing and our homes in terms of the use of fresh water resources, in terms of the use of toxic chemicals and so on and so forth. The other thing is to say that our homes actually have a vast indirect impact, because our homes determine the sorts of lives that we lead. Our homes determine how we travel, how we get about, whether or not we are in close proximity to public transport or amenities and all the other things which make up the rest of our environmental impacts. For that reason, what we really sought to do was to take some of our global



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 16 June 2004 Mr Paul King
 

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priorities and relate them to people's daily lives and, if you pardon the pun, bring sustainable development home to people.

**Q34 Gregory Barker:** That campaign has been running now for a year and a half. Has it had any impact or have you seen any sign that people are changing the way that new homes are starting to be built?

**Mr King:** We think it has had an impact.

**Q35 Gregory Barker:** How do you measure that?

**Mr King:** At the beginning we conducted a stakeholder consultation exercise. It took about nine months and involved about 350 different organisations, including planners, local authorities, house builders, and all sorts of interests. We said "What are the barriers to mainstream sustainability in housing?" We came up with what were perceived to be six key barriers to mainstream sustainability. Therefore what we have done is develop strategies to address each of those, and we have worked in partnership with others to try and have some impact in those areas. I can give you a couple of examples. One of the perceptions that was widely held amongst the house builders was that their investors, their shareholders, really had no interest in sustainability; they were just interested in a return, and a high return at that. We suspected that that attitude was changing, so we worked with Insight Investment, which is the asset management arm of Halifax Bank of Scotland, which is a major shareholder in all of the publicly listed house builders, and we benchmarked all the house builders in terms of their sustainability policies and performance, and ranked them and published the results. That has had some very interesting results in terms of the dialogue that we have had with the house builders since. There is some real evidence that house builders are beginning to sit up and take these issues more seriously, partly because they see their investors taking these issues much more seriously. On other levels, we have been closely involved in government debates and policy development, particularly around the Sustainable Communities Plan, and we were in fact the only NGO that was invited to participate in the Egan Review of Skills for sustainable communities and more recently in the Sustainable Buildings Task Group. We believe we could take a little bit of the credit perhaps for that being set up. It was announced at the Better Building Summit following considerable lobbying on behalf of the WWF, to say that the government really needs to follow up the rhetoric of its commitment to sustainable construction standards in the Communities Plan with some action and really setting some standards for better construction in the Thames Gateway and the other growth areas. So across the different barriers that we have tackled, we believe that we are actually making some headway. However, the most frustrating area, I have to say, is the extent to which the Government is yet to fundamentally take some action rather than just garnering further advice.

**Q36 Mr Thomas:** We all know that the Barker report was published to great acclaim and accepted by the Chancellor pretty quickly. There was, however, the curious incident of the report that was not Barker, and the report that did not get such publicity, and that is the Defra report of course, on the effect of such a report on the environment. Do you as an organisation concur with what that report has to say, and how do you assess its own scenario-based assessment of what could be happening if Barker goes ahead?

**Mr King:** Probably like many people and many organisations, we only discovered that report relatively late in the day, because it did slip out somewhat quietly, as you observed.

**Q37 Mr Thomas:** Would you hazard a guess as to why that might be?

**Mr King:** I could not imagine. I think that report acknowledges that it was done quite quickly. It is very much a beginning and I think that report does emphasize actually how much more needs to be done, which goes back to my previous point really about redressing the balance, the extent of work that needs to be done on the other side of the equation from Barker. I think there are things in it that we would certainly support. There are some recommendations regarding economic instruments, incentives for favouring development on brownfield land and some disincentives for developing on greenfield land that we would obviously concur with.

**Q38 Mr Thomas:** As well as the recommendations, what about the actual assessment that it makes? It takes different scenarios and says this would be the environmental impact or whatever. Do those chime with you as being realistic assessments? Are they over-optimistic or too pessimistic about what will happen if we do have these house building scenarios taking place?

**Mr King:** I think the fundamental problem is that essentially the report under-estimates the impact, and that is because there is an inclination to look at those impacts nationally, and I think where the real damage will be done is when you map the growth areas regionally and you see the disproportionate impact on areas where you actually have very scarce resources such as water, for example.

**Q39 Mr Thomas:** What about the report being quickly done? Is there anything that is obviously missing from that report? You have just mentioned the regional dimension. That should be there. Is there anything else specific around environmental impacts that should be looked at?

**Mr King:** Really, as the report itself recognises, a lot more needs to be done in terms of anticipating the future effects of climate change or flooding that is related to that, the environmental impact across the board. It shows that a lot more needs to be done.

**Q40 Mr Thomas:** You mentioned earlier your six barriers to sustainable housing, and you said a little bit about how builders, at least in terms of their

16 June 2004 Mr Paul King

relationship with their investors, were reacting to this. But in your evidence to the Committee you point out that you could get to a very good standard, an eco-home standard, with only a 2% increase in the cost of construction. If that is the case, does it suggest that in fact builders are not interested in this at all? If they could get something that would be badged as an eco-home for a 2% increase in construction costs, surely they would be doing it already. We have all agreed now the market should be there.

**Mr King:** You would think so, would you not? Some interesting evidence in this area is the example of the Government's Millennium Communities programme, and I understand that when the tender for the Telford Millennium Community was put out, at least ten of the major house builders bid furiously to win that contract, and that was building to the EcoHomes "Excellent" standard with additional resource efficiency targets on top. I am well aware that many of the house builders that bid for that piece of work are building elsewhere below the pass level of eco-homes as a matter of course, so there is actually no evidence that they are interested in applying higher standards as a matter of course, because they can.

**Q41 Mr Thomas:** As part of your campaign, have you done any work with consumers, the people who buy houses, to see whether they would be prepared to buy them? When I go out on the streets, as we have been doing in the last couple of weeks, people just point to their roofs and say, "Why can't every new house have a solar panel? I would be happy to buy a house like that." If that is in the market, why are the builders not meeting that? Is it just conservatism within the industry? Is it a lack of efficiency in the industry? Or is it just cost cutting to the very last penny?

**Mr King:** I believe it is very simple. I think they can sell the houses they put up, and they do not have to do anything more. The house builders told us one of our six barriers was the perception that customers did not want sustainable homes, and I have asked many a house builder how many consumers come in asking for unsustainable homes, and they do not seem to get many of those either. That is why through this campaign we have prioritised our engagement with the industry directly and with government, because, to be honest, it would seem logical to put equal weight on consumer demand, but it has become so obvious that this is a supply side 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 actually little point in channelling resources at this moment in time into trying to inspire greater consumer demand, because it would simply lead to greater disappointment.

**Q42 Mr Thomas:** So if the builders do it because they can get away with it, why is the Government not doing more? Of your six barriers, what would you put as number one priority for the Government to try and tackle?

**Mr King:** Rather naively, when I began the campaign, I thought that if the Government was serious about the sorts of sustainable construction standards that it referred to in the Sustainable Communities Plan, could it not simply require that new houses be built to those standards, and make it quite clear that houses not built to those standards would not be built?

**Q43 Mr Thomas:** Is this building regulations or planning, or both?

**Mr King:** It is both, and therein lies a problem. You have two systems, neither of which was designed to deliver sustainable homes. The building regulations still currently legally cannot address sustainability, which is why WWF has sponsored the Andrew Stunell Secure and Sustainable Buildings Bill, to make that amendment to the Buildings Act. There is a tremendous amount of confusion at all levels about the relative roles of planning and building regulations in determining the sustainability of homes. Coupled with that, you have an accepted wisdom that the building regulations can only be a regulatory floor, and even in those terms, I have heard the House Builders Federation describe the building regulations as something aspirational. We are in a situation where we do not currently have a legal or policy mechanism to require homes to be built to the standards that a growing number of bodies are realising we must be meeting.

**Q44 Mr Thomas:** One final aspect of that is if we were to have that Bill passed, or building regulations to insist on certain qualities, eco-home standards or whatever, what about the other part of the supply side, that the suppliers of energy efficiency, materials, solar panels, whatever it may be? Is that being looked at in your campaign?

**Mr King:** To some extent it is. We are also looking at some quite pragmatic initiatives such as the formation of buyers' clubs, which would enable developers to club together and bulk order some products and materials, which might be more difficult to obtain and more difficult to obtain at a competitive price, to actually ease supply and, from the supplier's point of view a consistent and clear demand helps them to increase supply. But I would emphasize, going back to your reference to the figure that we have put forward of achieving the sorts of improvements we are talking about, the no more than two per cent on the average build cost, that that does not take into account anything in terms of the economies of scale that could easily be achieved, nor does it take into account the whole life costings and the benefits of building to those higher standards, nor does it take into account the externalities, the remediation costs we will face down the road if we do not build to those standards now. None of those costs are factored into that already modest additional cost.

**Q45 Chairman:** I may have misunderstood something you have said, but correct me if I am wrong. I think you said there was not any point in encouraging consumer demand for more

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16 June 2004 Mr Paul King

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environmentally sustainable houses because they would simply be disappointed when they tried to buy them. In the context of Joan Walley's question to the previous witness about the need for environmental education, public education, do you really think there is no point in encouraging people to want better? Do you really think that if they did want better, the market will not try to provide it?

**Mr King:** I certainly believe that consumer awareness, education, is of course a positive thing. The point I was trying to make was simply that in a small campaign, with distinctly limited resources, we did not feel that that was the priority in terms of where we would achieve most impact, given the current situation. We actually think that consumer education is going to be increasingly important, and to that extent we look forward to progress with the home information pack that is currently being discussed as part of the Housing Bill, because we believe that if you look at the sort of transformation that has taken place in the white goods sector in terms of increased consumer awareness of the energy efficiency and so on of products, we can quite quickly see a shift in people's perceptions in relation to energy labelling of homes. We so support, of course, and we have throughout the campaign supported those sorts of initiatives. I was merely emphasizing where we have found that we must prioritise our efforts.

**Q46 Mr Francois:** You mentioned one of the areas you have looked at was investor support, and that you had actually found some positive reactions from investors about being quite concerned about some of these issues. Do you by any chance have any figures or statistics on what percentage of house builders' costs is represented by section 106 agreements, where they give something back to the community in return for being allowed to build?

**Mr King:** I do not have those figures to hand. I can probably find some further information and send that through.

**Mr Francois:** If you could do that, that would be quite interesting. It would be interesting to know how much they are paying to give back to communities in return for planning permission. If you have any information on that at all, that would be helpful.

**Q47 Mr Chaytor:** The priorities in your campaign are not working on consumers but working on the builders themselves and working to improve building regulations. You see these as the key drivers for change.

**Mr King:** The way we approached this was that we saw some excellent examples of best practice out there. Unfortunately, they were very much the exception rather than the rule and we said how could you move a sector wholesale in this direction, not overnight but over a period of time, and we said surely there are three key constituencies that can influence this sector: there is the government as the regulator; there are the shareholders as investors; and there is the consumer. What we have done is prioritise our engagement with those different

audiences over time. We are looking to plan and we are beginning to work much more closely with agencies such as CABA to bring the sustainability agenda much more into line with the broader quality of design agenda because we think that is also important. We do not foresee a time when people will necessarily rush to demand sustainable homes but what we do foresee is people becoming increasingly aware and increasingly wanting to demand better quality homes, which is what it amounts to because most of the environmental benefits yield economic and social benefits with them, and we believe simply that consumers deserve better quality homes.

**Q48 Mr Chaytor:** Just a few moments ago it seems you were giving us a fairly negative, depressing assessment as to the possibility for change. Then you pre-empted the question I was going to ask about white goods because it does seem to me, as I look around the shops now, that there is an increasing acceptance of the energy efficiency rating on white goods and the price differential is actually coming down. Is this not the positive side that if you start from consumer education and awareness you can impact on the manufacturers and producers and ultimately costs come down because consumers see that if they pay £20 more for a fridge that is A-rated they will recoup that within a year or two in terms of energy savings? I suppose my question is really are you an optimist or a pessimist about the potential for driving change through consumer education and awareness?

**Mr King:** I am an optimist but in the medium to longer term.

**Q49 Mr Chaytor:** What is the difference between a long-term optimist and a pessimist?

**Mr King:** Let me put it like this: I think for government to say we need not act because the market will take care of itself, the consumers will become better informed and they will demand a better quality product and thereafter the market will supply, is too optimistic. There are some interesting observations that can be made about consumers' behaviour in buying homes. Consumers generally spend an awful lot more time reading brochures and researching options when they are buying a new car than when they are buying a new home even though in most cases it is their single largest investment. Most often people are under enormous pressure to find a home and they are generally felt forced to accept what they can afford in a place they can afford it where they need to be based. I therefore think there are many other factors affecting the low level of choice that people currently experience and that it will take more than the provision of information to counteract that.

**Q50 Mr Chaytor:** Can you tell us a bit about the report you did on the Thames Gateway and the concept of zero waste, zero energy because I am a little confused about this EcoHomes standard and

16 June 2004 Mr Paul King

Z<sup>2</sup> standard. Could you clarify what you have said in the Thames Gateway report and what the different standards are to which you aspire.

**Mr King:** One of the sources of inspiration for the more sustainable homes campaign was the BedZED development, that is to say the Beddington zero fossil energy development in Sutton. That was the first housing development to take on the challenge of how can we enable people to live a one-planet lifestyle. I must say it has not yet achieved it but it gets a lot closer to that than our traditional developments do. The important thing was that it has been recognised at BedZED as time has gone on that you can achieve a lot from improving the quality of the buildings but it is also vitally important to combine good-quality building with a well-designed environment because many of the environmental benefits that arise from people living at BedZED arise because they are inspired and it is made easy for them to live a much more sustainable lifestyle. It is easy for you if you live at BedZED to recycle your waste because you have got segregated bins under the sink. It is easy at BedZED to give up your car because there is a car club which is easy to use, it is cheap and the car is always clean and serviced for you, and therefore the incentive to give up your car is considerable. It is easy to consume renewable energy because there is an on-site CHP providing that from woodchip, and so on and so forth. That was our inspiration. However, we recognise that given the current situation of the mainstream house building industry we were not going to leap from today's practices to a BedZED type scenario overnight. We therefore looked to see whether there was something in between and the EcoHomes standard quite usefully provides a ladder in which house builders can achieve between a "fail", "pass", "good", "very good" or "excellent" rating. That gives house builders some positive encouragement in terms of getting on to that ladder and then hopefully progressing up it rather than saying it is all or nothing, you either have to leap to this particular advanced scenario or do not bother. This report aimed to look at the relative benefits of those two scenarios.

**Q51 Mr Chaytor:** Does the EcoHomes standard apply to individual builders or individual buildings?

**Mr King:** To buildings. It is an assessment of a building or a broader development.

**Q52 Mr Chaytor:** Fine. Is this now used widely or is it used at all or is it just an aspiration?

**Mr King:** It is used increasingly widely but nowhere near enough. Part of the appeal from a pragmatic point of view was that it was designed with an advisory group which contained house builders and therefore it was tested as it was developed as being acceptable to house builders. Again, what we have seen is that there has been very little take-up where there has not been the requirement to use it. Shining examples in this respect are the Housing Corporation which has incorporated the standard (admittedly so far at the lower levels) in its requirements for all social housing providers and

English Partnerships which requires much higher levels, the sort of levels which we believe should be applied across the board. I referred earlier to the Millennium Communities example, and what is slightly disappointing is the evidence that where the requirement is set house builders are quite happy to jump over the bar but where the requirement is not set they have no inclination to do so.

**Q53 Mr Chaytor:** Just one further thing in terms of establishing the bars. You have been involved in the Sustainable Buildings Task Group and you have been supporting heavily the Sustainable Buildings Bill. How confident are you that those are going to raise the level of the bar and are there specific things, recommendations of the Task Force or specific clauses in the Bill that you attach great importance to?

**Mr King:** If I can take the Task Force first, broadly the WWF was very happy with the recommendations of that report, largely because they reiterated recommendations that we had made throughout this campaign in relation to regulations, planning and incentives information and also building on the EcoHomes standard to propose a Code for Sustainable Buildings. My big worry is that what is already a somewhat limited initiative in terms of the Code for Sustainable Buildings (which could only apply if adopted as recommended) would still only apply to government contracts and could be further watered down. I begin to hear rumblings within ODPM that suggest that perhaps that recommendation could be further watered down. To be honest, if it is watered down at all from the current recommendations will have nothing better than the status quo.

**Q54 Mr Chaytor:** This is the issue of public procurement?

**Mr King:** It is an initiative which recommends that as a condition of doing business in relation to government, house builders must achieve a code of sustainable building very much based on the EcoHomes system.

**Q55 Mr Chaytor:** Which is higher than current building regulations for private houses?

**Mr King:** Yes.

**Q56 Mr Francois:** Mr King, I declare an interest in that my constituency in Essex is not actually under the Thames Gateway area but it abuts it just to the north so I know a little bit about the area. There are issues here about the design standards to which you build homes but I think there are also issues about the actual sale of the building itself because that obviously has implications for infrastructure as well. There is one proposal within Thames Gateway to build 10,000 homes in a very concentrated area in and around a place called Purfleet. In your opinion, is there any way in which you can cram houses in on that scale and still be sustainable?

**Mr King:** I confess I am not especially familiar with the particular site although I am aware of it. I think there is something of a myth about the evils of high

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 16 June 2004 Mr Paul King
 

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density. Generally people have a gut reaction against high-density development and they conjure all sorts of alarming images in their minds. However, if you show people pictures of Cornish fishing villages or Georgian terraces or the centre of Barcelona, it can be appreciated that high density does not have to mean that sort of negative environment. Clearly what you can achieve with high density is much greater amenity and “walkability”, which has all sorts of impacts in reducing the need for transport and so on to get around. Needless to say, however, the environmental benefits that come with density have got to be balanced with the design issues surrounding broader social sustainability, and what we cannot be doing is building communities which achieve low environmental impact if they are not places people want to live in. That is why in theory a vision of sustainable communities, which looks at these things in the round, and as was to some extent defined in the terms of the Egan Review where amongst other things they put an emphasis on enabling people to live a more sustainable lifestyle, is important.

**Q57 Mr Francois:** I accept part of what you say about density, and I think there is a very valid debate to be had about that, but there are also issues of scale and the infrastructure you need. Are you not concerned about the ability to build on the scale of effectively one development of 10,000 houses unless you have the entire infrastructure mapped out to go with it?

**Mr King:** Absolutely, and one of the concerns we have is the extent to which government may not be being sufficiently joined up in terms of budgeting for that infrastructure with the housing plans, in transport in particular. We are actually involved at the moment with a proposal for a development in the Thames Gateway and we are working in partnership with BioRegional, which was the catalyst for BedZED, called Z<sup>2</sup> which is the real manifestation of that hypothetical scenario aiming to achieve zero carbon and zero waste on a development of 2,000 homes (homes for 5,000 people) and the key point we will be seeking to get across in our discussions with government about that is that it is infrastructure and services led and that comes before even the factors surrounding the design of the homes.

**Q58 Mr Chaytor:** Very briefly if I could ask a short question and short answer. Following Mark’s question, does WWF have a view about tall buildings? If you are opposed to building outwards, is it not inevitably logical that you should support building upwards?

**Mr King:** Entirely possibly. I cannot say that we have a policy for or against tall buildings.

**Q59 Mr Chaytor:** Should you not be having a policy for tall buildings as a means of dealing with the density problem and blocking the continuous spreading outwards and eating up of green belt?

**Mr King:** I would be wary of being prescriptive about design issues, which I think really have to be taken into account in the relevant local context. The

sorts of standards that we are advocating can be applied nationally but they need to be applied sensitively in a local context and to start proposing that a sustainable building has to look like a tower block or it has to look like BedZED is counter-productive.

**Mr Chaytor:** It could be a solution to the Purfleet problem though, could it not?

**Q60 Mr Challen:** Skyscrapers in Leeds are popular, they are building more of them. I just wanted to ask about the attitude and practices of British house builders compared with house builders on the Continent, particularly in Germany and Scandinavia. Do you think that we are well ahead of those people or well behind them?

**Mr King:** All the evidence suggests that we are well behind in terms of the quality of our buildings and in many cases the level of our regulations but there are important cultural differences as well. In many parts of Continental Europe people are much more involved in the process of deciding what form of house they want and in many cases it is much more common for people to acquire a plot and then to choose what kind of house they want to build on it. They are much more engaged in the process rather than being on the receiving end of what a house builder gives them, which is more characteristic of house builders in the UK.

**Q61 Mr Challen:** House builders may not have such large land banks as British house builders acquire?

**Mr King:** That is probably right although I do not have any particular information on that.

**Q62 Joan Walley:** I think you have covered some of the issues I wanted to raise on the Sustainable Buildings Task Group and I noted your comments about your worry about the Code being watered down. Is there anything that can be done to prevent it being watered down?

**Mr King:** I think there is a very broad consensus now around the idea that we should not be building new homes that do not achieve the sorts of standards of, let’s say, the EcoHomes “very good” level of standards. That was the proposal from the Sustainable Buildings Task Group to the Government in terms of how it should interpret the recommendation for a code for sustainability. Anything less than that, as I have said, will be no different from the status quo. It will be a change of language rather than substance. We have already had, as I have said, the Housing Corporation committed to the lower standards, which is an advance over the private sector at the moment, and we have the commitment of English Partnerships, so I would have to say if we are going to water down the Code of Sustainability, what is the point?

**Q63 Joan Walley:** Are you hopeful that most of the recommendations are going to be taken up?

**Mr King:** I certainly hope so. What was gratifying was that there was such cross-party, cross-sector support for the recommendations within the group, which included mainstream house builders among

16 June 2004 Mr Paul King

others, when they were delivered to government. Certainly the recommendations were well received by the Housing Minister and when I pressed him, given his enthusiastic response, as to when we might expect to see the Code for Sustainable Buildings implemented and would we see that by the time of the proposed Sustainable Communities summit in January, he said he thought that was a fair target for government to aspire to.

**Q64 Joan Walley:** Can I just turn to Andrew Stunell's Private Member's Bill on Sustainable Buildings because I know you have supported that. Do you feel it has in its current form and the form it looks likely to be taken on to the statute book, assuming all goes well, been watered down at all or do you think there are concerns about that Bill?

**Mr King:** I hope not. We are optimistic at the moment that that Bill will be on the way to Royal Assent in the autumn. We believe that by far and away the most important aspect of that Bill is the enabling powers it gives to the Buildings Act and therefore for the building regulations to address legitimately the issues of sustainability across a broader range of issues, and we think that is critical. Obviously what is all important is that if that Bill does pass into law that very quickly the Government responds by introducing the kind of regulations that actually have been sitting waiting for some attention for some time.

**Q65 Joan Walley:** How soon do you think those regulations could be there to be enforced?

**Mr King:** I think a lot of those recommendations have already been drafted. We produced a report in conjunction with the Town and Country Planning Association earlier last year and, as I have said, when we presented the recommendations for specific amendments to the building regulations they were warmly welcomed by the ODPM building regulations division. We believe that team has been very co-operative with us in supporting the Bill thus far and we believe that quite a lot of work has already been done in drafting some of those regulations, so we would like to see the majority of those regulations in place by the end of 2005.

**Q66 Joan Walley:** In a nutshell what improvements do you think that will bring?

**Mr King:** I think it will send a very strong signal to the industry that the Government is in a regulatory sense serious about improving standards of sustainability in construction. There are important aspects to do with the use of materials which really are not sufficiently catered for at the moment such as building on the existing water regulations to improve the provision for greater water efficiency and other areas. So I think it will send an important signal. Having said that, I would not want to overstate the importance in a sense that we still anticipate that that will be a regulatory floor rather than aspiring to the sorts of standards that we actually believe are necessary.

**Chairman:** Okay, thank you very much indeed.

### Supplementary memorandum from WWF

#### *Response to specific questions from the Environmental Committee following WWF's Oral Evidence Session, 16 July 2004*

1. *Are there any standards, other than EcoHomes, for sustainable housing that you have looked at? If so how do they compare to the EcoHomes standard?*

At the start of the One Million Sustainable Homes (OMSH) campaign, WWF initiated a stakeholder dialogue to identify the barriers to sustainable homes and ways to overcome them. WWF consulted with around 350 stakeholders from across a wide range of sectors. One of the key barriers cited by respondents was the perceived lack of consensus around a definition for sustainable homes.

WWF asked stakeholders, which, in their view, was the current "best" standard available to assess sustainable homes, and the result was resounding support for the EcoHomes standard. WWF received clear feedback from respondents that the OMSH campaign should build upon EcoHomes, which was already well established and recognised by the industry, rather than adding to the confusion by developing a new standard. Respondents indicated that EcoHomes is not perfect, but they felt that one of its most important features is its commitment to an annual review by a multi-sector steering group. Therefore it undergoes refinement and improvement every year.

There are a number of tools which make partial assessments of sustainability including Arup's SPeAR, National Green Specification (NGS) and Leadership in Energy & Environmental Design (LEED) in the US. However, in the UK EcoHomes is the most holistic environmental assessment method for homes currently available.

2. *You have expressed satisfaction with the outcome of the Sustainable Buildings Task Group. This has concluded that a new Code for Sustainable Buildings (CSB) should be based on BRE's existing standard (BREEAM and EcoHomes). In your view is this because it is undoubtedly the best approach for setting standards for construction, or is partly due to the fact that it is already in existence and therefore a relatively easy option?*

WWF believes that the new CSB should be based on BRE's BREEAM and EcoHomes standards and that the minimum requirement for all public procurement of housing should be equivalent to EcoHomes "Very Good" standard. Anything less would be no different from the *status quo*, and would defeat the purpose of having the CSB in the first place.

WWF believes BREEAM and EcoHomes is undoubtedly the best approach for several reasons. Firstly, the Government, construction industry and BRE have invested heavily in the development of the BREEAM standards over many years and the result is a suite of well-researched tools which measure environmental performance in a holistic way. The tools are based on practical experience and implementation, and are supported and widely used by the construction industry.

Secondly, many organisations including those in the public and private sector are already committed to the use of BREEAM/EcoHomes on all developments. These include Countryside Properties, SEEDA (South East England Development Agency), Housing Corporation, English Partnerships, and Office of Government Commerce.

Many developers have now used the BREEAM/EcoHomes standards and are increasingly familiar with them, and have invested in resources and capacity to help them deliver (eg they have in-house EcoHomes trained assessors). WWF believes it is vital that the industry is provided with a "level playing field" and given clear and consistent messages about the standards they will be required to meet. Developing the CSB in line with BREEAM/EcoHomes will build upon the requirements of the agencies listed above, and ensure that the industry is not asked to learn about and deliver an entirely new set of requirements.

Thirdly, BRE has developed a comprehensive training and assessment programme to ensure the delivery and quality assurance of the BREEAM standards. It is difficult to imagine how Government will assess the CSB if it is required to set up a completely new system of training, assessment and certification. It is important to note that making use of the BREEAM assessors will avoid burdening already over-stretched planning and building control officers with extra responsibility for checking compliance with the CSB.

Therefore to invent a completely new standard would be "reinventing the wheel" and would add unnecessary financial cost and inconvenience to the development and implementation of the CSB. Indeed, to invent a new standard would, in our view, be a serious waste of resources and a major set back in terms of time.

3. *What improvements would you like to see in the proposed CSB, in comparison to EcoHomes?*

WWF would support the recommendations of the Sustainable Buildings Task Group that the CSB should require minimum standards to meet in certain key areas, particularly resource efficiency criteria. WWF would like to see the timber credit improved, based on the outcome of the independent assessment of different timber certification schemes being undertaken by the Central Point of Expertise on Timber (CPET). WWF would also welcome the expansion of the health and well-being section to include assessment of endocrine disrupting chemicals in building materials and furnishings where possible. WWF has discussed with BRE the need for a review of the weightings of EcoHomes to ensure they are based on objectively verifiable priorities.

4. *You also agreed to send us any information you have on what percentage of housebuilders' costs are represented by 106 agreements.*

Unfortunately, given the short time available, WWF is not able to provide the above information. We would recommend consulting house builders and local authority planning departments on this issue.

July 2004

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### Memorandum from the Campaign to Protect Rural England (CPRE)

#### INTRODUCTION

1. The Campaign to Protect Rural England (CPRE) welcomes the inquiry by the House of Commons Environmental Audit Committee into the environmental implications of the Government-commissioned review of housing supply by Kate Barker. A high standard and adequate levels of affordable housing are important components of sustainable development. The planning system has a key role to play in ensuring that we meet the nation's housing needs while protecting and enhancing the environment. However, we believe the threat to the environment from the proposals in the Barker Review is both massive and multi-faceted.

2. Our initial reaction to the publication of the Barker report was to describe it as threatening an "unnecessary environmental disaster." This is in part because it is not at all clear that the successful delivery of a housebuilding programme on the scale envisaged by the Barker Review would bring the claimed, albeit marginal benefit in terms of improvements in the affordability of housing, given the acknowledged uncertainties surrounding the housing market. And even if this benefit were forthcoming, we believe its scale and significance would not justify the damage to the environment that would result, as well as the wider and longer term costs imposed on society and the economy.

3. The Committee's inquiry provides a valuable opportunity to examine these issues. There are signs that the Government too would welcome such scrutiny. The press release issued by the ODPM (2004/0062) in response to Kate Barker's final report stated that, while it accepted there was a need for increased housebuilding: "The Government will need to consider the scale of such development and how it can be delivered both nationally and regionally taking into account the economic, social and environmental implications and ensure that development is sustainable." And in his Budget Speech the Chancellor said: "I hope that over the next year all parties will study the Barker proposals and it must be in the interests of the whole country to see whether we can forge a shared approach that would safeguard our environment, lead to more affordable housing, and at the same time keep interest rates as low as possible and contribute to the greater economic stability and prosperity of Britain."

4. The inquiry is also particularly timely. With the delivery of aspects of the Government's Communities Plan proceeding in the South East Growth Areas, however, we are seriously concerned that decisions being taken now on the scale, location and nature of new housebuilding we may later live to regret. Indeed, the House of Commons ODPM Select Committee in its report *Planning for Sustainable Housing and Communities* in April last year raised doubts about the sustainability of the Communities Plan and stated: "The Committee is not convinced that the enlarged house-building programme can be accommodated in the South East without seriously affecting the quality of the environment. Before new house-building targets are approved, the likely impact on the environment must be appraised within the Government's sustainability criteria" (para 28, HC 77-1). The Committee also found that "The proposals are unlikely to have any impact on reducing house prices making it all the more important for the Government to support a major programme of affordable housing." (para 18)

5. We firmly believe that we can meet the nation's housing needs while improving the urban environment and protecting the countryside. But this requires an alternative approach to that adopted by Kate Barker, based on the principles of sustainable development and the effective use of the planning system. This submission first outlines CPRE's broad position on housing and the environment, considers aspects of the Barker Review, and then addresses the specific issues raised by the Committee.

#### HOUSING AND THE ENVIRONMENT

6. CPRE has been at the forefront of debates over housing provision for many years. We have made many constructive contributions to policy development over this period. We warmly welcomed the 1998 *Planning for the Communities of the Future* White Paper which announced an end to the discredited "predict and provide" in housing provision and its replacement by "plan, monitor and manage"; we played an active role in the work of the Urban Task Force which led in 2000 to the *Urban White Paper*, with its goal of securing an urban renaissance; and we have strongly supported changes in planning policies designed to underpin this goal, notably *Planning Policy Guidance note (PPG) 3 Housing*. Through our regional group and branch network which covers the whole of England, CPRE's volunteers have played an active role in helping to improve decisions on the scale, location and design of new housing on the ground. We have also pressed for effective action to tackle the lack of affordable housing in town and country, suggesting ways in which the planning system could be strengthened to address this issue and drawing attention to the need for an increase in public funding for social housing provision.

7. While housing provision is an important component of sustainable development, housebuilding also has a range of environmental impacts. It is the biggest single cause of the loss of greenfield land. The construction and occupation of new housing also makes demands and impacts on a range of natural resources, particularly energy, construction materials and water. Increased energy consumption and associated greenhouse gas emissions from new housing are a significant factor in the rising overall demand for energy and climate change. In addition, the location and design of new housing has a significant impact on travel patterns, particularly car use which is a major contributor to greenhouse gas emissions. It has been estimated that 50–60 tonnes of aggregates are required to build the average house, and new housing is one of the main factors fuelling the increase in demand for water resources. Increased waste generation, including construction waste and domestic waste, as a result of new housing increases pressure for new landfill sites. And the urbanising impact of new housing development extends far beyond its immediate land take. CPRE's ground-breaking *Tranquil Area* maps produced in the mid-1990s revealed the extent of decline in areas of rural tranquillity since the early-1960s, largely as a result of low density urban sprawl.

8. We are aware that DEFRA has commissioned consultants to examine the environmental impacts of increased housing supply following the final report of the Barker Review. CPRE was disturbed that the report of this largely desk-based exercise did not receive much attention when it was placed on the Department's website at the beginning of May. While it is unclear precisely how the information in this report is to be used by Government, we are encouraged that it has been commissioned. We urge the Committee to give careful attention to the report's findings and to how the Government will be addressing these. There is also a need for further studies. As the report itself acknowledges, it provides a relatively superficial examination of some of the likely impacts of a major increase in housebuilding and omits to address other important effects, such as the extra car journeys arising from such an expansion.



9. CPRE is not in a position to comment in detail on the scope or accuracy of the analysis carried out for DEFRA. The data generated by this study, however, appears to be broadly consistent with our own analysis. For example, we have estimated that as a result of the Government's Communities Plan over the next 30 years or so we could see over half a million new homes built on greenfield sites in the four South East "growth areas" alone. In terms of direct land take, with average densities of 30 dwellings per hectare (the lower end of the target range in PPG3) this equates to over 16,600 ha. On top of this, if there was an increase in annual housing output of around 120,000 new houses, in line with one of the scenarios envisaged in the Barker Review, we have estimated that this would require an additional 8,000 hectares of greenfield land over five years—equivalent to building a city larger than Manchester.

10. While we have questioned the overall level of requirements, CPRE recognises that there is a need for new housing, particularly affordable housing which is within the reach of those least able to access housing through the open market. We are strong advocates of the role of the land use planning system in determining the overall level of future housing requirements, its broad location and matters of design and density. Planning plays a vital role in reconciling the conflicts between meeting housing needs and safeguarding the environment, helping to secure public consent over the need for and provision of new housing, as well as in setting standards in terms of the type and quality of new housing. We accept there is a need for new housing to respond to demographic changes, including population growth and changes in the pattern of household formation. We do not believe there is any clear evidence, however, to suggest that local planning authorities are not making sufficient land available for new housing through established planning processes. Indeed, recent evidence from the South East Regional Assembly indicates that while sufficient land has been allocated to maintain build rates in line with planned requirements for seven years, housing completions are well below the level required.

11. As stated above, we have strongly supported the Government's urban renaissance agenda and we have helped to promote the increased use of previously developed land and buildings ("brownfield" land), improvements in the design and density of new housing, and an increase in the provision of affordable housing. We have recently become seriously concerned, however, that in practice the Government risks abandoning its commitment to urban renewal and to the effective operation of the planning system. The publication of the Communities Plan in February last year was the first overt signal of an apparent change in approach. CPRE responded by setting out five "tests" by which we intended to judge whether the plan was delivering sustainable development, where social and economic progress is made while the environment is protected and enhanced. Our assessment of performance against these tests a year after the publication of the Plan is set out in an annex to this submission.

12. At the same time as highlighting some of the weaknesses in the Government's approach to housing provision, we have drawn attention to the considerable opportunities presented by emerging plans for the Thames Gateway. Our recent report *Thames Gateway: Making Progress* sets out CPRE's proposals for making the most of an unprecedented regeneration opportunity which can help protect the countryside across the wider south east England. The Government is committed to securing the delivery of at least 120,000 new homes in the Thames Gateway by 2016. Many believe this figure to be based on a serious underestimate of the available capacity of previously developed land and buildings in the area (which the Government estimates comprises over 17% of the available supply of previously developed land in the South East). CPRE believes that the target for new housing in the Thames Gateway should be more than doubled and that this should be achieved without requiring any encroachment onto greenfield land. In connection with programmes to tackle areas of low demand for housing in some of the northern regions, we have also drawn attention to the potential offered by the re-use of existing housing stock in our report *Useless Old Houses?*

13. CPRE's detailed analysis of and engagement in the delivery of aspects of the Communities Plan gives rise to serious concern that the Government is failing to pursue the most environmentally sustainable approach to the provision of necessary new housing. We fear this represents a significant shift in focus and commitment away from an approach based on urban renewal and countryside protection, and on meeting housing needs rather responding to the short term, environmentally unsustainable demands of the market. This fear has been exacerbated by the conclusions of the Barker Review and the Government's immediate broad acceptance of its main thrust.

#### THE BARKER REVIEW

14. CPRE welcomed the review of housing supply announced by the Chancellor and Deputy Prime Minister in April 2003. We saw this as an opportunity to explore the positive role of the planning system in meeting the nation's housing needs and the relationship between housebuilding and wider social, economic and environmental objectives. Indeed the formal terms of reference of the review covered consideration of aspects of the housebuilding industry and "the interaction of these factors with the planning system and the Government's sustainable development objectives." However, the outcome of the review was particularly disappointing in this respect. Overall, we believe the review presented a one-sided analysis of the role of the housing market and the planning system. It failed adequately to recognise the wider role of planning in protecting and enhancing the environment, the important policy improvements secured in recent years designed to promote urban renewal, and the implications of major new housebuilding for sustainable development.

15. CPRE made several submissions during the course of the review. We published research which revealed that the area of land with outline planning permission held in the top 15 housebuilders' landbanks increased by 17.6% between 1998 and 2002. We highlighted that the output of new houses for sale in England had remained broadly static over the past 25 years and had actually risen in recent years, from 117,000 in 2000–01 to 124,000 in 2002–03. And we pointed out the main reason why the total output of new homes was at an historically low level was the dramatic decline in the provision of new social housing from over 100,000 each year in the 1970s to under 20,000 in recent years.

16. Following the publication of Kate Barker's Interim Report in December, we commissioned two research reports: a critique of her economic analysis, *A Basis on Which to Build?* and an exploration of the implications of this analysis for the Government's wider environmental, social and economic objectives, *Missing Links*.

17. *A Basis on Which to Build?* highlighted that the Interim Report provided no solid evidence of an overall undersupply of homes in the UK, and challenged the view that a massive increase in housebuilding would solve the problem of the lack of homes people on lower incomes can afford. Recent data from the 2001 Census, referred to in the Interim Report, indicates that there is a significant surplus of dwellings over households in all regions in England and that this surplus has grown since 1991 (except in London where the balance is unchanged). Across England, the excess of dwellings over households has grown from 2.4% to 3.7% from 1991 and 2001. The final report of the Barker Review chose to overlook this data.

18. A further weakness of the Barker Review, attributable in large part to its narrow remit to explore supply-side issues, concerned its lack of attention to demand-side factors in the housing market. These factors include an individual's willingness to pay for new housing which is influenced, for example, by interest rate levels, and the treatment of housing as an private investment good. We believe such demand-side factors warrant careful consideration in the development of policy measures to tackle house price increases. We urge the committee to examine closely the gaps in the economic analysis set out in the final report of the Barker Review.

19. For CPRE, the biggest flaw in the analysis set out in the Barker Review concerns the environmental implications of the very substantial increases in housebuilding levels it envisages. Parts of the final report are fatalistic in suggesting damaging environmental consequences are inevitable if we are to boost housebuilding to the levels suggested. Paragraph 1.34 of the report, however, acknowledges that: "There is no attempt to estimate the overall cost for the environment or amenity." And Kate Barker herself said, at the launch of the report, that she had not taken environmental considerations fully into account and that this would be a matter for ministers.

20. Despite this acknowledgement, it is disappointing to note that the Barker Review sought to underplay the impact of an increase in housebuilding in terms of land-take and wider environmental consequences. Paragraph 1.46 of the final report claims that an extra 120,000 homes each year in the South East over and above existing plans would mean using an additional 0.75% of the total land area of the region (assuming an average density of 30 dwellings per hectare and 60% of homes are on brownfield land). This claim is preceded in paragraph 1.45 by references to the land that is urbanised in England for which no source is provided and which is much lower than previous official estimates. Moreover, these figures relate only to direct landtake and do not take account of the wider urbanising impact of development referred to above. At the very least, we believe the figures for urbanisation used in the report are problematic and we would urge the Committee to treat them with caution. On top of this, and in the light of its remit to consider the Government's sustainable development objectives, in a throwaway line the report simply states: "Extra housebuilding will have environmental consequences and this cannot be ignored, however, the impact can be reduced by ensuring that land which society values least is used and tackling issues of water usage and waste management." (paragraph 1.46)

21. In CPRE's view, the absence of any serious analysis of the implications for sustainable development means that the Review largely overlooked the optimum solutions to the problems of housing affordability. These solutions, we believe, would involve further measures to target new housing on previously developed (brownfield) land and buildings, securing an increase in the average density of new housing in line with established Government policy, and a stronger focus on meeting the needs of those who find it hardest to afford a home to rent or buy at market prices. These optimum solutions would allow overall environmental and social gains to be achieved. There is a serious risk is that the Government may choose to overlook or underplay the environmental consequences in the light of an overwhelming desire to deliver increased housebuilding levels in the short term.

22. The final report of the Barker Review contains a number of important recommendations which are likely significantly to influence the Government in its review of planning and other policies. Some of these other proposals, CPRE believes, are to be welcomed, such as the proposal to extend tax credits and grants to long term derelict land (recommendation 25); the importance of local authorities' imposing higher (up to 90%) council tax charges on second homes in order to improve the efficiency of the use of the existing housing stock; and measures to improve the quality of new housing and construction methods (recommendations 32–35).

23. Other recommendations in the Barker Review raise interesting questions concerning the use of tax measures to extract some of the windfall gain arising from development (a “Planning-gain Supplement” equivalent to a betterment tax) (recommendation 26), the concomitant scaling back of Section 106 (planning gain) requirements (recommendation 24), and the need for a Community Infrastructure Fund to bring forward otherwise unviable development (recommendation 22).

24. A number of the Barker Review’s recommendations to alter the development control and local planning processes, however, threaten to weaken environmental protection and undermine the significant improvements recently secured in planning for new housing through PPG3 with its focus on urban renewal and improvements in design and density (recommendations 7, 9, 10, 11, 12, 14, 16, and 23). Another, perhaps even more serious, concern is that the Government decides to pursue the recommendation in the Barker report that revised planning guidance should consider the “relative value that society places on different types of land use” (recommendation 10). Disturbingly, this is echoed in the Government’s draft Planning Policy Statement (PPS) 1 Creating Sustainable Communities. Such an approach would fundamentally alter our historic approach to greenfield and landscape protection to the detriment of the environment, and is likely to be extremely difficult to implement.

25. We also have a particular concern that proposals for local authorities to identify “buffer” land in their plans which would be brought forward in response to evidence of market “disequilibrium” combined with a more cautious approach to the “viability” of brownfield redevelopment will add to pressure to allow more greenfield development. Moreover, we have serious concerns about measures proposed to extend the role of regional planning bodies in managing regional housing markets (recommendations 5, 6, 8, and 13) and to provide incentives for local authorities to meet housing targets (recommendations 17 and 18).

#### ISSUES RAISED BY THE COMMITTEE

26. In summary, drawing on the principles and positions set out above, this section provides brief responses to some of the questions raised when the Committee announced its inquiry. CPRE would be pleased to provide further detail on these issues if necessary.

*Are the conclusions of the Barker Review compatible with the general principles of sustainable development?*

27. For the reason set out above, we do not believe that the conclusions of the Barker Review are compatible with sustainable development principles. Sustainable development requires the integration of environmental, social and economic considerations and the final report clearly pays little or no attention to environmental, or indeed social factors.

*In view of the Barker Review is there a need for an overarching national strategy to ensure that the environment is at the heart of any building programme?*

28. CPRE believes that there is a need for a more coherent national framework for the preparation of regional spatial strategies which addresses the environmental and land use dimensions of regional economic disparities, and promotes measures to reduce development pressures in the wider south east and secure urban renewal and reduced greenfield sprawl throughout the country. The Communities Plan, and associated documents, is seriously lacking in relation to environmental considerations and needs radical overhaul

*Is the current planning system robust enough to ensure that the environmental implications of building projects are fully taken into account? Would the proposed changes to the planning system in the Barker Review have a positive or negative effect on the environment?*

29. CPRE does not believe the planning authorities have the powers, tools or resources effectively to take account of environmental implications of new development. Some recent improvements have been made through the Planning Delivery Grant and the reformed approach to planning for housing in PPG3 but these risk being undermined by proposals in the Barker Review which we believe would have a seriously damaging effect on the environment in town and country. We also have some serious concerns about the effectiveness of the reformed planning system following the Planning and Compulsory Purchase Act 2004.

*Where will the proposed new housing be built? What are the implications for land use and flood-risk?*

30. CPRE has particular concerns about proposed increases in housing levels in the Milton Keynes/South Midlands and M11 Corridor Growth Areas where the environmental damage and loss of attractive, open countryside could be considerable. Flood-risk is an important consideration in the redevelopment of the Thames Gateway and flood-defence infrastructure will have environmental implications, particular in terms of aggregates demand. Limiting the amount of greenfield development in the Thames Gateway will reduce the risk of fluvial flooding and the need for new flood defences.

*Is it possible to ensure materials and resources used, and waste produced, during building do not have a harmful impact on the environment?*

31. The environmental impact of building can be reduced by adopting key principles of sustainable construction including: a sequential approach to development favouring previously used land and buildings to minimise the direct environmental impact; improved design to reduce the demand for resources in building construction and operation; improved construction methods to improve the efficiency of resource use; and use of resources from sustainable sources through the re-use or recycling of previously used materials or use of new alternative technologies, such as for small scale, “embedded” renewable energy generation.

*Are the building regulations as they stand capable of ensuring that new housing is truly sustainable in the long term?*

32. This is not an area where CPRE has particular expertise but it seems clear that there is a need for major improvements to building regulations to achieve more sustainable new housing. We welcome the work of the Sustainable Buildings Task Group and the new Code for Sustainable Building but believe much more urgent, concerted and effective action is required in this area.

*How will it be possible to ensure a sustainable infrastructure to support any extensive housebuilding is put in place?*

33. CPRE believes that implementation of the Barker Review would impose huge, unsustainable infrastructure costs on the public purse. We believe this is a further reason for favouring the redevelopment of previously used land and buildings over greenfield development. While it is clear that much existing infrastructure in urban areas will need renewing and extending, the costs of achieving this are likely to be substantially less than the often “hidden” infrastructure costs associated with greenfield use. We draw the Committee’s attention to the valuable work of Professor Anne Power at the LSE in this area.

*Do those involved in housing supply have the necessary skills and training to ensure new housing meets environmental objectives?*

34. There are clear indications that a lack of skills and training are vital factors in the underperformance of the planning system and housing sector. We believe that too many developers and local authorities lack capacity in terms of design skills and unlocking brownfield capacity, for example through the use of compulsory purchase powers. We broadly welcome the outcome of the Egan Review of Skills for Sustainable Communities which identified significant ‘generic skills and people shortages’ among built environment professionals, but believe there needs to be a stronger emphasis in this sector on environmental knowledge and best practice.

#### CONCLUSION—A BETTER WAY FORWARD

35. CPRE believes the Committee’s inquiry presents a significant opportunity to influence the Government’s response to the Barker Review. We hope the inquiry can help ensure that any legislative, policy or institutional changes introduced as a result of the Review:

- help to unlock the potential for the redevelopment of previously used land and buildings in order to make better use of existing housing stock, and to guide development to where it can provide most environmental benefit in terms of conserving valued, undeveloped landscapes, regenerating urban areas and reducing the need to travel;
- significantly increase resources going into the provision of social housing and enhance the capacity of the planning system to deliver more affordable homes to meet identified needs of those who suffer greatest housing disadvantage;
- secure improvements in the design of new housing so that it meets high environmental standards, and is built at higher densities than the bulk of existing new developments;
- involve concerted action to reduce regional disparities, including measures to reduce development pressures in the wider south east, while promoting urban renewal and resisting greenfield sprawl; and
- improve the capacity of the planning system to control effectively the level of new housebuilding within environmental capacity constraints.

36. We urge the Committee to recommend that the Government carries out a thorough assessment of the environmental effects of implementing the recommendations of the Barker Review, and pursues alternative approaches to meeting the nation’s housing needs while protecting the countryside based on the objectives set out above.

## FIVE FAILINGS: HOW PROGRESS WITH THE GOVERNMENT'S COMMUNITIES PLAN MEASURES UP IN TERMS OF SUSTAINABILITY

When the ODPM launched the Communities Plan in February 2003, CPRE responded by setting out five tests. We believe these tests should be used to judge whether the plan is delivering sustainable development—in which social and economic progress is made while the environment is protected and enhanced.

**Pre-emptive strike**—this test concerned the importance of allowing independent testing of proposed housebuilding figures in line with the Government's own "plan, monitor and manage" approach set out in PPG3, rather than imposing top-down targets on local authorities without regard to their environmental impact. We have been disturbed by a number of instances where the Government has sought to pressurise local authorities, and in the former case the independent panel appointed to oversee the Public Examination, not to question the need for higher housing provision in connection with the Milton Keynes and South Midlands and M11 Corridor Growth Areas;

**Wasted space**—this test concerned the need for radical improvements in the efficient use of land and other natural resources, including higher housing densities. While the Government states it is committed to reducing the wasteful use of land, the average density of new housing remain unacceptably low. ODPM figures published in May show that although there have been improvements in housing densities over recent years, in 2003 the average density of new housing stood at only 30 dwellings per hectare (dpha)—the bottom of the target range in PPG and well below the 40 dpha required to support a viable bus service for example. In addition, the Communities Plan was unambitious in its aspirations for higher standards in sustainable construction. While the Sustainable Buildings Task Group has made some progress in setting best practice environmental standards in housebuilding in its Code for Sustainable Buildings produced in May, the Government appears reluctant to make these standards mandatory.

**Missing a trick**—the test concerned the need for Government to adopt a higher target for the reuse of brownfield land for new housing. Despite meeting its 60% brownfield target seven years early, and despite last year achieving 66% of new dwellings from previously developed land and conversions (for the second year running), the Government refuses to raise the brownfield target in order to make effective use of the continuing high levels of derelict urban land. The National Land Use Database shows that of 65,500 ha of previously developed land across England, at least 29,000 ha is suitable for housing—enough for nearly 1.5 million homes at medium densities of 50 dwellings per ha. And nearly one third of previously developed land is in the South East, London and East of England regions. There are also more than 700,000 empty homes across the country. CPRE has consistently called for an increase in the brownfield target to 75% in order to promote the more effective use of this wasted resource. We believe the evidence increasingly shows this is realistic.

**Tackling regional disparities**—CPRE wants to see the Government adopt a coherent strategy to share economic opportunities across all the English regions and to reduce regional disparities while protecting the environment and the countryside from urban sprawl. To some extent this test is reflected in the joint PSA between the ODPM, Treasury and Department of Trade and Industry. But we fear that the Communities Plan with its focus on promoting growth in the already overheated and overcrowded South East will only exacerbate regional imbalances. Moreover, proposals in the Northern Way produced by the ODPM earlier this year concerning a northern economic growth corridor centred on the M62 risk frustrating efforts in the northern regions to promote urban renewal and more sustainable patterns of development. CPRE's report *Even Regions, Greener Growth* (2002) sets out the need for a coherent national approach to sustainable development in the English regions in order to encourage more investment in urban areas outside the wider south east which are most in need of regeneration in order to relieve pressures elsewhere.

**Planning for people**—the test here is to ensure genuine opportunities for participation by local communities in decisions on plans for new development in their areas. While the Minister for Planning and Housing has frequently referred to the need for local communities to be involved in local planning processes, the reality is that the creation of so-called "special delivery vehicles" such as Urban Development Corporations to secure development in the growth areas tends to make it harder for local communities to influence decisions. CPRE believes that this, coupled with provisions in the Planning and Compulsory Purchase Act 2004 which abolish County Structure Plans and Unitary Development Plans as the main vehicle for strategic planning, replacing them with new Regional Spatial Strategies administered by remote, unelected regional bodies, is likely to seriously reduce the effective involvement of local communities in planning processes.

*Witnesses:* **Mr Neil Sinden**, Director of Policy, and **Mr Henry Oliver**, Head of Planning and Local Government, Campaign to Protect Rural England, examined.

**Q67 Chairman:** Good afternoon, you have been very patient but welcome to the Committee. Thank you for coming along and also for your written memorandum. Along with the other witnesses we have heard this afternoon, you have been highly critical of the Barker Review. You have even produced your own research *A Basis on Which to Build?* where you set out to refute the conclusion that there is a need to build any of these houses anyway. Where do you think Barker, and by extension the ODPM, has gone wrong and why have they gone so wrong?

**Mr Sinden:** If I can kick off on that. The report and the critique to which you refer was the report we commissioned between the publication of the interim and final report by the Barker Review team. There were some important assumptions that needed to be unpacked and explored within the interim report and the terms of reference given in order to inform the further analysis that we hope to see carried on by the Barker team prior to the publication of the final report. Those assumptions related essentially not just to the gap and the flaw that has already been identified this afternoon, which is the gap in terms of the understanding in the Barker Review of the environmental and planning frameworks within which the housing supply issues had been addressed, but also a weakness in the supply-side focus of the review. We felt that there was a need to address demand-side considerations to do with the housing market. To be fair, the Treasury had also thought this was necessary when they commissioned David Miles to look at an element of the mortgage market, which was the lack of attractiveness apparently within the UK market of long-term fixed rate mortgages compared with other European countries. However, we felt that the exclusive focus of Barker on supply-side considerations was likely to distort the recommendations that she would be arriving at and our fears were proven correct in that sense. We feel, in common with earlier witnesses, that the inquiry's terms of reference and its limited remit was bound to come up with distorted, one-sided recommendations on the issue of housing supply and we in vain, as it turned out, sought to draw attention to that risk prior to the publication of the final report. It is encouraging to us, however, that increasingly it seems that commentators on the house market and those directly involved in housing are addressing the very serious flaws and questions that we raised in that connection. Just to repeat the two or three main arguments that we sought to deploy at that stage. One was the issue of whether or not we had an overall shortage of housing in the UK, it was clear from the Census data that was published in Kate Barker's interim report that the answer to that question was not quite as straightforward as she and the Treasury and ODPM had been assuming. In fact, we have seen an increase, according to the Census data, in the excess of dwellings over households between 1991 and 2001 from 2.4% to 3.7% across the whole country and that is an increase in over-provision

that has been experienced across the country in every region in England. The balances remain more or less the same in London but in other parts of the country there has been a growth in the number of dwellings over households. Any short-term impact in terms of house price inflation and house price volatility, we argued, are as much, if not more, to do with demand side factors such as people's willingness to pay for housing and their treatment of housing as a good investment than issues to do with shortages in supply. In connection with that argument we drew attention to the fact that private sector house building rates have remained more or less constant over the past few decades at around 120,000 dwellings per annum to 130,000 dwellings per annum, and in fact over the past two to three years private house build rates have been creeping up. We felt that on those grounds alone there was a need to question the assumptions.

**Q68 Chairman:** Did I notice earlier this month that the Halifax produced a report saying there was a short-fall of half a million houses and would not that analysis be supported by the continuing rise in house prices? There seems to be evidence to the contrary of what you are saying.

**Mr Sinden:** This is the problem—that conflicting messages are being put out by different commentators on the market. For example, I would also draw attention to the comments made by the Governor of the Bank of England earlier this week which were suggesting that there are very important demand side factors such as levels of interest rates that are actually going to affect demand and therefore in turn affect house prices. Therefore the paradox that we drew attention to in the report *A Basis on Which to Build?* was this idea that if indeed affordability levels do improve over the coming years with a reduced rate of house price inflation or indeed a reduction in house prices, there is every likelihood that, in terms of the analysis that Barker applies to the housing market, we may need to place restrictions on further supply in order to bring affordability levels up to the desired level that Kate Barker and the Treasury team seem to propose, which was the affordability levels of the late 1980s. There was a perversity in the methodology and approach that was being applied by the Barker Review team that we fear may well be shown to be a serious flaw if in the analysis changes in house price patterns do come to bear over the coming months.

**Mr Oliver:** There is also one other point there which is that sometimes there is a confusion between need and demand. I think it is quite easy to look at demand and say we are not meeting it because demand in housing is very elastic, both in terms of size and indeed in how many houses people want at one end of the spectrum. Some of the criticisms of the planning system have focused on not providing the number of houses which matches the number of households forming, and this is a process we went through with the

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16 June 2004 Mr Neil Sinden and Mr Henry Oliver

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Government five or six years ago where the Government came to an understanding (which was very much an understanding we shared) that household formation, never mind household projections, is not necessarily a proxy for housing need and that is where the role of the planning system comes in. There is a distinction there which is sometimes blurred unhelpfully.

**Q69 Mr Savidge:** In your memorandum you state that with the Sustainable Communities Plan the Government risks abandoning its commitment to urban renewal. What did you mean by that?

**Mr Oliver:** I think we felt that the Communities Plan focuses overwhelmingly, as has been pointed out already by other witnesses, on expansion in four particular growth areas in the wider South East of England. At the time that the plan came out we set a series of five “sustainability” tests of the plan and we said that we would be watching to see what happens. One year on, in February this year, we had another look at those. Broadly they were: was the plan and were the numbers of houses and other things in the plan subject to independent testing; would it make better use of land than in previous years; would it raise brown field targets and put urban renaissance first; would it happen within a coherent framework of regional policy; and would it ensure an adequate degree of public engagement in the decisions being made at all levels? Our analysis one year on has been that it has failed on all five of those so far. One of the biggest problems is that the Government has been highlighting what it sees as a need for enormous expansion, largely on green field sites. For example, the plans for the Milton Keynes/South Midlands growth area, including delineating site areas for new special delivery vehicles which are not accountable to local populations (the Urban Development Corporation in West Northamptonshire for example) are forging ahead before the public examination into the proposals had finished never mind reported. One of our anxieties is that there is a lot of urban potential and potential for better use of land through higher densities and so on which is simply not being looked at because the targets are being driven ahead regardless of the wider public process. What that fundamentally comes down to is that the Government, despite having committed itself in PPG3 which we strongly support, to a brown field first/urban first approach with green field coming last, is putting green field onto the front of some of its plans in the growth areas.

**Mr Savidge:** Taking that point about green field being put on the front-end and talking about targets, you suggest that targets for new housing in the Thames Gateway could be more than doubled without requiring any encroachment on green field land. How would you respond to the criticism that you are living up to your title rather too literally as the Campaign to Protect Rural England in that you are trying to protect the green belt at any cost?

Is that really taking sufficient account of whether that is a sensible approach or what the quality of life would be like in the urban areas?

**Q70 Chairman:** Can I add to that. How is it compatible with your analysis that we do not need to build houses anyway?

**Mr Oliver:** That is a very fair point. There are a number of aspects to this. If we can take the aspect of where the Thames Gateway fits into the wider strategy of the Communities Plan, and indeed nationally, first. If there is a need for large-scale house building and expansion in the wider South East, we see the main opportunity for that to happen, whilst delivering environmental and social gains at the same time, is within certain parts of the Thames Gateway. So if there is to be a growth area, essentially we are interested in maximising the urban capacity to absorb that growth. We think the best place for that is closest to London and we make a distinction between the eastern fringes of the Thames Gateway and those which are within Greater London and on the edge of it. We believe that that area could absorb a considerable amount of development pressure which would otherwise be threatening countryside in less sustainable locations elsewhere without the benefits in terms of remediating derelict land and underused land. We have never been an organisation which says that there should be no green field development. We have been actively involved in the design of fairly major green field extensions, for example on the edge of Ashford in Kent which is another of the growth areas in the past, and we continue to be involved in that. Therefore we do not take an absolutist line. What we have with the Thames Gateway is simply if you look at the analyses that have been done of the urban capacity they are based on outdated surveys when people were not used to doing this and when they did not have to do it pre-PPG3. They are based on outdated assumptions about density and use of land partly in relation to design, partly in relation to what the market will bear and partly in relation to national planning policy. Therefore, an awful lot more potential has been revealed than was hitherto understood to exist and our own analysis from our people who are working directly on this on the ground in the Thames Gateway is that the capacity which had been identified tentatively could be doubled within the brown field area. There may be in specific cases issues for example to do with the biodiversity value of brown field sites, we accept that, but in principle we are taking the government at its word and saying, “Okay, urban renaissance is what you want; here’s the potential.” To come to your question, Chairman, about how that fits in with our analysis of Barker’s conclusions about numbers, it is a perfectly fair criticism. As we have said, we do not accept there is necessarily a need for a huge increase in house building but the housing that is going to be built in the wider South East in the next two or three decades we believe would be best concentrated on previously developed urban land largely within the Thames Gateway. Do not forget that the M11 corridor also includes quite large tracts of derelict land which are currently not being looked at very

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 16 June 2004 Mr Neil Sinden and Mr Henry Oliver
 

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closely because the emphasis is very much on green field development in the London/Stansted/Peterborough corridor.

**Q71 Chairman:** Can I ask you very briefly for your thoughts on what we were hearing earlier about the marketisation of the planning system. Do you share the concerns that have been expressed?

**Mr Sinden:** I think we do in relation to the Treasury's approach to planning. The point that we would add to the analysis that you have heard so far, which relates also to the point that was made about the increasing focus of the ODPM on delivery of sustainable communities, concerns to the wider role of the planning system as a tool of environmental policy, which we believe has been a driving force of developments in planning policy since the 1990 Environment White Paper. In fact, the last big Planning Act which shortly followed that and the ensuing policy changes were strongly influenced by the environmental agenda set out in the Environment White Paper and that was an agenda that we strongly welcomed. We believe it recognised the role of planning as an environmental policy tool. What we are seeing now with the ODPM is, if you like, a loss of that perspective on the wider role of the planning system. This may be something to do with the way in which departmental structures have changed in the intervening period and the crucial fact, from our point of view, that the environmental policy responsibilities are now separated off from the ODPM. I think it is fair to say that whilst we have already talked this afternoon about the Defra-commissioned report on the environmental implications of Barker, officials in that Department would recognise that they have not had a significant impact on the housing debate so far. We wait to see what that Department is going to do with that study in terms of influencing the Government's broader response to that agenda. That will be the additional point I would add. We are also deeply concerned, as is Friends of the Earth, about the proposals in Barker which essentially are a negation of the fundamental principles of the planning system. We believe these proposals could, if we are not careful, bring the system down and create all sorts of confusion as well as public opposition on the ground to necessary development. The CPRE has always recognised that the planning system is there to ensure that we have necessary development in the right place at the right time. Our fear is that if we move away from the established principles of the system this will also frustrate the achievement of the development side of the sustainable development agenda, if you like.

**Q72 Mr Chaytor:** Just two quick points. In respect of the figures from the Census you quoted at the very beginning about the increase in surplus stock over a ten-year period, surely this is irrelevant because what matters is the distribution of that increase? I can go 15 minutes from my constituency and buy a terraced house for £20,000. In the centre of London it would be 25 or 40 times that price so surely the statistics have to

be looked at on a regional basis not a national basis? Are there any figures that you have about levels of surplus stock on a regional basis?

**Mr Sinden:** You are absolutely right, not only regional, but sub-regional and very local markets need to be looked at, but the point we were drawing attention to very simply was that the Census data, including at a regional level—and both the Barker Report and our analysis reproduced the regional data—shows an increase in the excess in every region.

**Q73 Mr Chaytor:** Even in the South East?

**Mr Sinden:** Even in the South East.

**Q74 Mr Chaytor:** The Barker Report's figures contain an increase in the excess?

**Mr Sinden:** Yes, the interim report does. The only region which did not experience or show an increase in the excess over that period was London, where the excess remained more or less at the same level.

**Q75 Mr Chaytor:** Is the CPRE equally as timid as the WWF in accepting that a new generation of tower blocks must be the answer to this problem? Are you prepared to come out in favour of tower blocks?

**Mr Sinden:** We come out in favour of higher density development and we echo the views of the WWF about there being a strong degree of mythology surrounding the debate about density. Higher-density development does not necessarily mean high-density development in the sense of tower blocks and excessively high density. What it does mean, however, is building at significantly higher densities to the densities we are building at the moment. The latest data from the ODPM shows that we are achieving an increase in the average density of new residential development. The data published at the beginning of last month, in May, shows that on average we were achieving 30 dwellings per hectare densities in the last year. That is an increase on the previous year from 27 dwellings per hectare. Given the fact that the Government has set a target range of between 30 and 50 dwellings per hectare in PPG3 we are still at the bottom end of that range and we would argue very strongly that even 50 dwellings per hectare really could not be described as "high density". It is only at that level of density that we begin to get the sustainability gains not just in terms of effective and efficient use of land but also in terms of promoting the viability of businesses and services. For example, there are studies which show that bus services are only viable when they are serving residential areas of 40 dwellings per hectare plus. And let's not forget that if you look around most of inner London most of the residential development that is going on in inner London and it is not high rise these days, at densities of 80 dwellings per hectare and it is high quality and it is attractive. We certainly do not think that we need to go back to the tower block experience. There may well be instances where that would be an appropriate response to the urban design context within which you are considering the redevelopment of a particular site, but we are not advocating that.



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16 June 2004 Mr Neil Sinden and Mr Henry Oliver

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**Mr Oliver:** It is often quite inefficient use of land. If you really want to get relatively high density in a functional environment it is quite often better to build low or medium rise than high rise simply because of the space you have to have between buildings in high rise.

**Q76 Chairman:** Do you have a view on the fact that people's back gardens in my constituency are being turned into development plots? I take it from what you have been saying that you think it is quite a good idea?

**Mr Sinden:** No, we do not. We do have a view and it has been reported in some instances. We recognise that the official definition of brown field land or "previously used land and buildings", which is the technical term, does embrace the curtilage of a dwelling house which would include

a garden but we have pointed out, and indeed the best local authorities recognise this, that there are important design quality and design standards to do with densities in new development which need to be respected also. Those are to do with the character of a residential area, which means invariably in most instances where you have relatively low density housing with large gardens that you want to seek to preserve that character and that identity. We believe that it is a misinterpretation and a misapplication of government policy which has led to cases such as that to which you refer which are unfortunate and unnecessary.

**Chairman:** I am beginning to think we are going to need a campaign to protect suburban England as well as rural England! Anyway, thank you very much indeed for your time, it was a very helpful session, and also for your written evidence.

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**Wednesday 23 June 2004**

Members present:

Mr Peter Ainsworth, in the Chair

Mr Colin Challen  
Mr David Chaytor  
Sue Doughty  
Mr Mark Francois

Mr Malcolm Savidge  
Mr Simon Thomas  
Joan Walley

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**Memorandum from the Local Government Association**

**INTRODUCTION**

The Local Government Association represents the local authorities of England and Wales and exists to promote better local government. We work with and for our local authorities to promote a shared vision of local government that enables people to shape a better future for their localities and communities. The LGA aims to put local councils at the heart of the drive to improve public services and to work with government to ensure that the policy, legislative and financial context in which local authorities operate supports that objective.

*Are the conclusions of the Barker Review compatible with the general principles of sustainable development and the Government's own sustainable development objectives?*

1. The creation of a balanced housing market is key to the social and economic objectives of sustainable development. The Barker Review envisages a step change in housing supply, and it would be easy for the principles of sustainable development to be compromised in delivering the extra housing that Barker believes is needed. Adequate funding for community infrastructure, particularly on brownfield sites, is essential for the new housing which is needed to be built sustainably.

2. It is essential to strive for the highest practicable environmentally-sustainable standards for new housing developments. However, in terms of funding for affordable housing there is a clear conflict: funding agencies such as the Housing Corporation and English Partnerships are looking to maximize the number of homes from their investment, ie build for the lowest cost. There is then a real risk that environmental sustainability and quality of design will be compromised. There must be an understanding from the Office of the Deputy Prime Minister (ODPM) that high standards will impact on immediate capital costs, but the benefit will be measured in the longer term environmental impact and lower long-term heating and water charges.

3. The construction of additional housing must also help to build sustainable communities. The upgrading of existing schools, health facilities and also energy, water and waste facilities will all need to be considered.

*In view of the Barker Review is there a need for an overarching national strategy to ensure that the environment is at the heart of any building programme?*

4. We do not believe an overarching national strategy is necessarily the most effective way to meet environmental concerns. The expansion of off-site manufacturing for the construction of new homes is an ODPM target and can make a contribution to achieving higher environmental sustainability. In this context, encouragement should be given to the creation of factories closer to/within the principal zones of new house building, such as Thames Gateway, thereby cutting transportation costs. This form of construction will also help with the recognised skills and workforce gaps that exist in the UK.

5. However, we recognise that there is also a real danger of construction resources being diverted from the North of England and the Midlands to the South East to cope with the overheating of construction activity there, with clear implications for existing and future construction capacity in those regions.

*Is the current planning system robust enough to ensure that the environmental implications of building projects are fully taken into account?*

6. We believe that the planning system does as much as it can to ensure the environmental implications of building projects are taken into account. However, we believe that much more could be achieved with appropriate central government regulation in key areas. If the government were to be more proactive a much greater impact could be had, for instance, in the standard of building design with regard to the efficient use of resources, to minimising the consumption of energy and to the consideration of lifetime costs.

7. Pilot schemes have demonstrated that environmentally friendly and efficient dwellings can be provided but legislation, and related fiscal measures, would be required to make them the norm. Similarly, without appropriate government regulation planning is only able to do so much with regard to air quality and the climate change agenda. Regulatory changes from the government would provide local authorities with the opportunity to develop innovative solutions and would result in savings in the longer term.

*How can the planning system be used to increase the building of more sustainable housing? Would the proposed changes to the planning system in the Barker Review have a positive or negative effect on the environment?*

8. Barker's proposals to merge regional housing and planning bodies may help the planning system to increase the building of sustainable housing. But much of this could depend on the skills and foresight of the Regional Planning and Housing Bodies (RPHBs) themselves. We support closer integration between housing and planning. However, the composition of RPHBs will be vital, and there is a danger that if RPHBs did not consist either wholly or largely of elected representation there could be a democratic deficit in the planning process, which would distance the planning process from local communities and their needs, including their environmental needs.

9. There are also democratic issues with the new additional routes to speed up planning permission which Barker proposes, namely the outline only route and the design code route. There are potential flaws in terms of the transparency of decision making. There may also be environmental problems with the design code route, in that for environmentally sensitive sites there may not be full consideration of these issues, including essential public consultation, if site considerations are devolved to a design code.

10. It is also worth noting the contrasting views of the Barker Review and the Egan Review with regard to the skills and abilities of local authority councillors and the role they should play in building sustainable communities.

11. Perhaps the planning system could place greater emphasis on achieving higher numbers of homes from existing town centres, where transport and social infrastructure is present and can be more efficiently extended than for more isolated locations. This could be an important factor in determining the phasing of developments—encouraging earlier build out from town centres. In doing this, environmental impact could be minimised as the bulk of the infrastructure is already established.

12. Many local authorities seek to control outward migration from major urban areas in order to turn around their long-term decline, but the Barker Review's recommendations do not promote this more sustainable pattern of development. The recommendation for authorities to provide 20% to 40% buffer land is one proposal in particular which runs counter to the urban renaissance many local authorities across the country have achieved by promoting their urban areas as places where people choose to live, work and invest. For instance, in the West Midlands this policy would counteract the significant policy shift which has been agreed by the strategic planning authorities and the West Midlands Regional Planning Body for an urban renaissance to be achieved through new West Midlands Regional Planning Guidance, which will be issued in June 2004 by the Secretary of State.

13. The buffer land proposal also has potentially serious environmental implications, as for many local authorities this buffer land would be greenfield land, probably on the edge of urban areas and possibly in the Green Belt.

*Where will the proposed new housing be built? What are the implications for land-use and flood risk of the large-scale proposed building projects?*

14. The Communities Plan envisages a huge amount of house building in four designated growth areas: Ashford, Milton Keynes, Thames Gateway and the M11 corridor. There will be anything up to half a million new houses built in these areas by 2016 if the plan's targets are met. There are clear implications for land use and flood risk from these building projects: the Thames Gateway project for example involves a significant amount of building on flood plains.

15. Housing targets like these give a mixed message to local government, particularly when considered alongside reports like the government-commissioned Future Flooding report, which called for green corridors in cities and reported that four million Britons could be facing flooding in their homes as a result of climate change.

16. However, we estimate that even if the government's huge house building targets in the Communities Plan are met, the number of houses which will be built in the four growth areas will amount to roughly half the new houses which need to be built in the South East of England over the next 10 to 15 years. This means that there will need to be a significant amount of smaller scale development, which has land-use implications on considerations such as density, green space, urbanisation, desirability of greenfield/brownfield land and social and environmental pollution.

17. Additionally, there does not appear to have been attention paid to other key policy reports such as the Parkinson Report on the "Competitiveness of the English Core Cities" (Newcastle, Leeds, Manchester, Liverpool, Nottingham, Sheffield, Birmingham and Bristol) which highlight the policy deficit in promoting these cities as competitive locations associated with urban renaissance. The locational issues of housing contained within Barker run counter to such policy guidance.

18. It is also important to not automatically look to large-scale projects. By maximising on infill and windfall site opportunities, densities in existing areas could be increased, reducing the need for lots of “new build” developments. If used effectively, large under-used brownfield sites could offer enough capacity to meet demands.

19. By increasing densities to 50 dwellings per hectare, land capacities could be doubled and the need for additional greenfield land could be eliminated. However, whilst more efficient use of land is, in principle, consistent with creating more sustainable patterns of development, local communities in some parts of the country have expressed concerns about the impact new higher density developments have on the character of their areas. This raises an important issue, as the alternative to allocating more land for housing would be to further increase densities. But clearly, this raises its own sustainability issues (design, impact on character traffic, pressures on local facilities, etc) and is also likely to prove politically problematic. It will therefore be important for development plans and supplementary planning documents to provide effective guidance on the design and location of higher density housing developments if urban expansion on greenfield sites is to be minimised.

20. Ultimately local authorities have no statutory powers or duty to address climate change, so serious issues of climate change and its effects can only be partially addressed by local authority planners.

*Is it possible to ensure materials and resources used, and waste produced, during building do not have a harmful impact on the environment?*

21. The main way that local planning authorities can control this is through having effective conditions placed upon developers when permission is granted for a site. It is also vital that areas have up-to-date Waste and Minerals Local Plans/Local Development Frameworks. Local plans/Local Development Frameworks should also contain guidance on sustainable construction techniques.

*Are the building regulations as they stand capable of ensuring that new housing is truly sustainable in the long term? How could they be improved? Could greater use be made of existing environmental standards for housing?*

22. Building regulations alone are not enough in ensuring that new housing is truly energy efficient and sustainable. Professionals in the relevant industries need appropriate training and the government needs to address the skills shortage which exacerbates the problem of uptake of energy-efficient measures.

23. There needs to be a stepping-stone to implement sustainability into building standards. The review of Part L of the building regulations in 2004 should be seen as an opportunity to fully integrate energy efficiency standards throughout all new housing stock.

24. The government needs to enforce higher building standards, particularly those of BREEAM (the environmental assessment tool) and Eco-homes, as developed by the Building Research Establishment. To this end, a quality mark scheme should be developed to require new buildings to be zero-CO<sub>2</sub> rated and a list of Eco-homes and BREEAM standard contractors publicised. This process could be started by requiring all publicly-funded developments—through public/private partnerships or direct grants to private industry—to build these standards as a minimum. Local authorities can also ensure that micro CHP and renewables are further promoted and developed in new build through their development control powers.

25. In the meantime, local authorities could be required to introduce these standards where they are commissioning new homes, as either the landowner or the housing authority, as a condition of all homes funded by the Housing Corporation through ADP funding.

26. Regional Planning Bodies should also be given stronger guidance to raise climate change targets against new housing in their regions.

*How will it be possible to ensure a sustainable infrastructure, including transport and water supply, which will be necessary to support any extensive house building, is put in place? Do those involved in housing supply, both in the public and private sector, have the necessary skills and training to ensure new housing meets environmental objectives? If not, how can the knowledge base of those involved in the planning and building process be improved?*

27. Historically, the UK has not been good at long term infrastructure planning. Government must do more itself to put in place the necessary funding streams for community infrastructure, in order to facilitate the large areas of brownfield land now available. This will in turn take pressure off the need to release further greenfield sites.

28. It is essential that there is more co-ordination between developers and the utilities sector in order to ensure that new developments are planned effectively, taking all physical and environmental factors into account. Infrastructure providers must be involved in the development process at the earliest possible stage. There must also be better co-ordination between developers: this is particularly important in large development sites where there are several developers. At the moment developers seem to largely work individually in multi-developer sites, but collaboration would help to ensure optimal efficiency and timeliness of infrastructure provision in the development process.

29. Whilst the focus in this instance is on environmental sustainability, there is also concern that the communities that arise from major new home building should be sustainable. To help achieve this the investment in and phasing of social and transport infrastructure is crucial. This infrastructure investment must come before the housing growth is delivered. In particular transport investment can stimulate improved housing investment, and at higher densities, rather than the other way around. By ensuring that infrastructure is funded and established properly, car use could be dramatically reduced. Transport hubs would support higher densities and sustain development.

30. The only way to ensure that extensive house building is supported by sustainable infrastructure is for a step change in infrastructure investment to take place. However, it is widely accepted that the government does not have the resources to fund all of the hard and soft infrastructure needed for communities to be fully sustainable.

31. The Local Government Association has been working on the issue of how to capture land value increases to fund development and infrastructure needs for some time. In March 2004 we published a discussion paper, *New Development and New Opportunities: new ideas for funding physical and social infrastructure*, where we set out some ideas for new financial mechanisms which would help to meet local service needs and connect local development with local communities. Subsequent discussions we have had with a variety of public and private sector bodies have shown us that many people like our ideas and are thinking along the same lines as us. There is a lot of work being done by government and others on this issue, and we will be contributing wherever we can to make sure that government policy reflects the need to capture land values for community benefit, connects local development with local people and ensures that development is accompanied, or preferably preceded, by the establishment of appropriate infrastructure.

May 2004

*Witnesses:* **Councillor David Sparks OBE**, Dudley Metropolitan Borough Council, Chair of the LGA 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, examined.

**Q77 Chairman:** Good afternoon. I hope you do not mind starting a little early but it would be helpful to us to get cracking on this. Thank you also for the memorandum which you submitted. It is quite clear from the memorandum that you are not entirely happy with some of the conclusions of the Barker review. Do you accept the main conclusion that to decrease house price inflation we need to increase supply?

**Mr Searles:** There is obviously a relationship between house price and supply. However, there needs to be more debate on what the Barker review has hinted at before we leap into policy solutions which we might regret. I think we feel that there are issues around utilising the existing supply which would be a factor in that argument. There is an issue about the effects of recent trends resulting from the relatively recent change in PPG3 which led to an emphasis on brownfield land and the effect that might have had on dampening permissions for new housing. Another relatively recent effect is the buy-to-let phenomenon and investment in property and the whole atmosphere that is created around the view that property is an investment. I think whilst we are not saying that they are definitive reasons in themselves, there are enough other factors that play a part in determining and influencing the price/supply equation.

**Q78 Chairman:** Are you saying that if you increase supply you do have an impact on prices but that the Barker solution is not the one that you would like to see; there are other ways of doing this.

**Mr Searles:** Yes. Obviously there is a need to increase supply and there is a relationship between price and supply but it is by no means the only part

of the story and it needs to be a much more sophisticated response than that recommended by Barker.

**Q79 Chairman:** Many of Barker's recommendations seem to jeopardise the role of local planning authorities in controlling and ordering development. How do you respond to those recommendations?

**Mr Sparks:** As far as that is concerned, this is a major area that we are dissatisfied with in relation to the report which is entirely consistent with our overall position. Essentially what we are concerned about is that we, as local authorities, have had to review how we operate fundamentally over the past ten years or so. We do not wish to repeat the mistakes of the past. We know that 30 years ago, when there was a lot more coordination, a lot more control, a lot more resources, we still managed to create some absolute nightmares and disasters in terms of housing development that we do not wish to repeat. One of our biggest concerns about the current debate as it is currently portrayed is that you could just look at the quantitative aspects of the problem and end up repeating the mistakes of the past with insufficient investment in infrastructure. One final point on that, what we did not have thirty years ago was the concern about sustainability to the extent we now have and we are genuinely bothered about the need for any development to be sustainable, especially in relation to housing.

**Q80 Chairman:** So you think that Barker's recommendations about the role of planning authorities—or lack of it—threaten the sustainability of the houses that she is recommending should be built?

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23 June 2004 Councillor David Sparks OBE, Mr David Woods, Mr Martin Bacon and Mr Lee Searles

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**Mr Sparks:** It is an unnecessary high risk factor because our experience is that a good, modern local authority that is totally signed up to sustainability is in an ideal situation to coordinate all the different partners that need to be brought together to coordinate all of the activity so that you do get a sustainable and integrated activity.

**Q81 Chairman:** Is one of the difficulties from the Government's point of view that local authorities are often seen as being obstructive and difficult and getting in the way and making it very difficult to develop? Is that what really lies behind Barker's thinking about the role of local authorities in the future?

**Mr Sparks:** It is a difficulty of perception. We would argue that in the majority of cases that this is not necessarily a problem nor need it be a problem because local authorities themselves have a vested interest in the sustainability of their own communities.

**Q82 Chairman:** Broadly speaking you are very hostile to the, as it were, marketisation of the planning system which is what is essentially proposed.

**Mr Sparks:** We are hostile to anything like that, yes. We are not going to be in favour of the reduction in local authority powers in relation to planning.

**Q83 Chairman:** I take it from that that you are equally concerned about the proposal to allocate up to an additional 40% of land as buffer zones for future development where building can be triggered by market mechanisms.

**Mr Sparks:** We are particularly concerned about (a) the statistic of up to 40% and (b) the importance of judging each individual situation on its merits. It depends on the circumstances. It depends on land availability in different areas. That is why essentially we argue that local authorities—because of their local focus—are ideally placed as coordinators to achieve a sustainable approach to this problem.

**Q84 Chairman:** What is the problem with the 40%? Is it just too big or too blunt?

**Mr Sparks:** We are particularly sensitive to any incursion into the green belt, especially given that we have known the experience of white land, green land et cetera, et cetera, and people's perceptions.

**Q85 Chairman:** Given all this and the difficulties that you have, how are we going to increase the supply of affordable housing which I think everybody agrees needs to be done? What plans do you have for that?

**Mr Sparks:** I have two of my colleagues here at the sharp end and that is why they are here.

**Mr Woods:** Can I just say something about an aspect that I think Barker has overlooked? That is about the opportunity to use windfall sites and to densify existing town centres, particularly in the south east of England, and to take in with that the possibility of regenerating some of the sites that Councillor Sparks talked about earlier, some of the 60's and 70's estates that need regenerating in town centres, and

housing that needs to be brought up to decent home standards—whether it is private sector or public sector—could be included in these regeneration schemes. I think it is often overlooked that something like 50% of new housing starts in London are on windfall land and infill land. Most of that is not on anybody's capacity study so it is not planned for in the type of review that Barker has done. I think there is a real opportunity being missed here to build out from areas like the Thames Gateway and to build out from town centres where community and physical infrastructure is already there; to maximise land values, increase sustainability and diversity in communities and if we could somehow capture those increased values and reinvest them in new areas like the Thames Gateway that might be a different approach.

**Mr Bacon:** I am the Managing Director of the Core Delivery Team for Ashford's Future and under the sustainable community's plan we have to provide for 31,000 houses, 28,000 jobs for the next 30 odd years. We see it as trying to make the planning machinery and the money machine work together. We see that as being very important. As we are preparing our master plan—that will be available at the end of this year—we are looking at the financing of this whole development. We have calculated that the cost of providing the infrastructure to sustain that level of growth will be something like £1.15 billion. Then we have looked at the way it might be financed and we have found that half of that money can probably come from what might be called mainstream funding: grants from governments, utilities companies and so on and so forth, those sort of usual funding streams that one finds. The remainder of the balance can probably come from the private sector. In Ashford we currently collect about £12,000 per house through the Section 106 system and we think with a modest increase on that—we are looking at that figure and discussing it with local land owners and house builders—probably £15,000 or £16,000 could provide the bulk of the rest of the money. There will probably be a small gap and we think that might be made up through the Government allowing us to keep perhaps 1% of stamp duty through the period of the growth plan. All of that can be done within the existing legislation. It is a question of doing the financial calculations at the same time as one does the master planning.

**Q86 Chairman:** Before you go on, I am unclear about what the £15,000 or £16,000 refers to.

**Mr Bacon:** Basically when planning permission is granted, if there are barriers in the way to the granting of that permission, then the developer may contribute sums of money to making sure that permission can be granted. For example, the classic thing is roads or sewers and so on, so they make a contribution to that infrastructure through the planning process.

**Q87 Chairman:** You are talking about an additional £15,000 to £16,000 per house.

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23 June 2004 Councillor David Sparks OBE, Mr David Woods, Mr Martin Bacon and Mr Lee Searles

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**Mr Bacon:** No. We currently collect around £12,000 and we think that figure might rise to about £15,000 to £16,000 per house.

**Q88 Chairman:** My original question was about affordable housing; I do not want to talk about putting prices up.

**Mr Bacon:** I am coming on to that. We do think the roof tax would need to apply to affordable housing to make those calculations work, but we are doing our master plan on the basis of the regional planning guide, that 30% of that housing—the 31,000—would be affordable.

**Q89 Joan Walley:** Could you just clarify for me the difference between what you referred to as a roof tax and Section 106.

**Mr Bacon:** As I said, we collect through Section 106 £12,000 a year. What we are suggesting is that if we collected something in the order of £15,000 to £16,000 we could actually meet the infrastructure bill on top of the mainstream funding plus the stamp duty I referred to. We would regard that as an infrastructure tariff for the plan. What we want to see is an infrastructure tariff charged on the big issues—the big sewers, the big roads, the big schools and so on—and then have a separate Section 106 for site specific issues that are well-defined within the site or adjacent to the site. We think the advantage of that for the development industry is that they would know that the infrastructure was being paid for; it would come through and be locally determined and so on. The point I was going on to make is that for us the problem is that we do not think it is a problem for the development industry to finance this, it is the timing of the finance. The developer cannot make that contribution—whether it is a local land tax or a roof tax—until they have sold their houses, and yet the infrastructure needs to be provided. What we need is finance up front to be provided to pay for that infrastructure so that what can happen downstream is that the developers can make their contribution towards that infrastructure later on. What we are looking at is seeing whether we could establish an infrastructure company as a public/private partnership with the board in which the infrastructure company puts up perhaps 10% of the cost of the infrastructure up front and they roll it through. The risk on provision of the infrastructure would be with that company. We feel that can work within the existing legislation provided the Government maintains a whole emphasis on sustainability community plans, on providing infrastructure and quality at the same time; that we do have proper mechanisms to marshal the mainstream funding; we have support for this infrastructure tariff I referred to and perhaps we could have a modest increase from the stamp duty towards those costs. We think then we could make a package to make that work. The whole affordable housing, the whole of the agenda, could be made to work within the existing legislation.

**Q90 Joan Walley:** Just following that up, what you are suggesting therefore assumes that the mainstream money that would be coming through from the regional development agencies or whoever and through the regeneration zone spending would need to be attuned at this stage in order for that up-front investment that you were talking about for the infrastructure to be there. What indication is there that that is there, that that would be forthcoming?

**Mr Bacon:** I think the Government wants to try to marshal its mainstream funding to provide the necessary infrastructure at the right time. What we are doing is, as I said, during our master planning process, calculating the bits of infrastructure we would need, costing them, looking at when they would come over time. Then we would be going to the Government and saying, “This is the profile for this expenditure over 30 years, can we enter a public service agreement between the board and the agencies on the board with yourself to provide that funding at the time required so that we can assure the development industry who are making these contributions that it will be on time?” If we can do that deal, then we feel that would provide the infrastructure at the right time, when the local people want it, the newcomers want it and when the house builders want it.

**Q91 Joan Walley:** Is that conditional upon getting permission from ODPM for that to happen, in order that you get the things in sync?

**Mr Bacon:** Obviously they would not have to object to the local development framework that we are proposing and we require them to support—or the Government to support—the infrastructure tariff I referred to.

**Q92 Mr Francois:** On the point you were making about Section 106 agreements, the slightly alternative approach that you are talking about is interesting because my own experience of Section 106 is that they always tend to be weighted very heavily in favour of the developer. The houses tend to get built first; sometimes you get the infrastructure, sometimes you do not. The developers usually have extremely experienced teams of lawyers who use very artful wording when the agreements are drawn up. They appear to make a commitment and then when you actually get a few years down the line they then argue that market conditions have changed and therefore they cannot always provide exactly what you thought you were going to get. My experience to date is that Section 106 agreements normally work in favour of the developer rather than the community. Also, local government is often at fault because it does not ask for nearly enough. The developer makes a massive profit and the local community gets a relatively small payback for that. Are those factors anything that outline the alternative approach that you seem to be putting forward?

**Mr Bacon:** Yes, they are. What we are saying is that you must do that calculation up front when you do the master plan so that you can establish the true cost throughout the period of the plan and you can

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23 June 2004 Councillor David Sparks OBE, Mr David Woods, Mr Martin Bacon and Mr Lee Searles

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then make that clear to local people and everybody understands; all the land transactions that go on from that recognise that fact right up front. The second point about Section 106 is that reform is needed; I think the LGA and the private sector want a reform. What we are suggesting is to do a two-bit approach: to have an infrastructure tariff and a very specified Section 106. Talking to the land owners and most of the developers in Ashford, they feel that they would like that because it would take out all the hassle in the planning process about which land owner goes first, who contributes what to what score, et cetera, et cetera. It should make it a lot easier for the planning authority to deliver what it needs to deliver and to work with the private sector; we need to work with the private sector to deliver this agenda.

**Q93 Chairman:** Is there anything in the Barker review that you actually welcome?

**Mr Searles:** We did welcome the recognition by Barker—certainly in the interim report and it was carried through to the final report—of the sharpness of the impacts that certainly local development creates, the sort of development that happens in every local authority up and down the country and how local authorities are often unable to demonstrate to the local community that they or the developers will meet those impacts. It comes back to the point made about Section 106. The Section 106 negotiations are often tortuous; local authorities do not often secure from them what they need and then they do not arrive. The local community see them as either selling or buying permission, depending on which perspective you are from. The whole atmosphere is a poisonous one in many communities when all they see resulting from new housing developments are increases in congested roads, crowded surgeries, over-subscribed schools and what have you.

**Q94 Chairman:** A familiar story.

**Mr Searles:** We welcome the Barker review from that point of view. She said it was perfectly understandable that many communities take a cautious approach in that circumstance. We have taken from that a cue to try to raise debate about the issue of how we pay locally for the impacts that arise from development in order that we, as community leaders—local authorities acting as community leaders—can better sell the benefits that development can bring. After all, those houses may well house the key workers we need; they may house the doctors, the nurses, the policemen and all the other businesses we need to service with new housing. We do not have a position precisely on what changes need to take place, but we are firmly of the belief that that debate is needed about providing sources of income for local government to be able to better demonstrate that those impacts can be met at the time the developments arise or at the time the plans are made. That argues in favour perhaps of the planning supplement that is being proposed although we do not yet have a firm position on that; or other form of land taxes or indeed different

distributional mechanisms. We are engaging in debate and that is all we can really say about that and we have postulated a few mechanisms that might be used.

**Mr Sparks:** I understand we have sent you a document, a specific discreet document to take the debate further in terms of finance.

**Chairman:** We look forward to reading it. I am getting a little anxious about time; we have had quite long answers. I appreciate these are not easy issues, but if you could try to keep your answers as snappy as possible I think we would all be helped.

**Q95 Sue Doughty:** I would like to turn to sustainable communities and the Sustainable Communities Plan. We have the Government focussing its efforts in the south east as part of the plan but there are, within that, implications not only for the south east but for other parts of the country, particularly when you are looking at Barker's views that housing should be built where there is the greatest demand. What are your views on this because you are from differing parts of the country, not just the south east?

**Mr Sparks:** It cannot just stop at the south east. There are tensions within local government in relation to this particular question. As a West Midlands councillor I would be crucified back in the West Midlands if I did not say that the West Midlands authorities are less than happy with some aspects of the growth proposals in relation to Milton Keynes. Equally, there are huge questions about the emphasis on a massive amount of investment in the south of the country at a time when you have major problems in the northern regions. I think that is something that needs to be taken into account.

**Mr Bacon:** In relation to east Kent, east Kent has had a major problem of getting quality development, meeting housing demand, getting jobs and so on and so forth for many years. I think at Ashford we see the opportunity through the Sustainable Communities Plan to use that growth to mend the settlement as it currently stands and also to grow it and improve it and make it a really outstanding settlement. All I would say is that within the south east it is not one blanket uniform area of prosperity; it has areas and pockets where this growth opportunity can be used to help to resolve existing problems.

**Mr Woods:** Can I just add to that that in the Thames Gateway I think 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 that Councillor Sparks talked about before: poor infrastructure, low community facilities, relatively low density, high environmental impact or low environmental sustainability. Some work which the housing directors in east London have had done with the LSE recently and is just about to be published shows very clearly that 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



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23 June 2004 Councillor David Sparks OBE, Mr David Woods, Mr Martin Bacon and Mr Lee Searles

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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 which I referred to earlier and to take a more measured view about what can be delivered over the next fifteen or twenty years. I would be very happy to let you have a copy of the draft work on that, if you would like that.

**Q96 Chairman:** We would very much like that.

**Mr Woods:** I think it would be very helpful. The second thing I would say is that the same principle applies really in the south Midlands and elsewhere. On the same basis, why would you not consider expanding and developing in Birmingham rather than building in Milton Keynes? In a presentation that Anne Powers from the LSE did recently she said, “Look at the Virgin timetable. From September it will be quicker to get from London to Birmingham than it will to get across London or out to Milton Keynes”.

**Q97 Chairman:** I will believe that when I see it.

**Mr Woods:** I think it is the same sort of principle. Start with the existing areas, move out, take a more measured view and you will get more of the infrastructure funded through the private sector. However, I will stop that answer and give you the documents.

**Q98 Sue Doughty:** I had planned to ask if the Sustainability Communities been a good thing for the areas that you represent and yet outside of Ashford I am beginning to get the feeling that you are not seeing it as a good thing.

**Mr Sparks:** I think it is fundamentally a good idea; at least it is a recognition that there is a problem; there is a massive problem and something has to be done. In fairness, in relation to the point I made about the West Midlands, the argument from some local authorities within the West Midlands about growth in Milton Keynes affecting their boundaries is equally applicable within the West Midlands region. If you are talking about Stoke-on-Trent or you are talking about the Black Country, they will not necessarily benefit from some growth proposals within the West Midlands region. I think that what needs to happen is that we need to have a far more balanced approach to this particular problem and we must learn from history. It is ridiculous. One of the big problems about what we are faced with as local authorities at the moment is that you have a whole raft of initiatives that seem to have been invented by policy makers who have never really even looked at the 60's or 70's, never mind anything earlier. Many of us have been around long enough to know that we can create nightmares if we are not careful. We are in danger here of creating bigger problems than we have ever had before.

**Mr Bacon:** The agenda has two parts to it: one is a housing agenda and the second one is very much a radical, different approach to how we actually plan settlements. I think we must not confuse the two. It is the housing agenda and all the concerns about

building trash and going too fast, which cause most concern, but I think everyone welcomes the second part of the agenda which is the housing plus agenda which is about getting jobs where houses are, which is providing proper infrastructure, which is looking at the whole issue of community development and above all can we make our whole settlements more sustainable than they have been. I think everybody welcomes that. It is that “plus” part which other government departments—particularly Transport—are not yet actually really tuned into. It is a question for the Government to get its soldiers in a line over the next couple of years to ensure that that “plus” part is actually brought into being.

**Q99 Sue Doughty:** Having said that about some of the development side of it being welcome, do you actually agree that the Sustainable Communities Plan is compatible with sustainable development?

**Mr Woods:** I think without a guarantee of the infrastructure being funded and sensible phasing of the infrastructure, it is impossible to guarantee that it will produce sustainable development. I think there was a select committee a year ago that described the infrastructure costs as £20 billion for the Thames Gateway; at the moment we have £446 million plus whatever is in a few other pots. There are two ways of looking at that: one is to look at it from the view that ODPM have created a number of pots without many rules so that they can respond flexibly and innovatively wherever that will work. A different way of saying it is that there is not a joined-up plan; they want to put houses up quickly and cheaply and creating a number of pots will splash some colour in the Gateway over the next five to 10 years but will not do much more.

**Q100 Joan Walley:** Can I follow that up and ask Councillor Sparks, you mentioned the need to have balance, where do you expect that mechanism to come from? Do you think that mechanism exists at the moment? You have obviously talked about local authorities not being part of that balancing mechanism; where do you expect within government that mechanism to come from?

**Mr Sparks:** To answer your question first of all, the mechanism does not exist at the moment. I think that we are well on the way to constructing such mechanisms in particular by recognising that a lot of activity needs to take place at a sub-regional or a local level within regional strategies. What we need to do is to make sure that we do not have too many initiatives affecting a locality which are uncoordinated. In relation to Stoke-on-Trent or the Black Country, the Black Country is the perfect illustration especially given that there is a Black Country sub-regional study as part of the regional planning guidance process where usually development plans are being integrated in relation to that; I think that is the way forward. It is not a question of producing plans. We are experts at producing plans; we produce thousands of plans. What we need is a programme to implement the plan which is properly funded.

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23 June 2004 Councillor David Sparks OBE, Mr David Woods, Mr Martin Bacon and Mr Lee Searles

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**Q101 Sue Doughty:** The Energy Savings Trust this week called the Sustainable Communities Plan “reckless” and it said that the Government is trying to build houses as cheaply and as quickly as possible, overriding environmental commitments. You have also expressed concerns about compromises on environmental standards. Do you think the Government is at all committed to ensuring that environmental standards will not be compromised or do you think it is development at all costs?

**Mr Searles:** I think there is a commitment in terms of trying to ensure they live up to the term sustainable in the delivery of the sustainable communities. Whether it is actually going to feature in the delivery on the ground is an open question and I think colleagues from the two growth areas need to comment on that. There are undoubtedly issues around the higher capital cost of delivering sustainable construction at the outset and that can tip the balance. I think I would rather pass over to colleagues from the actual growth areas to hear what they have to say.

**Mr Woods:** From our experience in Barking in particular there has been in the past no commitment to meeting future Energy Savings requirements and I think the danger in the Communities Plan is that it is volume houses fairly quickly and apart from the lack of community sustainability there is the danger that we will not be able to meet the energy targets of the future. More investment now in things like combined heat and power schemes in much higher standards of construction and insulation, models like BedZed and so on will in the end bring lower energy and water costs and so on to everyone, including those who are in subsidised housing. I do not think you will see a commitment from government to making those high standards and those kinds of energy provisions like CHP schemes.

**Q102 Chairman:** What kind of commitment is there from local government? You have had the chance to do it for years and nothing has happened.

**Mr Woods:** Local government has had the opportunity but only through things like Building Regulations, through trying to influence how housing corporation money is spent and to what standards. Those are really quite modest standards and where they are enforceable they have been enforced. I can well remember our first attempts to get lifetime homes built where developers had to be dragged kicking and screaming but after the event found that they sold all of those off the plan and wished they had built more. I think people who are building, investing capital at the front end, have little or no interest in the running costs of the property for others afterwards and I think it would be much better if governments set high environmental standards as a condition of receiving grant including housing corporation funding as well.

**Mr Bacon:** The building control officers in Ashford Borough Council feel that the regulations do need to be strengthened to meet the targets that have been implied in this plan. My staff have met officials from the ODPM and they say that they are actively looking at amending the Building Regulations but I

do not know any more than that. Secondly, I think English Partnerships and a whole range of organisations including the Housing Corporation now do a number of pilots on trying to make housing more sustainable and so on. The problem is that these pilots do not get translated into mass production in the private sector and I think one of the things we have to find is the link between the two and how we can get there. I think that is the one we should explore.

**Q103 Sue Doughty:** Going on from that—energy efficient homes and climate change—we have no examples of the need to manage climate change if we are going to build in the Thames Gateway. Much more does need to be done.

**Mr Woods:** I would agree with that and I think the model that the Ann Power of the LSE puts forward of a longer term development could and would achieve a carbon neutral development. I do not think that can be said of either the Treasury model or the plan that is currently being discussed. Again, the evidence for that is in the report which I will submit to you.

**Q104 Chairman:** That is carbon neutral excluding the carbon emitted during the building and construction phase presumably.

**Mr Woods:** I imagine so.

**Q105 Chairman:** That is quite big, too.

**Mr Woods:** Yes, it is.

**Q106 Sue Doughty:** Referring back to a point made by Mr Bacon, when you were worried about whether we are actually going to be building trash, we do have the problem that if we build trash we will be back to that cycle as I was saying before of houses built in the 60s and 70s where we have to go in for renovation. How would we really overcome this whole problem of short-term gain regardless of what problems are stacking up for the future?

**Mr Bacon:** I think first of all we need a proper master plan for an area. Secondly, as I said, a proper financial assessment of what the plan costs and where you are going to find the money for it to implement it and so on. A very strong planning authority supporting those standards through the appeal process. An inspectorate lining up with what the ODPM wants in term of those standards being enforced. We do not always see that joined-up government between what the inspectorate are deciding and what is written in the national policy guidance. I think it is very important that we have that sequence followed through. We can do it; this is not rocket science. It is done in other parts of Europe very, very well and so there is no reason why we cannot do it in Britain but it does need a very firm political backing for it to happen.

**Mr Sparks:** You also need the rest of the master plan to be implemented at the same time.

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23 June 2004 Councillor David Sparks OBE, Mr David Woods, Mr Martin Bacon and Mr Lee Searles

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**Q107 Mr Chaytor:** In your written evidence and in your comments this afternoon you use the word “sustainability” very freely. Does the LGA have a working definition of sustainability?

**Mr Searles:** I do not think we have defined one for ourselves. Obviously the generality of the term sustainable development has evolved over the years to one which is now encompassing of wider economic, social and environmental factors. I think that wider definition is the one the LGA generally works with. Emphasising Martin’s comments from before, in terms of delivering sustainable communities we mean sustainable in an environmental sense but also sustainable in terms of having a requisite social and economic infrastructure to support that as well.

**Q108 Mr Chaytor:** In terms of the current planning guidance and Building Regulations, what are the main weaknesses that have prevented local planning authorities from developing sustainable communities and building sustainable homes?

**Mr Searles:** I think the main planning guidance PPS1 is a very common sense framework.

**Q109 Mr Chaytor:** That is new, is it not? PPS1 is not in force at the moment, is it?

**Mr Searles:** It is draft.

**Q110 Mr Chaytor:** In terms of the existing raft of planning PPGs and Building Regulations, where are the main weaknesses there that have prevented local planning authorities from building sustainable homes and sustainable communities?

**Mr Bacon:** We have had a development control led planning system for the last twenty years. We have not had a development plan led planning system. I suspect you know about the Egan review and all the emphasis on skills and getting the planning profession up to a standard where people want to enter it again and all that sort of thing. A lot of people have left forward planning and gone into housing or gone elsewhere because they did not feel it was worthwhile doing. So we have had a development control led planning system whereby basically everything is fought out through the appeal process or through hard graft over the development control table. We have not had this sort of vision, this sort of standard against which that development should be set. That has been a major weakness.

**Q111 Mr Chaytor:** Has that led to a loss of expertise and a loss of status within the planning profession?

**Mr Bacon:** Yes it has and a degradation of skills which I know the ODPM and the RTPI and others are trying to put right. Another thing is lack of real practical examples to go, see, touch and feel as to how it works and so on which, although you have these pilots, they are not being transformed to the mass production to go into the private sector. Also, I think there is lack of real bite in the regulations to enforce sustainability in Building Regulations, in water and energy, all that area generally, transport particularly.

**Q112 Mr Chaytor:** Just pursuing the point about the track record within the existing framework, in your written evidence in reference to the materials and resources used in building, you say that the main way that local planning authorities can control this is through having effective conditions placed upon developers when permission is granted for a site. Why have they not been doing that? What has restricted or limited local planning authorities from placing effective conditions upon developers? In my seven years on a planning committee we always had the power to place conditions. Is it not just an issue of political view or is there something else?

**Mr Bacon:** It is partly because you can only place conditions on a planning consent where the conditions are relevant, appropriate et cetera to the actual site.

**Q113 Mr Chaytor:** Surely quality, resources, the design and materials and the volume of waste produced by the development are relevant conditions, are they not?

**Mr Bacon:** There are two things there. Firstly, the skill of the planning officers to negotiate with the private sector a quality development. I have heard it argued that there are not the skills in local authorities to do that any more for various reasons.

**Q114 Mr Chaytor:** Is this an issue about the expertise or the skill base within the profession?

**Mr Bacon:** Yes. The second thing is the degree to which, within planning conditions, one can enforce some of the sustainable objectives through energy, waste, so on and so forth. You can only do it in relation to the development as it is being built and through the regulations. You cannot go beyond what might be termed as reasonable to that particular development. This gets back to my point earlier today about looking bigger than the site through the master planning process and looking at the infrastructure that you need to develop sustainability. You might have a local heating system that you want to establish burning waste. You cannot do that on a site-by-site basis; you have to do it through the master plan, you have to establish the cost of that, you have to say to the developer that it is £X thousand per house in order to pay for that. That is the way it works. If you solely do it through a site by site basis you will not see the bigger picture which is what sustainability is all about.

**Q115 Mr Chaytor:** Coming back to PPS1, are you confident that PPS1 is going to remedy the defects and what is it particularly in PPS1 that could provide the evidence for this?

**Mr Searles:** From my perspective, having been involved in discussions about the planning bill, planning reform for three or four years now, I think PPS1 came as confirmation of what we all understood so I do not think there was a very excited reaction from local government or many of our partner organisations about what PPS1 said. What it has done is place sustainable development at the heart of the new system which is a really good thing

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23 June 2004 Councillor David Sparks OBE, Mr David Woods, Mr Martin Bacon and Mr Lee Searles

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and good design is an important element in that system. I think the big opportunity from the new planning system which obviously PPS1 alludes to is the link between the land use plan and wider considerations. There is an opportunity in taking forward a community strategy or local strategic partnership or just wider activity with other partners who are active in the local area—businesses and other public services—to tie that up with the land use plan. There is an opportunity to have that kind of debate bringing in these kinds of considerations and wider issues that are outside the traditional scope of land use into a debate about how to achieve our objectives, not just where and what but how we are going to do it, when we are going to do it. Issues about things which perhaps would normally be considered with the system can be brought in to discussions about materials, resource use et cetera. It stands a better chance of being brought in. I think it is a positive agenda.

**Q116 Mr Chaytor:** Will it be possible to refuse a planning application on the grounds that it is unsustainable? How will planners have to phrase their reasons for refusal? If we talk about Milton Keynes, for example, if there is a planning application for 5,000 houses in Milton Keynes and the judgment is that there is not the transport infrastructure to sustain 5,000 houses, will lack of sustainability be a valid reason for refusing permission?

**Mr Bacon:** I do not think there is any problem for the planning system on refusing development on a physical side—lack of infrastructure, in terms of transport, social facilities and so on—if there is a political will to do so. I think, as I said earlier, it is on some of the other aspects—energy, waste—where really the conditions on planning are more difficult for planning authorities and that is why PPS1 as a guidance allowing us to look at other strategies and rely upon them as part of the overall planning justification is welcome.

**Q117 Mr Chaytor:** In terms of PPS1 you are saying that it will provide the powers to refuse on the grounds of lack of sustainability in respect of the broader infrastructural reasons, but in terms of design of building or materials or emissions, it will not.

**Mr Bacon:** At the moment it will not. There are test cases and one goes through them. That is why I think that if the Government set down a firmer framework it would be a lot easier for us to move that issue forward.

**Q118 Mr Chaytor:** You have set yourself against the idea of a national strategy for housing in your written submission. The reasons you give do not seem to me to be terribly convincing. You actually go on to say that there is a real danger of construction resources being diverted from the north and the Midlands to the south east to cope with the overheating of construction activity there. Is that not the very best argument for having a national plan? I can see that every electrician in my constituency, once he learns he can earn £60,000 a year on Terminal 5 at Heathrow or £50,000 a year in Milton Keynes or Thames Gateway will get on a Virgin train at Manchester and it would be economically worthwhile for him to commute to Milton Keynes every week given the kind of work and wage rates that will be available for him there. Is this not the very best argument for a national strategy? Why are you so opposed to it?

**Mr Sparks:** We are fundamentally opposed to it because we are fundamentally in favour of individual regions and localities and sub-regions or whatever working out what is best in the circumstances of that particular locality. Our fear is that a, quote, national plan could end up with a national plan that develops everything in the south east; it does not necessarily follow that Manchester will be best served by a national plan.

**Q119 Mr Chaytor:** We have a national plan now which does focus development in the southeast but if the national plan had focused more on regeneration in the West Midlands, east Lancashire and west Yorkshire, would you not be happy with that kind of national plan?

**Mr Sparks:** No, because we can plan it better than any bureaucrat in Whitehall. If we are planning them on a sub-regional basis in a regional framework with a properly funded programme it will end up being done and being done to a more sustainable level. It is as simple as that.

**Q120 Joan Walley:** I suspect we are going to be beaten by the division bell. Could I just say that I wanted to ask about the Egan report and about the skills shortage not just in relation to planners and understanding sustainable development, not just in relation to contract management, but in terms of skills as well? Could you perhaps write to us if you have any particular further evidence about where you see genuine shortages of skills and ways in which the recommendations of the Egan report could help us deliver those skill shortages?

**Mr Sparks:** With pleasure.

**Chairman:** Thank you for your evidence today which has been most helpful.

*(The Committee suspended from 4.30pm to 5.20pm for divisions in the House)*

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## Supplementary memorandum from the Local Government Association

### *Response to Specific Questions from the Environmental Audit Committee following the Local Government Association's Oral Evidence Session, 23 June 2004*

#### *How are Building Regulation requirements enforced by Local Authorities?*

1. Local authorities' Building Control Officers examine plans and specifications for buildings to assess their compliance with the Building Regulations. Plans are approved when they show compliance. The construction work is monitored on site by Building Control Officers to ensure it meets the requirements of the regulations and is being carried out as per the approved plans.

2. Any contraventions of the regulations are notified to the builder and generally resolved on site. Where remedial action is not taken on site, an informal notice may be served to bring the works into conformity. If the informal notice is ignored then formal action may be taken under Sections 35 and 36 of the Building Act 1984. This statutory enforcement is used as a last resort and most of the enforcement is carried out by other means. Building Control Officers will endeavour to support the developer and builders in meeting the requirements and will give them the opportunity to put things right if they contravene any requirement.

3. Local authorities' approach to enforcement action is intended to:

- Ensure that they enforce the law in a fair, equitable and consistent manner;
- Assist businesses and others in meeting their legal obligations without unnecessary expense;
- Focus on prevention rather than cure; and
- Take firm action against those who flout the law or act irresponsibly.

4. This means that they will be open, helpful and fair to ensure that any enforcement action is proportionate to the risks.

5. Best efforts are used to resolve any issues where the law may have been broken without issuing formal notices, or referring the matter to the courts. This is the first option when the circumstances indicate that a minor offence may have been committed and there is confidence that appropriate corrective action will be taken. Where a formal notice is served, the method of appealing against the notice and the timescale for doing so will be provided in writing at the same time. The notice will explain what is wrong, what is required to put things right and what the likely consequences are if the notice is not complied with.

6. Where the circumstances warrant it and the alternative actions mentioned previously are considered inappropriate, then prosecution may result.

7. Local authorities consider the following factors when deciding whether or not to prosecute:

- The seriousness and effect of the offence;
- How predictable the offence was, or the circumstances leading to it;
- The offender's intent, history and attitude;
- The deterrent effect of a prosecution, both on the offender and others; and
- Whether there is enough evidence to prove the offence.

8. To ensure that fair and consistent decisions are made regarding prosecutions any decision to prosecute takes account of the Code for Crown Prosecutors.

9. Some local authorities have mentioned the Magistrates' Courts Act 1980 as causing them difficulties in terms of enforcement through the courts. The Magistrates' Courts Act requires a local authority to take legal action within six months of becoming aware of the contravention. Authorities have commented that they are finding it very difficult to maintain their routine inspections and ensure they allow time to take matters through the courts.

#### *Any information, including figures, on prosecutions regarding non-compliance with Building Regulations (part L in particular)?*

10. We have not had sufficient time to collate figures, but prosecutions for non-compliance with Part L are believed to be low. There are several reasons for the low level of prosecutions, such as:

- Sufficient alternatives to enable work to be altered to comply without prosecutions (many problems will have been put right under the threat of prosecution);
- The time-consuming nature of prosecutions; and
- The costs involved.

*Is the LGA satisfied that the new Part L regulations are being complied with?*

11. The LGA is aware that prosecution is difficult because of restrictions imposed on the power to prosecute for non-compliance with Part L and other building regulations. The powers available to enforce compliance with building regulations are contained within Sections 35 and 36 of the Building Act 1984. However Section 35 (which enables prosecution of offending builders) is difficult to use effectively due to the restriction arising from Section 127 of the Magistrates' Court Act 1980 which requires a local authority to take legal action within six months of becoming aware of the contravention. In practice six months is a very short time—contraventions are not always immediately apparent, builders not always easy to track down and there is a timescale for good practice using the Enforcement Concordat. This restriction does not impact in the same way on other local authority regulatory services, such as Trading Standards, Environmental Health and Development Control. The District Surveyors' Association is planning to carry out a survey of the situation.

12. Although prosecution is difficult, many jobs will be corrected under the threat of prosecution and our members seem to be reasonably satisfied that the Part L regulations are being complied with.

13. However, there seems to be a general consensus that the regulations are becoming too detailed and complex to be fully understood. Many local authorities are also concerned that the regulations are becoming burdensome to enforce. Anecdotal evidence suggests that Building Control Officers have to assist the builder (and often the householder) more often in choosing products and methods of construction that will meet the requirements of the regulations. Larger schemes and developers with design teams may have greater resources and skills available so may be better placed to overcome the complexity of the requirements.

*How satisfied is the LGA with the new self-certification system (FENSA etc)?*

14. The LGA has not taken a view on this and our members seem to differ in opinion on how the new system is operating—some believe it is working fairly well but others believe it to be bureaucratic and ineffective, with non-compliance widespread.

15. Many authorities have also mentioned that the new system places considerable non-recoverable costs on them in terms of processing and storing applications. They have cited difficulties with enforcement, particularly surrounding the inadequacy of their powers and resources. It is also felt that public awareness of the scheme is still patchy and better communication about the scheme is needed.

July 2004

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#### **Memorandum from the Building Research Establishment (BRE)**

1. BRE is owned by the Foundation for the Built Environment (FBE), a registered research and education charity whose mission is to champion excellence and innovation in the built environment.

2. BRE is the UK's leading centre for research and consultancy on:

- construction quality, process and productivity;
- environmental impact of construction, sustainability and whole-life performance;
- energy efficiency of buildings;
- renewable energy in buildings;
- building performance—structures, materials and systems;
- prevention and control of fire;
- risk science; and
- knowledge dissemination and systems.

3. BRE is committed to making its comprehensive expertise and experience available to the benefit of those involved in the construction and associated industries, from multinational companies and government departments to individual architects and builders.

*Are the conclusions of the Barker Review compatible with the general principles of sustainable development and the Government's own sustainable development objectives?*

4. To be truly sustainable, development needs to achieve a balance between environmental, social and economic needs and impacts. This is a difficult balance to achieve; but if the overriding consideration is one of economics, at the expense of environmental and social impacts, then this is not sustainable, nor does it support the Government's own sustainable development objectives. However, it is our view that building homes that offer high standards of environmental performance and which meet the social needs of the communities for which they are built, would also provide both short and long term economic benefit.

*In view of the Barker Review is there a need for an overarching national strategy to ensure that the environment is at the heart of any building programme?*

5. It is difficult to see that the Barker report calls for the above. In some respects it might appear to take a more balanced ‘sustainable’ approach; eg Recommendation 7 in relation to PPG3 states that “. . . there should be a full consideration of the economic, social and environmental costs and benefits . . .”, which would be welcomed. However, the recommendation (and the tenor the whole report) goes on effectively only to address economic issues of affordability and costs, giving the impression that these will outweigh environmental considerations, which is not sustainable. If future development is to be sustainable, is to serve the long term needs of communities and provide a platform for the continuing health of the UK economy then we believe that it is essential that there is a coherent national strategy for placing environment at the heart of any building programme.

*Is the current planning system robust enough to ensure that the environmental implications of building projects are fully taken into account?*

6. No.

*How can the planning system be used to increase the building of more sustainable housing?*

7. It would need to be a requirement of the planning system that developers explicitly demonstrate the sustainability of the development; ie the social and economic need for, and benefits of the development, and the measures taken to manage/mitigate the impacts on the environment.

*Would the proposed changes to the planning system in the Barker Review have a positive or negative effect on the environment?*

8. There is nothing within the recommendations of the Barker Review to suggest that the proposed changes to the planning system would have a positive impact on the environment.

*Where will the proposed new housing be built? What are the implications for land-use and flood risk of the large-scale proposed building projects?*

9. The Barker Review accepts that the location of any proposed new housing needs to reflect the economic, social and environmental needs of the region or local area, and that this needs to be assessed. It is therefore impossible to be precise about where such development should take place and the implications this has for land use and flood risk. However, at a time when there are parts of the country crying out for redevelopment and regeneration of urban areas it would arguably be more sustainable to ensure that these received an appropriate share of the development effort.

*Is it possible to ensure materials and resources used, and waste produced, during building do not have a harmful impact on the environment?*

10. It would be impossible to always ensure that materials and resources used, and waste produced, during building do not have a harmful impact on the environment. However, BRE has developed a number of methodologies and tools to help the construction industry minimise the environmental impacts of construction. These include: Environmental Profiling and certification of construction materials and components; the Green Guides to specification and Envest; tools which are based on environmental Life Cycle Assessment; BREEAM and EcoHomes, methodologies for assessing the environmental impacts of buildings; the SMARTwaste suite of waste management tools; developed for construction; and the Sustainable Development Checklist, which assesses the environmental, social and economic issues of large scale mixed use developments. We believe that the use of these tools is already helping to reduce the environmental impacts of construction and that their wider uptake would have major benefits in this area. Details of BRE’s sustainability tools can be found on our website <http://www.bre.co.uk> and of the BRE Environmental Assessment Method (BREEAM and EcoHomes) at <http://products.bre.co.uk/breem/index.html>. The use of common standards and the wider availability of certified environmental products and materials would give the industry and its consumers greater confidence to specify more sustainable building solutions.

*Are the building regulations as they stand capable of ensuring that new housing is truly sustainable in the long term? How could they be improved? Could greater use be made of existing environmental standards for housing?*

11. The Building Regulations as they currently stand are not capable of ensuring that new housing is truly sustainable. Building Regulations set minimum standards of performance and would have to move a long way to provide “true sustainability”. The Private Member’s Bill (the Sustainable and Secure Buildings Bill) would, if enacted, be a major step in this direction, as it aims precisely to bring sustainable development within the scope of Building Regulations.

12. Certainly greater use of existing and higher environmental “standards” for housing development should be encouraged. The technical solutions to achieve higher standards of environmental performance are available now, and it is BRE’s view that good environmental performance, if designed in at the beginning of a development, need not lead to significantly increased costs of construction. However, fiscal measures to support the construction of housing with lower environmental impact would be beneficial in overcoming resistance from some areas to achieving higher standards. This would generate the volume in the market that would mitigate, through economies of scale, any claims of increased cost.

13. A number of organisations (English Partnerships, the Housing Corporation, the WWF, Countryside Properties and others ) support the use of EcoHomes (the version of BREEAM for homes) as the environmental assessment “standard” for housing. The Sustainable Buildings Task Group (co-Chairs Sir John Harman and Victor Benjamin) has also recently reported on this subject. A recommendation of their report is the setting up of a Public Private joint venture body to establish a Code of Sustainable Building, based on BREEAM.

*How will it be possible to ensure a sustainable infrastructure, including transport and water supply, which will be necessary to support any extensive house building, is put in place?*

14. Only by making development conditional on the ability to deliver, alongside the housing, the places of work, schools, hospitals etc and the infrastructure to support them. This infrastructure must also be sustainable.

*Do those involved in housing supply, both in the public and private sector, have the necessary skills and training to ensure new housing meets environmental objectives? If not, how can the knowledge base of those involved in the planning and building process be improved?*

15. It is clear that, while at the leading edge the skills needed to provide new housing that will meet environmental objectives do exist, in the generality the skills base is low. Within the housing sector, particularly in housing construction for the private purchaser, there seems to be a reluctance to move away from traditional methods and styles of construction, a lack of awareness and understanding of what can be achieved, and a failure to recognise the importance of, and the opportunities on offer from, building more sustainably.

16. This also seems to extend into planning and building control; where either lack of awareness, or the constraints of the planning systems and Building Regulations, seem to restrict or at the very least hamper progress to higher levels of performance.

17. Modern methods of construction (MMC), including modular design and offsite manufacture, have the potential to meet the UK need for new high quality housing across the spectrum from affordable to luxury units. This approach can deliver sustainable solutions through better supply chain management, innovative materials, higher standards of quality, improved site safety and reduced development timescales. At this stage the economic and social benefits of offsite construction are fairly clear but the environmental benefits need further consideration. Offsite construction may have implications for transport movements and the sourcing of materials local to construction sites. However, these issues need to be set against the great potential for improving the performance of housing constructed in this way. The benefits of modern methods of construction will only be fully realised if the industry is given the support that it needs to overcome market barriers and to innovate. Common certification standards for MMC housing incorporating broad stakeholder requirements (such as insurance and mortgage lending) as well as statutory needs, will ensure the wider acceptance and adoption of these methods.

18. The issue of the skills shortage and skills needs has been examined in detail by others, (eg Egan) and the size of the task to correct the current position across all the relevant disciplines has been recognised as considerable. Fundamentally, sustainability has to be incorporated into training at all levels; through colleges and modern apprenticeships, at universities and design schools; through trade associations and professional bodies moving to make continuing professional development in the area of sustainability a requirement for the ongoing “license to practice”.

May 2004

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*Witnesses:* **Dr David Crowhurst**, Director, Centre for Sustainable Construction, **Mr David Warriner**, Managing Director, Building Sustainable Solutions and **Ms Deborah Brownhill**, Associate Director, Centre for Sustainable Construction, BRE Environment, examined.

**Q121 Chairman:** We are grateful to you for coming and also for the memorandum which you submitted. Can I begin by referring to the mission that you have which is to promote excellence and innovation. We would be very interested in your thoughts on whether this is a message and a mission which finds a receptive audience in the building industry.

**Mr Warriner:** Yes, I think it does with some sectors. The problem of the industry is that it is so diverse and so disparate. There are clearly some leading edge players for whom innovation is very much their every day bread and butter. There is a vast majority of the industry which has little interest in innovation and merely wishes to turn out stock solutions.



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23 June 2004 Dr David Crowhurst, Mr David Warriner and Ms Deborah Brownhill

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Clearly we are targeting those who are already converted but equally trying to raise the standard of the majority as well.

**Q122 Chairman:** Why do you think there is such a range of different types of behaviour when clearly those who are at the cutting edge, who are doing the right things, are doing so not only because it is good for the environment but also because it is good for their bottom line? Why has the message not filtered down?

**Mr Warriner:** I presume because many of them feel that their business is perfectly sustainable without doing so until some pressure comes on them that changes that. I think you are right; those who are doing it are seeking that edge. Unfortunately in many cases I guess they do not feel the need to seek that edge; they are able to sustain their current business. I think it is also a major issue about knowledge and expertise in being able to do some of those things and that is clearly where we see one of our major roles.

**Q123 Chairman:** Do you think you are as effective as you would like to be in spreading the word about good practice?

**Mr Warriner:** I think we are very effective in those areas where we have targeted programmes. The big issue with any sort of thing like that is that it has to be funded in some way. Energy (which is funded) is quite a good area and there are some very effective programmes. In others it may not be quite so.

**Q124 Chairman:** The WWF told us last week that there are a lot of companies that only do the right thing if they are made to. Would you agree with that?

**Mr Warriner:** I think the industry certainly likes a level playing field. In many cases it does not like to feel that it is doing something it does not need to do and that is often an argument about Building Regulations: it provides a floor that everybody at least knows where they are starting from and what they have to do. I think there is inevitably some truth in the fact that many will only do the minimum they think they need to do.

**Q125 Chairman:** In your view is it true what Barker said in her interim report that house builders' profitability depends on obtaining valuable land rather than building a higher quality product in ever more efficient ways?

**Ms Brownhill:** I think it probably is true. She is the economist; we are scientists in this. There is not a premium or an incentive for house builders normally to build to higher sustainability standards in terms of the economics.

**Q126 Mr Challen:** Barker says in one of her recommendations that there ought perhaps to be a windfall tax on land sales where the price is increased through the permission given to it for house building. Having myself recently looked at house builders' profits which have gone up tremendously in the last five years, do you think there is any

mileage for extending this principle of the windfall tax to other areas like house builders' profits so that that money could be recycled into higher standards or environmental purposes and things of that sort?

**Ms Brownhill:** I think the idea of windfall tax on planning gain is not actually a new idea. I think there was legislation a number of years ago which did implement a tax like that. I am not exactly sure why that ceased to be and it is obviously the land owners are the ones who make huge profits from doing nothing; they merely convert the land from agricultural land into building land. There is a huge amount of money in the system that could be used to support neighbourhood combined heat and power schemes or renewable energy programmes or higher sustainable development in terms of social and economic aspects. The house builders will certainly argue that their profits are more inconsistent than that. Sometimes they do make a lot of money and at the moment they are doing, but if you look back to the late 80s then they certainly were not making much money and things were problematic for them. We certainly looked at some fiscal incentives in work that we did with the WWF which looked at fiscal incentives that the Government could implement to encourage green development like a reduction of the stamp duty if a house met a certain high standard or other such Treasury incentives. That has remained as a recommendation; it has not really been picked up by the Government so far. There are fiscal incentives that could be introduced that would help to pay for some of the sustainability costs but these costs in our experience are greatly exaggerated. We have some information on costs if that would be helpful to the Committee.

**Q127 Chairman:** It certainly would.

**Ms Brownhill:** We have a label that ranks housing on how sustainable it is on a scale of good to excellent and we have information on the costs of achieving each different standard that was produced by the Housing Corporation and sustainable homes so it is nothing to do with us and it has not had any vested interest or house builders producing that information. It has just been produced for the common good of housing associations. At the moment with a favourable site—which means the sort of infrastructure, local facilities and public transport provision that the LGA were talking about which is so important to sustainability—in order to get an excellent on our scale for the housing (because we measure those local aspects as well in our label) then it costs about £1,800 per property to raise it from where Building Regulations are now to what we would call our "Excellent" standard. That is not a lot of money in the build costs; we worked out that it is less than 3% even if you take quite a low build cost which would more reflect the Midlands than the south east.

**Q128 Mr Challen:** Do you have any evidence—although it may not be in your remit—to show whether or not the public, if they were offered a choice between a common or garden current

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23 June 2004 Dr David Crowhurst, Mr David Warriner and Ms Deborah Brownhill

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cheapskate house building job and a good BedZed style building, whether they would pay a premium for that?

**Ms Brownhill:** The only evidence that I do have is that I have worked closely with the development of Milton Keynes over the years—over quite a lot of years now—and we had a development called Energy World in the 80s which was one of the first large scale developments of energy efficient housing with the new technologies in it. For many years in Milton Keynes—and even still now—houses on Energy World sold at a 3% premium. So there is some evidence that provided the publicity is there—the Milton Keynes Development Corporation had a huge amount of money to publicise that, it was on television, it grabbed the imagination of the public—then yes, there is some evidence to show that people will pay that.

**Q129 Chairman:** What changes would you like to see to Building Regulations?

**Ms Brownhill:** We believe Building Regulations is a good mechanism for having some statutory minimum level that is a level playing field. In terms of sustainability in the round—which is what we try to address with our label EcoHomes—because it is such a broad subject we think it would be difficult to encompass everything within the legislative constraints of Building Regulations. For example, the building control officer at the moment can only look at that individual house; he cannot consider whether there are local facilities close by or whether it is well served by public transport. His legislative remit does not allow him to do that. We believe that a number of extra indicators could be included in Building Regulations to set the minimum, but on top of that a voluntary label that goes further or, if you want to make it more mandatory but not via regulation, would be a mechanism to address all these other aspects which are quite often difficult to build into Building Regulations.

**Q130 Chairman:** I think the Egan report recommended that Government should aim to achieve carbon emissions and waste minimisation standards consistent with a sustainable one planet level within eight years. Do you think that is feasible?

**Dr Crowhurst:** I think that may well be an optimistic target, but setting targets that are optimistic are a good way of driving improvement so one would not want to downplay the importance of trying to achieve that and apply any sort of blame if we do not actually achieve it. We need to work towards that sort of level but whether it is really achievable within eight years I would suspect that is being optimistic.

**Q131 Chairman:** What are the principal reasons why it might not be achieved?

**Dr Crowhurst:** I think there are practical considerations. The public would need to be engaged in that aim. The design considerations in terms of reducing waste would need to be engaged so there are many, many different factions that need to

be engaged if that process is going to be achieved. It would be a significant effort in order to engage all those that need to be involved in that process.

**Ms Brownhill:** Especially in house building. It involves a significant change of operational procedures which traditionally have been quite slow to change. Even with full fiscal incentives and everything else we reckon it is about a 20 year timescale to get anything moved significantly in the housing industry from start to finish, to get, say, 80% penetration of any particular activity even when that is well-funded and well-publicised. The time lag to get it in there is quite long in our experience.

**Q132 Chairman:** Are you talking there about technological barriers?

**Ms Brownhill:** No, I am talking about skills barriers, attitudinal barriers, practical barriers of the manufacturing process; the way people are used to working and the way manufacturing works and what happens on sites with on-site processes and skills that people have at every level. At every level there would need to be a lot of re-training and a raising of the level of skills particular in the housing market. You asked about the construction market, that is split into the construction and the housing market, and there are quite different skill levels in those two parts of the construction industry.

**Dr Crowhurst:** I think it is probably the attitudinal aspects which are harder to fix and as important. It is an objective that we need to move towards.

**Q133 Mr Thomas:** In that context do you have a vision of how things might be in, say, 20 or 25 years' time? You have talked about now and eight years which seems to be problematical. Do you have, as an establishment, a vision of where we could be getting over that slightly longer timescale?

**Ms Brownhill:** We do have visions about what we think sustainability is for housing or for building. We obviously do not get involved in the same level of master planning that the Local Government Association would but we also have a vision on how we think planning could be improved to help the processes and we have definitions and tools of how to measure sustainability—for want of a better word—that we would like to see implemented in a whole scale way. I think to say that anyone has the one answer to sustainable development is a bit of a tall order.

**Dr Crowhurst:** If I have a vision—I suspect this is a personal one rather than a BRE one—it is that when establishing plans for future development that we first of all make sure that there is that need for development—there is a societal need for that development—and when we do do that we make it environmentally sound so that we are mitigating the environmental impacts and use of resources to achieve that and but also taking account of the economics through looking at that sensible through whole life cost measures rather than the narrow capital first cost measures. That is the sort of model of sustainability which takes into account social, environmental and economic needs.

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23 June 2004 Dr David Crowhurst, Mr David Warriner and Ms Deborah Brownhill

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**Q134 Mr Thomas:** That is a bit attitudinal again.

**Dr Crowhurst:** There is a lot to change in terms of both attitudes of professionals but also attitudes of the public. Whilst I think the public are increasingly aware of environmental issues, how effectively to deal with them is not always necessarily within the public grasp, nor might one expect every member of the public to have the same grasp.

**Q135 Mr Thomas:** To get to that stage—whichever that vision may be—surely one of the key things that we need to be dedicating some resources towards is research into sustainable construction. How much are we in this country dedicating to sustainable construction? How much money is being allocated either by yourselves or government towards research and how does that compare with other countries? Are we doing enough?

**Mr Warriner:** I do not think we are doing anywhere near enough. One of the problems at the current time is that there has been a reduction in the available funding for research into construction generally but sustainability in particular.

**Q136 Mr Thomas:** Is that a recent phenomenon?

**Mr Warriner:** Yes, relatively recent; over the last three or four years.

**Dr Crowhurst:** Four years ago we had a programme which, at that time, would have been of the order of a million pounds—slightly more—of government funded research and some policy support. Over that four year period that, I am afraid to say, has dwindled to nothing.

**Q137 Mr Thomas:** Nothing at all?

**Dr Crowhurst:** A few thousands of pounds. That is not to say that there is not government funded work being done from various agencies in support of the environmental impacts and issues that might broadly be included in sustainability. It does seem to me that that approach has become particularly fragmented since the responsibility for areas in terms of sustainability were seemingly separated from what was the old DETR and has now become DEFRA, ODPM, DTI and probably a number of other departments.

**Q138 Mr Thomas:** Is your impression that the overall global standard has decreased or is it simply fragmented and it is in a lot of different places and maybe not being as effectively used in that way? Or is it that they have simply shifted the funding from yourselves and given it to another wonderful body that can do this work just as well?

**Mr Warriner:** I think our impression is that the money has dropped.

**Ms Brownhill:** Programmes have been dropped.

**Mr Warriner:** There is no longer a specific construction related programme and our understanding is that that money has been absorbed into the broader DTI programme and therefore is probably being spread across a wider range of industrial sectors rather than focus on construction.

**Dr Crowhurst:** Also perhaps there is a different emphasis now evident within the DTI on the research that is needed in support of the construction industry in terms of acceptable, making it more profitable, more productive but not necessarily directed towards achieving objectives such as overall sustainability in construction.

**Q139 Mr Thomas:** What about training?

**Dr Crowhurst:** I think my colleague mentioned earlier that training is a particular issue. I know that the skills councils are looking at the training needs of the construction industry and those related to the construction industry. The skills need to go right through, not just the contractors but also into the planning departments and the building control so that they can adequately assess the solutions that are being put forward to them. There is work being done to look at ways to address that skills shortage but there is still some way to go.

**Ms Brownhill:** We have trained about a thousand building professionals so far on a two-day course to either look at EcoHomes which is the environmental rating for housing, or BREEAM which is the environmental rating for commercial building. There are training programmes going on from our side and they are always full at the moment. Every course we run is full so there would be plenty of material for wide scale training programmes to happen if there were sufficient push from government or whoever.

**Q140 Mr Thomas:** The capacity is there.

**Ms Brownhill:** The capacity is there, yes.

**Q141 Mr Challen:** Is that capacity just in the building industry? What about local authorities that monitor Building Regulations and so on? I was reading recently that the policing of regulations is a big issue; not enough is being done. We can train these people but do they actually implement it?

**Ms Brownhill:** That is one of our concerns about Building Regulations ever being more than a mandatory baseline level. BRE has carried out research that shows that the Building Regulations system overall is not well equipped to police the environmental standards that are currently in Regulations. To actually keep increasing them, unless we address the fact that the building control officers are not really trained nor do they have the resources to check on the environment aspects, you are not going to achieve anything; you are going to have legislation for legislation's sake. Through a mechanism like EcoHomes or BREEAM which is, if you like, funded by the industry, that puts more money in the system, better databases, better checking up facilities, one is more confident about the results of the certification.

**Q142 Mr Challen:** With all these new houses that are being proposed, how many extra people would we need to effectively implement proper enforcement of Regulations particularly affecting environmental issues?

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23 June 2004 Dr David Crowhurst, Mr David Warriner and Ms Deborah Brownhill

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**Ms Brownhill:** Obviously I have not worked out the answer to that one in advance, but there are precedents within Building Regulations, for example a SAP Rating, which is the energy rating is carried out by a competent person (someone who is deemed to be competent), it does not have to be carried out by the building control officer. EcoHomes works in the same way: a certificate can be issued by a competent person (just as a structural engineer would do the structural calculation) and that is acceptable by the building control officer. He does not really have to go around and check then. There are mechanisms that would enable other organisations to help with that burden on building control. Building Control Officers come from a background concerning themselves very much with health and safety issues and it is true that not too many complaints come from home owners just because their home is a little bit cold or draughty or uses a lot of water or whatever it may be. Traditionally they have always had a slightly different focus. There is more than one way to address that. There are already something like 160 organisations trained to deliver EcoHomes which is just a method that we licence broadly across the construction industry. Anyone can train to deliver this; anyone can have a licence provided they show competence on the examination and training course.

**Q143 Mr Challen:** Are they independent of the house builders?

**Ms Brownhill:** Totally independent of the house builders.

**Q144 Mr Thomas:** I want to ask about alternative construction methods. We have talked a lot about things that could be add-ons to make things better, but there are also alternative ways. If you look at the Centre for Alternative Technologies, for example, you see rammed earth buildings there or straw bale buildings or passive heating and all the rest of it. One of the concerns must be that these construction methods firstly are not widely available—or the skills are not widely available—and it is also very difficult for the consumer to decide whether such a house would be sustainable in the long term, would they stand up for fifty years or whatever it may be, how could you benchmark a house or a building like that against a similar, more traditional type of construction. Do you have any thoughts on how we can get alternative methods out there and whether you even have experience of what methods could potentially be used?

**Ms Brownhill:** You have to be a little bit careful because your assumption is that some of the houses that are built using the rammed earth or using some unusual technology are necessarily more sustainable than can be built in the traditional way. There is an awful lot that can be achieved with what you would call your standard house types and assumptions that windmills and photovoltaic cells are necessarily increasing sustainability can be incorrect. You have to measure things like the embodied energy in the production of the PV's, say, and put that into the whole equation which is what we try to do to

actually get an answer. We do research into modern methods of construction and obviously we keep a close eye on the alternative technologies. We have a Faraday partnership programme that looks at building in renewables so we are very supportive of all those things. However, they are not necessarily required to increase standards from where they are now to a much higher level.

**Q145 Mr Thomas:** Is there a particular method of alternative construction that you think may come into play over the next 10 or 20 years or whatever, or do you think on the whole we would be better off concentrating on the traditional but improving that and making it more sustainable?

**Dr Crowhurst:** I think before we embark on any one particular technology whether it is new or traditional—particularly if they are technologies which may be seen as fringe—we have to do a proper evaluation of their performance under real conditions whether it be straw bales or rammed earth. The research to establish that needs to be done; it would not be sensible to go down a route which favoured a particular type of construction without some reasonable research.

**Q146 Mr Thomas:** Is anybody doing that research?

**Dr Crowhurst:** Not that I am personally aware.

**Q147 Mr Thomas:** Would you do it if you had the money?

**Dr Crowhurst:** If we had the money, yes. We have particular facilities in a number of our laboratories that can look in an accelerated way at ageing effects on building materials, climate effects on building materials. The capability is still there; resources would be needed to utilise that capability.

**Q148 Mr Thomas:** I can understand your caution about alternative methods and saying that we need to be sure, but on the other hand the Government is introducing new methods of construction like off-site pre-fabs. As far as you are aware has the Government done any benchmarking on whether those are actually going to be sustainable homes? They seem very keen on them; about a quarter of new homes are supposed to be constructed in this way.

**Dr Crowhurst:** Again there are good reasons why modern methods of construction may provide advantages in construction. Not least there is the potential for reduced waste because of factory construction. There is also potential for savings particularly in health and safety in terms of the ability to build and the skills required to do that more safely. We know that the construction industry does not have a good record amongst industries for health and safety. I think there is still work to be done in order to establish whether there are true and tangible environmental benefits from the use of modern methods of construction.

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23 June 2004 Dr David Crowhurst, Mr David Warriner and Ms Deborah Brownhill

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**Q149 Mr Thomas:** Are we about to embark upon a massive support for these types of construction and yet you are saying that we do not really know if they are environmentally any better; they could be worse.  
**Dr Crowhurst:** That is possible.

**Q150 Mr Thomas:** Is anyone doing that work?

**Dr Crowhurst:** Not to our knowledge.

**Ms Brownhill:** Not in any great quantity.

**Dr Crowhurst:** There have been some case studies where some of those issues were looked at, for example, was the energy performance substantially better? That still comes down to design. If you design a traditionally built house well then it can perform as well as a system built house. There were distinct benefits in terms of time on site and safety issues associated with that, but I think some of the wider environmental implications—possible of transportation—have not been fully investigated.

**Q151 Mr Thomas:** I have a concern there because on the one hand you are saying there needs to be some caution for alternative methods; they look wonderful but are they really, over the long term, going to be an improvement and yet we seem to be seeing governments and housing corporations and so forth encouraging new methods of construction when we really do not know whether they will be in the long term actually more environmentally beneficial. Whether it is traditional houses or new methods of constructions or alternative houses, are we building houses that are really sustainable? In year terms, are they meant to last as long as they should be lasting in that there is a huge environmental cost in putting houses up in the first place?

**Dr Crowhurst:** Are we building volume housing in a sustainable manner now, regardless of its modern methods or traditional? I would say, no. I think the fabric and form of the housing that we do in the majority of cases could not, under current circumstances, be considered sustainable. The performance in terms of insulation and energy levels—air tightness in particular—much can be lost if the fabric and form—the insulation and thermal performance form of a building—if it is built in such a way that all the benefits of what is done are lost by the fact that it leaks badly because it has been badly constructed. Those are the sorts of issues that need to be adequately addressed whatever the form of construction.

**Ms Brownhill:** It is true that the environmental performance of MMC in our experience has not been widely researched but most MMC does have to go through a kind of formal certification as fitness for purpose. I suspect in some cases of alternative building types that is what is lacking. The environmental performance is demonstrated but the fitness for purpose is not demonstrated so the insurers like NHBC who insure 85%—or whatever it is—of all new homes, would be reluctant to accept that sort of thing without the fitness for purpose certification, so you really have to have it all before you can say to the industry, “This is what you should

deliver in every way”. We do seem to have bits of it in some places and bits in others but not the whole picture overall.

**Dr Crowhurst:** There is no evidence that modern methods of construction are not better; work still needs to be done.

**Ms Brownhill:** Case not proven.

**Q152 Chairman:** There seems to be a woeful inadequacy of information. If we are, as Mr Thomas said, going to embark on a massive house building programme in this country it is essential that that work is done first so that we know what we are building and what the impact on the environment will be, not only the immediate future but in the long term as well. Do you not yourselves professionally feel a sense of failure that these sorts of concerns that you have been raising for a very long time are simply out of the equation.

**Dr Crowhurst:** Building Regulations and the changes to future Regulations that are envisaged now have moved the goal posts a long way. One would not want to step back and delay those improvements that are already in train by saying that we have to stop now and re-assess all the various methods of construction. We need to build to higher levels of performance; to some extent we know that some of the traditional methods can have longevity. I think there are parallel tracks that we need to pursue in that context. In a sense we cannot afford to stop the building programme dead while research is going on, but it is important that the research itself is undertaken so that we can build better in the future.

**Q153 Joan Walley:** I think you were in here when we had the previous witnesses, when Councillor Sparks began his comments by talking about learning the lessons of some quite big mistakes that had been made in the 60s. In view of what you have just said and the really bleak picture that you are painting, do you feel your institution or organisation should have some input into avoiding those mistakes—not the same mistakes but mistakes we could be making now—and what mechanism is there for feeding through because we are just about to be embarking on one of the biggest building programmes that we have seen in our life times.

**Mr Warriner:** Traditionally BRE has had a very strong role in that sort of activity, particularly looking at issues of durability and the like.

**Q154 Joan Walley:** Has your changed status had an effect on that?

**Mr Warriner:** There is clearly a change in terms of the availability of funding for some of the traditional areas of research that BRE would have done. I think we need to be careful not to get too despondent about all this. We are building to a much better standard now than we were in the past and the capability, I think, is much greater than it was. With issues like modern methods of construction there are approaches through formal certification schemes—as Deborah said—and BRE has set itself up to promote and offer that type of service that can give

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23 June 2004 Dr David Crowhurst, Mr David Warriner and Ms Deborah Brownhill

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the industry confidence that particular methods are better than others or will meet particular standards. I think the widespread promotion of formal certification for this type of system is definitely to be encouraged. The capability exists to do that.

**Q155 Joan Walley:** Is the certification happening at the moment?

**Mr Warriner:** Some manufacturers see the value of that and see the benefit of being able to demonstrate that they have done it and some do not. Across the whole industry you get that spectrum of some who are leading the way and seeing the benefit and some who do not think it is necessary.

**Q156 Joan Walley:** When you talk about that are you referring to the EcoHomes code?

**Mr Warriner:** Not specifically, no. Certification is a much broader issue than just working out the environmental performance. It would include fitness for purpose, durability, safety, fire safety, the whole range of things you might want to include; the sort of things that would give you or I confidence as a purchaser that this thing was going to perform over a long period and needs to be safe and durable. EcoHomes is specifically looking at the environmental performance of housing.

**Dr Crowhurst:** We also have tools and methodologies that can be used to assess the environmental impacts of construction components and materials through their life time so the tools do exist and some companies are taking advantage of those tools early; some are not pursuing that with quite the same vigour.

**Ms Brownhill:** At the policy level we are commissioned by English Partnerships to help them devise the briefs for their developments, review the sustainability standards that are being used on developments and also consider things like modern methods of construction. They do ask BRE for advice in a lot of cases when they are encouraging developers to use modern methods of construction. There are bits of government that are in isolation; some are coming to us and asking for specific pieces of advice. English Partnerships has set mandatory standards using BREEAM for all developments on their land—the land they own—and they have to meet a standard of a very good everywhere or an excellent on flagship schemes. They are already delivering across the spectrum of housing; it is not just social, it is all the private sector housing as well. The LGA were a little bit negative about what was going on in private sector housing, but actually private house builders have accepted that they need to do this so they are taking it on board.

**Q157 Joan Walley:** Do you have figures of the take-up of that?

**Ms Brownhill:** We will soon issue certificates on 20,000 homes.

**Q158 Joan Walley:** Out of how many? What is the percentage?

**Ms Brownhill:** They are only building about 100,000 a year at the moment I suspect.

**Q159 Joan Walley:** That is about a fifth, then.

**Ms Brownhill:** It will be a fifth in about a year's time I would say. EcoHomes was only invented in the year 2000 so in terms of a product it has not had long to be out there. We are regularly getting 10,000 homes pre-registered on our database. We could certainly find out more figures and give you further information on that as and when you require it. It is not happening in ones and twos now; it is happening in thousands and that will roll on. The Housing Corporation has also set standards using EcoHomes and that will ultimately lead to about 20,000 to 30,000 of their homes every year having higher environmental standards than Building Regulations.

**Q160 Chairman:** I still do not understand the excuse for it only being such a small number of the total, particularly in relation to the Housing Corporation. Why can they not do better?

**Ms Brownhill:** They only build 20,000 homes a year. That is 100% of the ones that they build.

**Q161 Joan Walley:** So it is the private sector where it is not being applied.

**Ms Brownhill:** Both are having to take it up. All social housing is having to do it because of the Housing Corporation initiative and a number of private sector builders are having to do it because planners—like the ones you were just talking to—have tried to implement it via the Section 106 agreement (which, in our opinion, does not give them clear legal remit to do that) but a lot of them are trying nevertheless. They are also trying to include high environmental standards in supplementary planning guidance which again, if challenged, they would feel a little bit vulnerable over, but nevertheless many developers are understanding that if they can demonstrate their sustainability credentials they will get an easier passage through the planning process and that is worth an awful lot of money to them.

**Q162 Mr Savidge:** This week the Energy Savings Trust called the Sustainable Communities Plan a massive missed opportunity and reckless, and accused the Government that by concentrating on building housing as quickly and cheaply as possible it was reneging on its environmental commitments. What is your view?

**Mr Warriner:** We are not aware of the details that led the EST to make that comment so presumably they were privy to some information about the fact that they were going to be built as cheaply as possible. Clearly we would support the EST in their view that this is an opportunity where housing that is going to be built should be built to higher environmental standards. We certainly support them in that, but I have to say that we are not familiar with the underlying reasons that led the EST to make those comments so I cannot comment on them I am afraid.

**Dr Crowhurst:** Our own view is that we would want to see housing built to the appropriate and higher environmental standards and not to see that, in

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23 June 2004 Dr David Crowhurst, Mr David Warriner and Ms Deborah Brownhill

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sustainability terms, compromised purely on economic grounds by building as cheaply as possible.

**Ms Brownhill:** Have things like the whole life costs been taken into account? For example, we would think that if we had access to do the proper calculations we would be able to demonstrate that the extra environmental benefit could easily be paid back over the life of the homes. We do not know.

**Q163 Mr Savidge:** When you talk about whole life, presumably the new construction programme could potentially have a considerable effect on greenhouse gas emissions because some of the houses that are being built today, one would assume, would still be in use in 2050 by which time we are supposed to have got our 60% reduction in the carbon dioxide emissions. Do you feel that the Government has taken sufficient account of that in relation to building standards or, indeed, has related emissions to housing developments in any way?

**Mr Warriner:** I think you have put your finger on one of the key issues in that most of the environmental impact of housing is from existing houses. Today that is certainly true; we only replace about 1 or 2% of the stock every year. Initiatives to improve the standards of the existing stock would be incredibly beneficial if we could do that. You are right, whatever we are building now we have to remember that it will be at that standard if it is not improved as time goes on. I think Deborah's point is the key one that in looking over that sort of period you can justify additional extra costs at the beginning which will pay back handsomely in terms of reduced running costs throughout the life of that home, irrespective of the environmental benefits that it will deliver.

**Q164 Mr Savidge:** Have you actually done any research yourselves on the potential impact on climate change of the building programme?

**Mr Warriner:** We have certainly published guidance alerting the industry to the impacts of climate change and some of the things they will have to do in terms of modifying or adapting construction for that. We have done that through self-funded research funded by our foundation.

**Ms Brownhill:** I do not know of anything specifically relating to the Communities Programme. I know that a kind of environmental assessment was carried out by Entec and Richard Hodgkinson Consultancy for DEFRA about the environmental impacts of this particular building programme. As far as we are able to consider from being on the outside of that report, we have looked at the fundamental assumptions in that report about CO<sub>2</sub> emissions for housing and we think they are broadly based on a reasonable assumption. We would have done a similar kind of model ourselves if we had been looking at that.

**Q165 Joan Walley:** We have covered some of the work you have done on the EcoHomes standard, but I just wondered where the code actually came from and how it came about in the first place. It would be helpful to have that background.

**Ms Brownhill:** BRE has always been ahead of its time so in 1991 we launched an environment assessment method for homes which was universally not picked up by the market and the time was not right. We spent quite a number of years twiddling with it; it was very cumbersome and onerous on the house builder and demanded that every single piece of timber, for example, was FSC certified down to the last door knob. Not surprisingly there was not a huge take up by the market. By the year 2000 we had understood a little bit more about the market for such products as EcoHomes and we got together with the NHBC and decided to fund the development of EcoHomes and its sister publication which is called *The Green Guide to Specification for Housing*. This is a guide which gives a simple A, B and C rating on different construction types—straw bales may not be in there as a wall type but they could easily be—in terms of how you build your walls, roofs, floors, windows, et cetera; how you can choose the most environmentally friendly elements to put together your house. Since then we have had support from a number of government agencies in terms of their policy to specify EcoHomes, but EcoHomes has had to be funded by industry and BRE as best it could, so it has been quite a tight programme in terms of being able to deliver. However, it has been picked up by the market; it has been picked up by the Housing Corporation. Most house builders accept it; they do not necessarily agree with every aspect of it; it covers a broad range of issues which would be hard to cover in terms of Building Regulations. This is the sort of spectrum of issues that it covers: energy and transport count for 30% of the marks, if you like; pollution, 15%; materials, 15%; water, 10%; land use and ecology, 15%; and health and well being, 15%. It spans everything from the embodied energy that is used to build the house, the energy used throughout the life of the house, the likely savings on transport energy that you can get by providing cycle sheds, through to providing the waste bins to separate recycling items for the householders to use to make it easier for them to recycle thereafter, water effective appliances, better use of the land, protection of the ecological features that are there, increasing the ecology value by quite simple measures that house builders can do even within their own small site boundaries right through to health and well-being of the occupants (better noise protection, better daylighting et cetera). It covers a whole gambit of issues and gives scores to the developer on a scale up to "Excellent".

**Q166 Joan Walley:** What single thing do you think would help that become more readily adopted by house builders other than the Housing Corporation or English Partnerships?

**Ms Brownhill:** Certainly if it became easier for local authorities to make it a requirement of planning or a Section 106 then I think house builders would have to deliver it.

**Q167 Joan Walley:** Are you having talks with ODPM on that because there has just been new planning guidance issued, has there not?

23 June 2004 Dr David Crowhurst, Mr David Warriner and Ms Deborah Brownhill

**Ms Brownhill:** We are not having talks with them at this moment in time; they are aware of EcoHomes and BREEAM. It has been suggested by the Sustainable Buildings Task Group that a national standard code for sustainable buildings is devised based on BREEAM and EcoHomes. At the moment the focus of our negotiations with ODPM is over the recommendations of the Sustainable Buildings Task Group, namely about having a national building code. I am not quite sure where that would fit in terms of planning.

**Q168 Joan Walley:** What timescale do you think would be realistic for that to be introduced and how would that tie in with the forward programme for the new Sustainable Communities Plan?

**Ms Brownhill:** It could be introduced very quickly if it were picking up EcoHomes, certainly for the basic building types like houses, office and retail for which there is already a standard label largely produced.

**Q169 Joan Walley:** So there would be time for the Government to do it now if it chose to?

**Ms Brownhill:** Yes. The Sustainable Buildings Task Group gave them a very short timescale in which to try to respond to something, three or four months I think.

**Dr Crowhurst:** I think it would be fair to say that government policy in respect of its own construction and the approach adopted by English Partnerships and others has been leading the way in some respects. Individual departments have commissioned their own bespoke versions of the BREEAM schemes to address their particular construction needs and that is moving forward and being implemented. That is not housing, but it is a fairly large proportion of the construction market that is out there and it would be reasonable to say that government departments have made progress that is helping to drive the market.

**Q170 Joan Walley:** We have talked a lot about sustainable issues and environmental issues but in terms of building design what is your assessment of the way in which homes are designed at the moment and how could we be improving and better designing homes so that we are not just looking at the space outside a house but looking at everything that goes into the design brief internally which presumably, as we touched on earlier, would help with a much longer life of that particular home.

**Dr Crowhurst:** In thinking about any designs we would have to think about the user and their needs and what their expectations are. If you want longevity in something then you have to think about the people who are going to use it for that length of time and I think all too often the disasters of the past have not taken into account the likely impact of that; the users' needs have not been addressed. I would say that before commissioning designs an evaluation should be done of what the community's needs are in terms of housing design, presenting them with the designs and explaining them.

**Q171 Joan Walley:** Are you involved with that? If you are not, who is?

**Mr Warriner:** We have been involved in a number of studies through the housing associations, particularly where we have spoken to focus groups that the housing associations have set up in order to evaluate particular aspects of design and feed that information back to the housing associations so that when they do designs those benefits or desirable qualities can be built in. The other side of that is actually learning the lessons from what we have done in the past through post-occupancy evaluation and again we have been involved in that to a certain extent in some types of construction where the lessons learned are then able to be translated into future design.

**Q172 Joan Walley:** So you are doing work on that currently.

**Dr Crowhurst:** We have worked on things like the design quality indicators, housing quality indicators. There is a variety of work that has been done by BRE in support of improved design.

**Q173 Mr Challen:** I assume you were at the Better Building Summit in October last year organised by the ODPM which led to the Sustainable Buildings Task Group, but you were not represented on that. That seems a bit surprising. Is there any reason you are aware of why you were not on that?

**Ms Brownhill:** We were represented on one of the sub-committees; Professor Strong was on the Energy Sub-Committee but we were not invited on to the main committee.

**Q174 Chairman:** Do you know why not?

**Dr Crowhurst:** We have no idea.

**Q175 Chairman:** You were not invited to be on the main committee.

**Dr Crowhurst:** No.

**Q176 Chairman:** Did you ask to go on it?

**Mr Warriner:** I think we made fairly rigorous attempts to get on, yes.

**Q177 Chairman:** Did you complain when you were not?

**Mr Warriner:** I think various people were spoken to but I would not say that it was a public complaint because that is probably not particularly helpful in that sort of context.

**Q178 Mr Challen:** Was that a representative kind of task group in terms of the kind of things that we have been talking about? It seems to be very surprising that you were not actually on it and that you were not automatically on it in terms of the main thing rather than just a sub-committee.

**Mr Warriner:** In certain people's minds there were issues about BRE's role as a potential supplier of the solution in the end. You could look at it and say that that is the way it was probably going to turn out because they recommended that there be a code for sustainable building and they have strongly



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23 June 2004 Dr David Crowhurst, Mr David Warriner and Ms Deborah Brownhill

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recommended that it be based on BREEAM and EcoHomes. I think one can understand that there may have been some reservations in certain people's minds about a potential conflict of interest there. As things have turned out we have a result that gives us a very good way forward without it being coloured by any suggestion that we might have influenced it for our own commercial ends. I do not think the outcome is one that we are particularly concerned about; we support the outcome of the Task Group.

**Q179 Mr Challen:** Do you think that code is an improvement on EcoHomes?

**Mr Warriner:** As we understand it at the moment the intention is that it will be based very firmly on EcoHomes. One of the things that has been raised is that the individual groups were keen that there be floor levels of performance of certain things; water and energy were two that were picked out. There is not a fundamental problem in doing that; we are already doing that in some cases where particular developers are setting up a minimum standard that they want to achieve. There is a discussion that we need to have with ODPM on this.

**Q180 Mr Challen:** Is it correct that the code is only applicable to the public sector? If that is the case, why is that?

**Dr Crowhurst:** I am not aware that the code as such exists. The suggestion of the Sustainable Buildings Task Group is that a code be developed and it be broadly based on BREEAM and EcoHomes as the basis for the development and implementation of a code. You may be confusing it with the European legislation in terms of the energy performance directive in buildings which, in itself at the moment, would only apply to public buildings as I understand it. I do not think there was any suggestion from the SBTG that such a code for sustainable buildings would apply purely to the public sector.

**Q181 Mr Francois:** If you were not on the Sustainable Buildings Task Group—which I must say I do find quite amazing actually—were any developers on it?

**Dr Crowhurst:** Ian Coull who is the chairman of the Sustainability Forum which is sponsored by DTI was a member of that group and I think there may well have been other developers. We were asked and did submit evidence to the Sustainable Buildings Task Group. I have copies of that evidence which the Committee may wish to have. It was specifically in relation to BREEAM as a scheme and how that operated and could be operated more widely for the implementation of improved environmental performance.

**Q182 Mr Francois:** So one or more developers were on the Task Group but the BRE were not.

**Mr Warriner:** Was the House Builders' Federation represented on it?

**Ms Brownhill:** Yes, I think so.

**Dr Crowhurst:** I am not certain.

**Mr Warriner:** The list is available; we can certainly make sure you have a copy.

**Q183 Mr Francois:** The point I am seeking to make is that it does strike me as rather extraordinary, given what this Task Group has set out to do, that there was quite a heavy representation of developers or people involved in the industry but you were not on it. That suggests to me that someone was looking for a particular outcome before they began.

**Dr Crowhurst:** I think you may need to address that question to the people who selected the individuals to be on that working group. I do not think it is something we can really comment on.

**Q184 Chairman:** That is something that we would like to take up with the minister.

**Ms Brownhill:** There were a number of people on that group who were pro-environment like the WWF. There were a number of people that we have been working with on the one million sustainable homes initiative, including representatives of the Environment Agency, English Partnerships, who were very supportive. The actual outcome was very pro the environment and I think if there had not been some developers on the Committee giving it a rubber stamp then it could have been criticised the other way as well. In terms of how we develop EcoHomes and BREEAM we always like to have a healthy representation of the industry there so that that aspect of it is also covered. The Committee did seem to have a balance at least.

**Mr Francois:** I will not do this to death, but I am just looking at the membership of the body itself and balance is not the first word that springs to mind.

**Q185 Joan Walley:** If I could just pick up on one of the comments that was made in the last series of exchanges about your non-membership of the Sustainable Buildings Task Group, a comment was made about you not being there for commercial ends. I just wonder whether or not I am wrongly interpreting that, whether that relates to the change in status that BRE had and whether or not you feel that there was a conflict of interest in terms of the whole way in which you get your funding. Could you elaborate a little bit for me, please?

**Mr Warriner:** I do not think that we felt there was any conflict of interest. The whole investment we have made in BREEAM and EcoHomes is not just us, it is the industry as well. We have taken a long term view; BREEAM is not a money spinner, it is something that ultimately will become self-sustaining which it needs to do if it is going to continue to support itself. What we have not touched on is the model by which BRE was privatised which means that we are actually owned by a charitable foundation and any profit which we make is actually vested to the charitable foundation which is then spent on education and research.

**Q186 Joan Walley:** So your status is not a hindrance in terms of developing this whole agenda further forward.

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23 June 2004 Dr David Crowhurst, Mr David Warriner and Ms Deborah Brownhill

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*Mr Warriner:* Certainly not, no.

*Dr Crowhurst:* Not at all.

*Ms Brownhill:* We do not think so.

**Chairman:** Thank you all very much indeed. We are grateful to you and thank you for your evidence.

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**Supplementary memorandum from the Building Research Establishment (BRE)**

*Response to Specific Questions from the Environmental Audit Committee following BRE's Oral Evidence Session, 23 June 2004*

FUNDING

*How is BRE funded?*

BRE is a commercial organisation that wins its contracts in open competition. BRE is owned by a Registered Charity (the Foundation for the Built Environment) and that profits derived from BRE's activities are used by FBE to fund research and education activities for the common good.

*How much of the income comes from earned revenue and how much is grant funding?*

All of BRE's income comes from earned revenue. Details are included in our annual reports.

*What income does BRE receive from EcoHomes and BREEAM and how does this arise?*

BRE receives income from BREEAM and EcoHomes from the following:

- License fees from assessor organisations.
- Fees for carrying out quality assurance and management of the certification process for each assessment.
- Training of assessors.
- Sponsorship for the development of new/major updates of existing schemes.
- Fees for the development of bespoke evaluation criteria for buildings not covered by standard schemes.

From revenue BRE has to meet the costs of development and maintenance of the schemes; training course development and delivery, quality assurance and issuing certificates; operation of telephone support helpline/web-site and intranet for all assessor organisations, marketing and publicity. To date the revenue associated with BREEAM and EcoHomes has not exceeded the development costs.

UPTAKE

*What figures do you have on uptake of EcoHomes in public and private sector construction?*

To date 9,564 housing units have been certified under EcoHomes. We do not currently collect data on whether the houses are built for the public or private sector so can only estimate this by adding together the units built for developers listed obviously as Housing Associations, (our system could easily be modified to collect this data in the future). In some cases it can be difficult to tell as private developers complete the units as part of a design and build contract and register them as such before they are handed over to the housing association.

Our calculations show that 4,317 units out of the 9,564 are clearly registered to housing associations. Of the remainder the majority appear to be private sector.

There are also over 10,000 additional units that are pre-registered on our system and will be being assessed in the near future.

ECO HOMES

*How does someone become an EcoHome assessor? What qualifications are required?*

Most Ecohomes assessors start out as building professionals either surveyors, architects, architectural technicians, housing officers etc. This is not a requirement however. All assessors must attend a two day training course and pass an examination (carry out a test EcoHomes assessment). BRE marks the test assessment and provides detailed feedback to the candidates.

*What quality assurance is carried out on the work of assessors?*

All design stage assessments are checked for basic detail and content—this is called Level 0 QA. In addition, monitoring is carried out in more detail (Level 1 QA) on every assessment carried out by a new assessor until the sum of the error marks on the two most recent assessments reaches an acceptably low threshold. The assessor status is then marked as “Green” and one in five of all assessments are then checked at Level 1. If the assessor’s marks in these checks again exceeds the “acceptable” threshold his status will be changed to either “Amber” or “Red” and all his assessments will again be checked in more detail.

A further type of audit is carried out as part of a post construction review. This involves the assessors visiting the site and reporting that the details quoted at the design stage assessment have been delivered during construction. BRE also visits a high percentage (circa 50%) of these sites to check the post construction details.

*What is the average cost to the developer of having an assessment carried out? We realise this can vary significantly, the committee would just like to have some indication of the cost involved.*

**Design Stage Assessments**

Assessment fees for EcoHomes are not set by BRE but are decided by the assessors themselves.

However the guideline assessment fees that we printed in our literature in 2000 are listed below—these figures have not been updated since then.

Typical fees for a site of 40 homes with four different house types.

Fee for the site = £300	1 x £300	= £300.00
Fee per house type = £50	4 x £50	= £200.00
Fee per house = £15	40 x £15	= £600.00
<b>Total for the site</b>		<b>= £1,100.00</b>

This amounts to £27.50 per unit.

The costs for Post Construction Review are normally higher as site visits are involved. These costs are very dependent on how many houses are assessed at one time.

July 2004

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**Wednesday 7 July 2004**

Members present:

Mr Peter Ainsworth, in the Chair

Mr David Chaytor  
Sue Doughty  
Paul Flynn  
Mr Mark Francois

Mr Malcolm Savidge  
Mr Simon Thomas  
Joan Walley

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**Memorandum from the Office of the Deputy Prime Minister**

1. The primary aim of the Office of the Deputy Prime Minister is creating sustainable communities. The Sustainable Communities Plan<sup>1</sup>, published in February 2003, provides the starting-point for a wide-ranging programme of action in support of this aim, and two subsequent reports<sup>2</sup> have described progress in delivery, outlined further challenges and described how they are being addressed.

2. In support of its aim of creating sustainable communities, the Office has adopted five strategic priorities, as follows:

- Delivering a better balance between housing supply and demand by supporting sustainable growth, reviving markets and tackling abandonment.
- Ensuring people have decent places to live by improving the quality and sustainability of local environments and neighbourhoods, reviving brownfield land, and improving the quality of housing.
- Tackling disadvantage by reviving the most deprived neighbourhoods, reducing social exclusion and supporting society's most vulnerable groups.
- Delivering better public services, by devolving decision-making to the most effective level— regional, local or neighbourhood:
  - Promoting high quality, customer-focused local services and ensuring adequate, stable resources are available to local government.
  - Clarifying the roles and functions of local government, its relationship with central and regional government and the arrangements for neighbourhood engagement, in the context of a shared strategy for local government.
- Promoting the development of the English regions by improving their economic performance so that all are able to reach their full potential, and developing an effective framework for regional governance taking account of the public's view of what is best for their area.

3. As is clear from these strategic priorities, the Office's aim and objectives clearly encompass the goal of sustainable development, integrating economic, social and environmental factors. In many cases, the Office's programmes work support all three of these objectives, as is clear from the action plans set out in the Sustainable Communities Plan and the subsequent reports. Where this is not possible, and difficult judgements have to be made, each of these factors is given its full weight.

4. The Government set out its proposals to build more sustainable homes in the Sustainable Communities Plan. This identified four growth areas where development within the South East could be focused to reduce the pressure and associated environmental impacts on high demand areas, and to ensure that necessary infrastructure is delivered alongside new development.

5. Around 10% (£13 million) of the Growth Areas capital programme is being spent to create new strategic green space to strengthen green buffers between towns, to enhance new developments and to restore environmental and heritage features. Examples include the creation of a new regional park in Northamptonshire, extensions to the Forest of Marston Vale, green belt improvement around Cambridge and improved countryside access in the Lea Valley. A joint publication between ODPM and Defra, "Creating Sustainable Communities: Greening the Gateway—A greenspace strategy for Thames Gateway," was published in January 2004, and sets out the core principles that should be adopted in the planning and design of green spaces in the Thames Gateway

6. In her review of housing supply, Kate Barker concluded that the under-supply of housing was hindering macro-economic stability and harming individual quality of life by putting home ownership out of reach for those with moderate incomes in areas of high demand. Her central recommendation was that

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<sup>1</sup> *Sustainable Communities: building for the future*, published by ODPM, February 2003.

<sup>2</sup> *Creating sustainable communities: Making it happen: Thames Gateway and the Growth Areas*, published by ODPM, July 2003, and *Making it happen: The Northern Way*, published by ODPM, February 2004.

there should be a step change in housing supply. She recommended that the Government adopt an “affordability goal” linked to housing supply at the national level, which would then inform development of regional housing targets.

7. The Government has accepted this recommendation. 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. Our strategy for developing sustainable communities is based on looking at the range of economic, social and environmental issues in an integrated way, and seeking positive outcomes across each of these dimensions. Where there are impacts on the environment, these need to be addressed properly. A range of processes and measures are in place to ensure that this is achieved.

8. Kate Barker outlined options for levels of additional growth in her report, but she made it clear that these presented choices for Government, taking account of the need to balance the economic case for additional housing against its social and environmental implications. The Government accepts that the implementation of Kate Barker’s recommendations needs better to reflect the wider social and environmental dimensions. Further work is needed, both to determine what might be deliverable at the national level and to establish how any affordability goal might apply at the regional level. That work will take account of a number of factors, including the implications of growth in terms of transport, infrastructure and social and environmental factors.

9. Kate Barker recognised the necessity of supporting extra housing development with good public services and infrastructure. This approach underpins the Sustainable Communities Plan and the Government’s policies in the growth areas. The aim will be to create vibrant communities, places where people want to live and work and which will stand the test of time. The Government has accepted Kate Barker’s proposal for a Community Infrastructure Fund to help fund specific schemes needed to realise housing development, alongside continuing investment from main programmes.

10. Kate Barker also called for an increase in social housing provision and the Government has said that it will make a start on this in the current Spending Review. In fact, supply has already been boosted through substantially increased investment over the last three years. The Housing Corporation’s investment programme delivered over 23,000 new affordable homes in 2003/04, focused in London and the South East, where the need is.

11. All housing development, whether under existing plans or specifically in pursuit of Kate Barker’s recommendations, is subject to the usual requirements of the planning system. That system has sustainable development at its heart. The Planning & Compulsory Purchase Act makes contributing to the achievement of sustainable development a statutory objective for regional Spatial Strategies and Local Development Frameworks. Draft Planning Policy Statement 1 (PPS1) (Creating Sustainable Communities), on which the Government has just completed consultation, emphasises the Government’s commitment to a planning system that will support and achieve the Government’s wider economic, social and environmental objectives to achieve sustainable development.

12. PPS1 makes clear that planning authorities should consider how their plans are addressing the aims for sustainable development in an integrated way. It sets out how planning policies can support the four aims of sustainable development (protection of the environment, maintenance of high levels of economic growth and employment, social inclusion, and prudent use of natural resources). For example, PPS1 states that planning policies should reflect a preference for minimising the need to consume new resources over the lifetime of the development and that consideration should be given to encouraging energy efficient buildings, community heating schemes and the use of combined heat and power in developments.

13. PPS1 is supported by other planning policy statements and planning policy guidance notes. Planning Policy Guidance 3 (PPG3) (Housing) contains policies on planning for housing development to ensure that development is focused on brownfield land and in environmentally sustainable locations. Draft PPS7 (Sustainable Development in Rural Areas) sets out policies for sustainable housing development in rural areas.

14. The Planning & Compulsory Purchase Act requires new Regional Spatial Strategies and Local Development Frameworks (LDFs) to be subject to a Sustainability Appraisal, which will incorporate the requirements for strategic environmental assessment. Indeed, the purpose of Regional Spatial Strategies, which plan for the scale and distribution of housing development, is to produce a plan for spatial development that balances economic, social and environmental objectives. Similarly the new Development Plan Documents (within the LDF) do so at the local level in allocating sites for housing development.

15. Under the previous planning legislation, individual developments on sites allocated in Local Plans were also subject to Environmental Impact Assessments and scrutinised by statutory consultees, including the Environment Agency and Highways Agency who might raise concerns about impacts including (for example) flood risk, habitats and congestion. These arrangements will continue to apply to development on sites allocated in the new Development Plan Documents.

16. The planning system can also deal with environmental impacts associated with development by applying conditions to the granting of planning permission and through the negotiation of Section 106 agreements, designed to mitigate the impacts of development.

17. Kate Barker proposed that the planning system should allocate more land for development than in the past. Planning for sustainable development is based on an integrated approach to the four objectives of the Barker Report. Objectives for growth should reflect economic and social imperatives but also recognise the need for efficient use of land, and the transport and infrastructure issues, to ensure sustainability. Environmental impacts will need to be identified and then avoided, reduced or mitigated.

18. PPS1 states that planning policies should promote the more efficient use of land through higher density, mixed use and the use of suitable previously developed land and buildings. Achieving these objectives will lessen environmental impacts and lead to more sustainable outcomes. The Government has achieved its target that 60% of new housing development should be on previously developed land. The sequential approach, set out in PPG3, is based on ensuring the release of sustainable brownfield sites first. PPG3 guidance on densities, backed up in London and the South East by a direction for developments under a density threshold (less than 30 dwellings per hectare on sites above one hectare) to be notified to Government Offices, has also had the effect of reversing the historical trend in densities.

19. The Barker Review also contains recommendations to make development more sustainable through the provision of supporting infrastructure, and a Planning Gain Supplement to capture some of the gains associated with development in order to fund some of these requirements.

20. The Government is committed to ensuring that provision of infrastructure and services will take place in step with growth. The aim is to create communities which, from the start, integrate a more sustainable approach to health, education, transport, the environment and natural resources. The development of individual growth locations will only proceed where it can be adequately supported by committed or planned transport services and infrastructure.

21. Government departments are working closely to ensure that the necessary infrastructure is in place to create truly sustainable communities in the growth areas. Thus:

- ODPM has provided £610 million for the four growth areas (Thames Gateway, Milton Keynes-South Midlands, London-Stansted-Cambridge-Peterborough and Ashford) to be used for additional funding for local infrastructure, services and environmental improvements.
- The Department for Transport has already committed over £2.7 billion to transport schemes within the growth areas.
- The Department of Health has announced a funding package that includes a growth area adjustment as part of future Primary Care Trust allocations; an additional £20 million of revenue funding per annum for 2004–05 and 2005–06; and £20 million of capital resources for allocation in 2005–06.
- The Department for Education and Skills is introducing a mechanism whereby Local Education Authorities can apply for additional capital support, if needed, to meet exceptional circumstances, including unusually high levels of growth. The new strategic Building Schools for the Future programme will also address capacity and help all four growth areas over time.

22. The Government is committed to ensuring that household growth is located and designed in ways that respect the environment and minimise resource use. In particular, it is committed to the growth areas having sufficient water resources and the necessary sewerage infrastructure to match demand, with the relevant water companies and environmental regulators being involved in the development of the growth area proposals.

23. Water companies will need to identify options for demand management, including better leakage control and higher levels of water efficiency. The Government is supporting innovative solutions for water management; for example, the ODPM is providing funding to the Environment Agency to commission an Integrated Water Management Strategy which will cover water supply, wastewater treatment, and flood defence and alleviation issues in the Ashford growth area.

24. Against this background the Government sees no need for another overarching national strategy. The Sustainable Communities Plan already provides such a strategy, and while Kate Barker's report has focused attention on the need for additional housing supply, it has not undermined the basic approach. It remains the Government's intention to ensure that the legitimate needs of communities and individuals for homes are delivered in a way that is truly sustainable. And at the level of individual schemes the planning system will continue to ensure that environmental considerations have been fully taken into account in new developments.

#### BUILDING DESIGN, STANDARDS AND SKILLS

25. The Government recognises the importance of good design in achieving its goal of sustainable development. The Planning & Compulsory Purchase Act therefore introduces design statements which will accompany certain planning applications. These statements look to ensure high quality, well-designed and sustainable development.

26. The ODPM also recently launched a pilot programme to investigate how design coding could be used to improve the quality of housing developments. Design codes set out the design parameters for a development and can be used to achieve both more sustainable patterns of development as well as improved environmental standards for housing itself.

27. There are a number of existing initiatives across Government aimed at achieving higher environmental standards in building. For example, the Senior Officials Policy Group, led by the Office of Government Commerce (OGC), has been asked to set out minimum/benchmark standards (including sustainability standards) that would be expected in the procurement of built environments across the public sector including where responsibility has been devolved.

28. In addition, the Sustainable Buildings Task Group, established by Government as a key outcome of the Better Buildings Summit published, on Tuesday 18 May, their report *Better Buildings—Better Lives*. The report recommends specific improvements in the quality and environmental performance of buildings, for both new build and refurbishment, across the country, which industry and Government can look to deliver in partnership in both the short and long term.

29. The Group also recommended that a Code for Sustainable Buildings should be developed which would be based on extant codes, in particular BREEAM (Building Research Establishment Environmental Assessment Method). The Government is now carefully considering how best to take forward the Group's recommendations, including their recommendation of a national code for sustainable buildings, in ways that are practical, achievable and cost effective.

30. It is essential not to stifle creativity or set targets or standards that, for example, may be suited to the South East but would not apply to new development or refurbishment in the North. Flexibility is important and consideration needs to be made to differing market conditions and needs.

31. As well as a need for flexibility, it is important not to resort too quickly to legislation. There is a responsibility on the industry, as well as on the Government, to ensure that its products respect the environment. The Advisory Committee on Consumer Products and the Environment (ACCPE) provides advice to Government on policies to reduce the environmental impacts of products and services. The Government is currently considering recommendations made in its most recent report (Feb 2004).

32. ODPM is incentivising improvements in the environmental performance of new and existing social housing. For instance, all new built homes funded by the Housing Corporation are required to achieve a BRE EcoHomes rating of "Pass" as a minimum essential condition of grant, rising to "Good" from April 2005. High standards also apply to most new developments brought forward by English Partnerships. Housing Associations and some groups are already constructing to higher environmental standards.

33. New housing developments will generate additional waste, both construction waste and subsequent household waste streams. It is important, therefore, to ensure that the necessary infrastructure exists to cope with additional pressures. A leading example is English Partnerships' showpiece development at Greenwich Millennium Village, where on site construction waste has been reduced by around 50%. Not only is this beneficial to the environment but, through reducing the number of skips (also by around 50%), there was a cost saving of over £130,000. It is clear through this example that sustainability does clearly have business benefits as well as environmental and social benefits.

34. The Office keeps Building Regulations under review to ensure that current standards are appropriate. The most relevant part of the existing Building Regulations is Part L, though this is limited to standards for conservation of fuel and power (energy conservation). The Building Regulations that came into effect on 1 April 2002 introduced significant improvements of 25% in energy performance for new dwellings. In addition, Defra works with the Waste and Resources Action programme on promoting sustainable waste management and the Carbon Trust and Energy Saving Trust on promoting energy efficiency best practice and innovation.

35. The Government is supporting the passage of the Sustainable and Secure Buildings Bill. If the Bill is enacted it will amend the Building Act and provide further powers to address wider sustainability issues within the Building Regulations.

36. The availability of the skills and training needed to deliver sustainable communities has become a matter of increasing concern. Accordingly, the Deputy Prime Minister asked Sir John Egan to carry out a review of the professional skills needed to deliver sustainable communities. His final report was published on 19 April 2004, and £3.6 million has been provided in 2004–05 to take forward his detailed recommendations.

37. ODPM is working with the Commission for Architecture and Built Environment (CABE) in targeting resources on audiences with high priority skills needs and has earmarked £2 million in their skills programme for 2004–05 for this purpose. The programme includes:

- training for priority audiences such as highway engineers and local councillors and an urban design summer school and masterclass;
- a regional capacity building programme focusing on the growth areas and housing market renewal areas;
- preparing an options appraisal for a national centre of excellence in sustainable communities; and
- work on piloting the use of design coding.

38. The Office is continuing to work closely with Regional Centres of Excellence, and has set aside £1 million in 2004–05 to take forward the implementation of their development plans and detailed work programmes. ODPM is also working with a number of smaller organisations, such as the Prince's Foundation and the Town and Country Planning Association, on specific short training programmes to help address key skills gaps.

May 2004

*Witnesses:* **Keith Hill**, a Member of the House, Minister for Housing and Planning, and **Lord Rooker**, a Member of the House of Lords, Minister for Regeneration and Regional Development, Office of the Deputy Prime Minister, examined.

**Q187 Chairman:** Thank you, Ministers, for joining us this afternoon. It is a great pleasure to see two of you and not just one. We hope that your evidence will be twice as effective as a result. We are obviously looking today at the Barker Review. The final Barker report was published by the Treasury on the Treasury's website and announced by the Chancellor of the Exchequer, although it was originally commissioned jointly by your Department and the Treasury. Could you just explain what role the ODPM had in commissioning the Barker report and in setting its terms of reference?

**Lord Rooker:** Well, it was a joint operation. I would not fuss about which website it was published on, the main thing was it was published. It was a joint operation, jointly commissioned between John and Gordon when we had been having lots of ongoing discussions since the publication of the Sustainable Communities Plan in February last year and I suppose there had been constant, almost daily discussions between ourselves and the Treasury since ODPM was formed two years ago, evidenced in some ways by the result of the Spending Review in 2002, where we realised we needed a step change in housing production. One of the consequences of this was the production of the Sustainable Communities Plan but while that is a road map for the Department, it was thought the economics of housing and the supply of housing ought to be looked at by a specialist and that is why it was commissioned with Kate Barker in the lead. She had access to ODPM and probably spent as much time with ODPM officials as she did with Treasury officials. I was personally present when she met John Prescott on a couple of occasions. So it was a joint operation.

**Q188 Chairman:** So you are satisfied that the whole issue of planning, as well as the issue of house prices, was properly reflected in the terms of reference she was originally given, are you?

**Lord Rooker:** To the best of my knowledge. Of course Keith and I have swapped briefs slightly, but at that time I had got the brief on planning. What I was surprised about, I do not mind admitting that, was when the final report was published early this year, at Budget time, to see Kate Barker quoted as saying she did not realise when she took the commission that the Planning Bill had been introduced into your House four months beforehand. There was no secret about the Planning Bill. In other words, we were doing things in government that were part of her recommendations,

to try and change the planning culture, hence what is now the Planning and Compulsory Purchase Act. It took a while to go through because it was a Bill which transferred over from one session to another. So yes, we were satisfied about that; no problem at all.

**Q189 Chairman:** You say you were surprised that she did not know about it. Did anyone make any effort to point this out to her, because it might have been relevant to what she was working on?

**Lord Rooker:** Well, I personally was not present when she was given the brief, but the brief included the planning and the hurdles and the barriers to the supply of housing, which is something we have been very concerned about in any event. We have to cut through some of the bull, of course, you have heard about planning from the developers. It is not quite sometimes what you see in the headlines in the newspapers. But it does not devalue her report because the fact is she was making recommendations that fortuitously we were already under way with. So I see that as a plus, not as a negative.

**Keith Hill:** Although you will be aware that her report does contain some proposals in the planning area, nevertheless she has indicated publicly that she believes that the Planning Act, as it now is, the Planning and Compulsory Purchase Act, does represent a very useful move forward in terms of achieving the planning reform that she is sympathetic to.

**Q190 Chairman:** Okay. We have got the report now, so how are you going to take this forward?

**Lord Rooker:** I freely admit—and this is not to fudge it—it will be at least 18 months before there is a definitive—I do not suppose there will ever be a final Government pronouncement on it. It is being taken forward by a task force to consider the multitude of recommendations. At the same time, I have to say that we are proceeding with the operation of the Communities Plan via the growth areas and other issues with the market with Pathfinders in the North, so what we do not want is any hiatus and stop there. What we take is the Communities Plan objective of the extra 200,000 dwellings over that which was already planned for the next 12 years. That is the baseline on which Barker starts, in other words. So we have got a big operation under way for the Communities Plan to deliver an extra 200,000. Barker is on top of that; in other words, we have got to work hard to get to that plan, to the baseline of Barker, which is why it is very important that we give some serious consideration to the issues she has



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7 July 2004 Keith Hill MP and Lord Rooker

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raised. So it will be at least 12 months before there will be major Government pronouncements on the way forward. Some may require legislation, some may not.

**Q191 Chairman:** Has the task force been set a deadline?

**Lord Rooker:** A good question! I certainly hope so, because I keep seeing it in my briefs that we will be pronouncing in about 12 to 18 months.

**Q192 Chairman:** You might like to set them a deadline if they have not got one.

**Lord Rooker:** Yes, but I will check. There probably has been, but there are one or two task forces on at the moment and we have got some imminently due to report. This is an ongoing process for us. This is part of the process, it is not a one-off. It is not as though it is happening in isolation. There is the Egan task force also which is working in parallel. We will have that report fairly soon. In other words, we are not waiting to stop to find out about what the overall scenario is as a result of Barker, which may require some changes in legislation, not least financial legislation.

**Keith Hill:** As Lord Rooker said, there is a multitude of recommendations in Barker and it is, therefore, unlikely that there will be, as it were, a single response on the part of Government to Barker. Nonetheless, it is clear and I think now well-known that there are work streams going ahead in relation to some of the specific recommendations in Barker, for example you will be aware that in place of the traditional section 106 planning gain proposals Kate Barker recommends a planning gain supplement and we have made it clear that we will consult on that, with the expectation of announcing a conclusion towards the end of 2005. You will also be aware that in the planning domain she recommended a merger of the regional housing and the regional planning boards. We have accepted that and we expect to go out to consultation on that proposal in the very near future.

**Q193 Chairman:** Is there anything that you have explicitly rejected at this stage?

**Lord Rooker:** A quick knee-jerk reaction to Barker is what we explicitly rejected. No, that is serious, because it would be very seductive to get a report like that.

**Q194 Chairman:** Well, we have just heard you have accepted two.

**Keith Hill:** No, no, we have not accepted two. No, we accepted the proposal on the merger of the housing and the planning boards, but we are consulting on the planning gain supplement.

**Q195 Mr Francois:** Minister, when was that decision taken to merge the housing and planning boards at regional level?

**Keith Hill:** My recollection is that that was announced by the Chancellor when he reported to the House in, of course, his Budget statement on the Barker report.

**Mr Francois:** Thank you.

**Q196 Chairman:** Just going back to the task force, who is actually on it?

**Lord Rooker:** A good question. If we have got a list of names, we will give you a list of names.

**Q197 Chairman:** If you could write to us with the list of names and parties, that would be interesting.

**Lord Rooker:** Yes, sure.

**Q198 Chairman:** Are you aware of whether or not there is a planner actually on the task force?

**Lord Rooker:** Well, you could argue planners are the root cause of the problem! That is what some people will say, but we take advice from a wide range of people. Whether there is a planner on it or not, you can be assured that the planning issue will be taken. I am going to be in trouble here!

**Keith Hill:** You are sitting next to the nation's Planning Minister! I have an industry and a profession to protect here, so I want to distance myself from the observations of my beloved colleague!

**Q199 Chairman:** I thought there would be trouble having both of you here this afternoon! But seriously, there are huge implications, as Keith Hill as said, for the whole planning regime and for local authorities, and so on, and it seems to me a little odd that you cannot tell us whether or not there is in fact a planner represented on the task force which is taking all this forward.

**Lord Rooker:** Well, at the moment, I know it is July but it is still early days post-Budget. There has been a lot of internal discussion across the two Departments at official level. We have got, of course, professional planners in ODPM, as opposed to local authority planners and private sector planners. They have taken advice on this from a range of people. As Keith says, we will not be going out to consult on Barker *per se*. The different aspects of the recommendations will be including different people, so planners in some meetings, developers in others; it is going to vary. We will provide you with what information we can about named people and their professional qualifications, and it may not just be on a task force, it may be people they have already consulted or set up in particular working groups. This is the way of the world. But it would not be one pronouncement in totality on Barker. As Keith has said, it is much more complicated than that.

**Q200 Chairman:** But the Government has somehow given the impression—and I think the Chancellor began this process when he announced the publication of the report initially—that they have basically accepted pretty well all the recommendations, are very positive about it and are pressing ahead.

**Lord Rooker:** I have no doubt we will see some effect of that when the Chancellor announces the result of the Spending Review next week, but as I repeat, Barker is on top of what we are already planning to

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7 July 2004 Keith Hill MP and Lord Rooker

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do, which of course we only announced a short time ago. Two years is a short time in the scale of these things.

**Q201 Chairman:** Do you think it is regrettable that she either was not given the freedom to look at the environmental consequences of her recommendations or chose not to?

**Lord Rooker:** Well, that is a matter you will have to ask Kate Barker.

**Q202 Chairman:** But you set the brief.

**Lord Rooker:** No, but hang on, the way you asked the question it is for Kate Barker to answer that. We take account in our decisions of environmental effects, whether it is on planning, house building or the growth areas, as Ministers and as people responsible for the delivery of vehicles we are setting up. So we have no problem about us being accountable for environmental aspects of either new house building, refurbished house building or the planning decisions. That is what we are accountable for and that is what we are doing, so I am quite happy about that.

**Q203 Chairman:** So the whole question of the relationship between sustainable development, which I know the Government takes very seriously, and the housing supply issue will be looked at by Ministers?

**Lord Rooker:** Well, it is not going to be looked at, it is done—and I genuinely mean this—on a daily basis, either at meetings and visits that Keith and I both do and appointments we make.

**Q204 Chairman:** Is this part of the task force's remit?

**Lord Rooker:** No. People will come back having mulled over the views about the Barker Review. As I say, the Government will not give a pronouncement on this for some considerable time, at least 12 months away. In the meantime, there is a huge operation going on quite separate, underneath the Barker numbers, if you like, (a) to get a step increase in the change of housing production in this country, both replacement and growth, and to manage the growth in a sustainable way, whether it is in the growth areas of the South East or in the market with North Pathfinders in the Midlands and the North. The same criteria that is all set out in the Sustainable Communities Plan from last year is what is being operated on a daily basis, I can assure you of that.

**Q205 Chairman:** Yes, but as you yourself have said, the whole Barker agenda is over and above the Sustainable Communities Plan.

**Lord Rooker:** Well, that is correct, because we will be looking for—

**Q206 Chairman:** What many people have said to us is that they are concerned in relation to Barker, not the Sustainable Communities Plan, which is separate and we may come on to it in a minute. In relation to Barker, they are very concerned that she only really mentioned the environment at all in order

to dismiss it as a factor. That would not matter if the Government had not given the impression that it had accepted Barker in whole.

**Lord Rooker:** Well, no. I ask you to judge us by what we are doing and the decisions we are taking now. We will implement the bits of Barker that we agree with after consultation in the future and that will build in what we are actually doing now the last year and the next two to three years under the forthcoming spending round, and those who want to comment on the fact that Barker might be missing some paragraphs on the environment or aspects of the environment, or the economics of the environment, I ask those people to judge what we are doing now in creating a step change in housing production and rebuilding and creating new sustainable communities. Judge us by what we are doing now on that because that is the way we will implement Barker on top of what we are doing.

**Q207 Chairman:** It sounds as though you are distancing yourself slightly from Barker.

**Lord Rooker:** No, I am not. I am just answering honestly your question and I am not bulling because I cannot say what will happen about Barker. It is 12 months away and we are going to have to move heaven and earth to get to the starting point, if you like, base one on which Barker will be built. That in itself is the most major operation that we are engaged in at the moment to get those extra 200,000 dwellings locked in over and above the 900,000 already planned. That in itself is a major task and that is our central daily task, if you like.

**Q208 Mr Francois:** Minister, the Sustainable Communities Plan, as it were, is confirmed and in the public domain. The merger of the regional housing boards and the regional planning boards is confirmed and in the public domain and you are saying now that the Government's response to Barker is likely to be—you have used the words several times—approximately 12 months away. Now, I am not asking you to tell us when the General Election is, but most of the spread betting is that it is in May of next year, in which case the announcements of the response to Barker would fall probably just after a General Election. Is it possible then that when you, as it were, respond to Barker there will be further announcements about house building above and beyond the Sustainable Communities Plan contingent upon whatever view the Government takes of the Barker report, i.e. there will be even more?

**Lord Rooker:** Yes.

**Q209 Mr Francois:** Right. And it is possible—you have used the words "12 months" a number of times—that if the Election were in May you would announce even more houses, were you still to be in Government, shortly after the General Election was out of the way, yes?

**Lord Rooker:** Well, you are presupposing the date of the General Election. It could be next May, it could be May 2006. We are not operating on an electoral cycle here, by the way. The Communities Plan is a

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7 July 2004 Keith Hill MP and Lord Rooker

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2016–2021 plan. The house building programmes that I am referring to are 2016–2021, the kind of figures I am referring to, the 900,000 plus the 200,000 are by 2016. This is not a quick fix for next year.

**Q210 Mr Francois:** All right, without pinning you down to when the General Election is, it is likely there will be further announcements about house building in relation to Barker in around about the early summer of next year? You did say yes before.

**Lord Rooker:** I did say yes before, but on the basis that every home in this country currently has to last 1,200 years we have got to do something about improving our housing production. We cannot carry on as we are. There is not enough affordable housing, there are not houses in the right place. We do not replace at anywhere near the rate of our continental partners. It is 0.1% a year; it is 1% in France and Germany. So every dwelling in this country on average at the current figures of replacement and new build has to last 1,200 years. That is not sustainable for any government or anybody charged with making sure we have got a decent civilised society. So, yes is the answer to your question, even with that little caveat.

**Chairman:** Thank you, Minister.

**Q211 Joan Walley:** I just really wanted to follow up what you were saying just now and to ask you whether you feel that the Barker report is somehow or another fudging the whole issue because it is taking attention away from what the task of Government is to deal with now. I just wonder whether or not you are really suggesting to us that our inquiry should be concentrating as much on the Sustainable Communities Plan as it should be looking into the future in terms of Barker, because presumably what you are saying is that this whole issue needs to be looked at now in terms of the current delivery and perhaps it is a bit too early to start looking at what the implications of Barker could be further down the line?

**Lord Rooker:** I could not have put it better myself. I genuinely mean that. I do not think there has been enough parliamentary scrutiny about the Sustainable Communities Plan. There is next to no interest where I come from, down the corridor. I would have thought there would be more interest in this House. I mean, we are engaged on a big operation that is a national operation. It is not urban, it is not rural, it is not south and it is not north, it is national, and it was all set out 18 months ago and lots of decisions are flowing from that, whether it is new forest, next to green belt new housing production. There is next to no inquiry, there is next to no scrutiny about it. So the answer to your question, Joan, is yes.

north, it is national, and it was all set out 18 Prime Minister Select Committee had conducted an inquiry into the Sustainable Communities Plan?

**Lord Rooker:** Yes. Well, somewhat inadequately.

**Q213 Chairman:** Well, you may wish to convey that sentiment to them.

**Lord Rooker:** We did at the time, Chairman.

**Chairman:** That is not a problem for us.

**Q214 Sue Doughty:** I would like to look a little bit at the allocation of land for development because obviously it is a bit of a fraught area and I know both Ministers will be fully familiar with the problems we have in the South East with affordability of housing and limited green belt area, and the tensions that there are between trying to get people into houses and retain the countryside. There is a recommendation which is causing a lot of concern about the requirement to allocate between 20 to 40% of land for development as a buffer which would be released automatically to development if certain trigger levels were reached, including house price rises. Is this one of the recommendations you are thinking of taking forward?

**Lord Rooker:** This is back to Barker?

**Q215 Sue Doughty:** Yes.

**Lord Rooker:** Well, there is a big debate going on, of course, about the connection she made between housing production and prices, but all I can do, I am sorry about this, is to repeat the current situation that we are in at the moment. 90% of England is green field; 90% is green field. That is the reality at the present time. Green belt is 14%, national parks are 8%, areas of outstanding natural beauty are 16%. Even if we achieve the growth, the 200,000 on top of the 900,000, the urban will go from 10% to 11% and the green fields will go down from 90% to 89%. So one could argue this is not an issue about concreting over the countryside. You did not use those words, I know, but people do and I am not putting words in your mouth. In other words, the amount of land-take is incredibly small. It varies area to area. Our policy anyway is brown field first, higher densities—

**Q216 Chairman:** I beg your pardon. I do not wish to be rude, but perhaps the Planning Minister would like to answer Ms Doughty's question about this over-provision which Barker recommends, the 40% buffer. Is it one of the recommendations that you will be taking forward and have you considered the implications of the almost wholesale marketisation of the current planning system which this represents?

**Keith Hill:** I am not entirely sure what you mean by that phrase "wholesale marketisation of the planning system", but on the issue of allocations policy that is one of the proposals in Barker that we are looking at and commissioning work on. It is not a proposal that we have accepted, but it is one of the package of proposals that we want to examine. But no decision has certainly been taken on that so far.

**Q217 Chairman:** Let me explain what I mean by "marketisation". That particular recommendation, if implemented, would effectively place decisions for future development in the hands of the property market rather than in the hands of planning authorities. Is that a principle that you are happy to concede?

7 July 2004 Keith Hill MP and Lord Rooker

**Keith Hill:** I think it is one of the issues that we will want to examine as we take forward our consideration of this proposal, but we have not made any decision on that matter and I certainly would not want to pre-empt any decision, or indeed any judgment on that matter at this point either.

**Q218 Sue Doughty:** Well, I still remain concerned about this because having listened to the answers on that, we still have particular concerns. In some parts of the country where the heat is highest there is an implication very heavily about building on the green belt as proportions of green belt are not quite as high as the rest of the countryside. So I am concerned about how much work is going to be done on this whole issue about buffer land and I fully take on board what Lord Rooker is saying about the need for housing. That is not an issue. But there are other aspects as well about how you deal with the housing market, how you damp down prices, as well as taking in this buffer land, using up this buffer land. What I want to know is how much study is going to go into not only whether we just do a land grab for marketisation and just say, "Yes, here's a trigger. Let's get hold of this next bit of land here, which may be green belt, may be not," but what else we could do to take the heat out of the housing market, what other strategies are there, including looking at whole areas which are already over-heated, such as we have in some spots in the south-east of England?

**Keith Hill:** Well, if I could perhaps comment on that before Lord Rooker makes a response. I think you should not set hares running and possibly scaremonger on this issue of green belt. Let us be entirely clear that the Government's record on green belt is clear and impressive. We have increased the green belt by something in the order of 19,000 hectares since 1997 and there are 12,000 hectares in the pipeline to come from local authorities as they develop their local plans. We have made it absolutely clear that where there should be any green belt take, we would expect on a regional basis the replacement of that green belt take. We have also been absolutely clear about our principle of brown field first and green field where necessary—and I mean green field and not green belt. Let me remind the Committee that currently new build in London and the South East is proceeding at the rate of 66% on brown field, which exceeds the Government's target of 60% new build in brown field. So we are absolutely moving in the right direction. If I might speak for the Thames Gateway, for which I have specific responsibility and which is, of course, the largest of the growth area projects, there we expect up to 80% of the new build to occur on brown field. So I think we can reasonably say that we have a major programme moving ahead and actually it conforms entirely to this Government's commitment to brown field first and very little take on the green belt. That is the reality now and that is the reality for the foreseeable future. Lord Rooker, I do not know if you want to add anything?

**Lord Rooker:** No, I agree. That will not change. That will not change post-Barker. That is a policy objective, one we are operating and one we intend to

see operated as well. We are also building at higher densities, so we are taking less land to get more dwellings.

**Keith Hill:** If I might throw a further statistic into the debate, if you take what you might describe as almost the middle range of the Barker proposals, which is for a further 220,000 to 350,000, and look at 300,000 new homes over the next ten years in London and the South East, you are actually looking at building on 0.75% of total land area of the South East and at building on 1.92%,<sup>1</sup> I think the statistic is, of developable land. So, you know, I think we need to keep these things in some perspective, and that of course is at a much higher level of build than we are currently committed to.

**Q219 Mr Francois:** Minister, you have said in response to an earlier question that you were still considering whether or not to accept Barker's proposal for what we describe as "wholesale marketisation of the planning system". I think you said that no decision had been taken on that yet. You will be very aware, as we all are as Members of Parliament, that planning can often be extremely controversial and it is one of those things particularly that people look to their local councillors sometimes to defend them from controversial planning applications within the bounds of planning law and the Government has gone to a great deal of time and trouble to update planning law with the new Act. If you were to accept wholesale marketisation as proposed by Barker, what then is the point in having local elections?

**Keith Hill:** Personally, I am simply not prepared to go down the path of this speculation about so-called "marketisation". It is not an expression that I personally recognise. We have certainly not committed ourselves to it but we have, as I have indicated, undertaken to work on the proposal for the so-called over-allocations policy. That is the precise position. But let me also remind you as a former and, if I might say so, distinguished member of the Standing Committee on the Planning and Compulsory Purchase Bill that absolutely central to the Bill is our commitment to engage with local communities. Indeed, as you will well recall, the very first step in the evolution of the local development framework is the requirement for local authorities to come forward with a statement of community involvement which explains exactly how they propose to involve the local community at every stage and every aspect of the development of the plan at local level. What is more, of course, we are placing in general terms an emphasis on front-loading of plan making and of pre-application negotiation. All of these things are designed to ensure the greatest possible involvement of local communities and the greatest transparency in the

<sup>1</sup> *Note by the witness:* This calculation assumes that Government allows an additional 120,000 houses per annum to be built over and above existing plans, entirely in London and the South East, for ten years. It assumes that 60% of homes will be built on brownfield, at 30 dwellings per hectare. It includes an allowance for infrastructure. "South East" is GO-SE area plus Essex, Hertfordshire and Bedfordshire.

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7 July 2004 Keith Hill MP and Lord Rooker

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planning process. All of these ought to give local people reassurances about the extent to which the process will be an open and proper process.

**Q220 Mr Francois:** Minister, you are quite right. Thank you for your sweet words, but we did debate this at some length on the Bill and I do not think it is appropriate now to go over all of that again. But will you accept that there is a danger that if the local powers to resist inappropriate or unwelcome planning applications are weakened a lot of people will say, when we are all trying to boost turnout in local elections, “What is the point of electing local councillors of any particular political colour because when we really need them they do not have the power to stand up for us any more anyway?”

**Keith Hill:** But you see, if I might say so, that is the reality of the situation now. Ultimately, it is within the powers of the First Secretary to override such local planning decisions. It is there already and I do not consider that we are looking at a major change in the way the planning system operates arising out of the new legislation.

**Q221 Mr Chaytor:** Ministers, we have talked about 900,000 new houses a year, plus 200,000 from Barker. What is viable annual rate of construction?

**Lord Rooker:** That is a good question. If I can give you the figures. We had already planned to build about 160,000 a year to the year 2016. The fact is, the building industry has been quite complacent. If you look at their total production over the last years, going right across the last twenty years, it is more or less the same. Whatever the economic situation, they have found a comfortable steady figure to build at. It is not enough for even replacement. So we want a step change. We had planned to build 180,000. The Communities Plan on average, with the extra 200,000, would give England an annual rate of about 180,000. The Barker scenarios take us up beyond those figures, of course, to indicative levels of 220,000. So I do not know what the figure would be. The fact is, we have got to look at skills and capacity. First of all, that is one of the reasons why modern methods of construction will be used. Firstly, they are more efficient in any event, but secondly they use different kinds of skills and we do have these skill shortages. So I could give you a figure and then you could say, “Well, you won’t be able to build them because we haven’t got the skills,” and that would probably be correct as we are here today.

**Q222 Mr Chaytor:** That is my next question, because Barker talks about a shortfall of 70,000 construction workers, I think.

**Lord Rooker:** That is right. Anyone who trains to be a plasterer, a plumber and a brickie can make a fortune.<sup>2</sup>

**Q223 Mr Chaytor:** So the issue is, if you are looking at over 200,000 a year, what are you doing about training the construction workers?

**Keith Hill:** Well, if I might say so, the obvious answer is the work done by Sir John Egan and his report on the skills requirements of the Sustainable Communities Plan. He has produced a very detailed report with, my recollection is, again something like sixty recommendations for equipping the planning, construction and architecture industries with appropriate skills, and of course he has also proposed the establishment of a national college which will be dedicated to developing the skills required for the Sustainable Communities Plan. The Government has of course said that it accepts that proposal.

**Q224 Mr Chaytor:** Can you guarantee that the acceptance of the Egan recommendations will deliver the skilled workforce to meet the target of 200,000 plus new houses a year without a massive import of plasterers, plumbers and electricians from Eastern Europe?

**Lord Rooker:** That is the plan, but coupled with the fact of changing techniques as well. We want to give a big boost to modern off-site manufacture, modern methods of construction. We have done that party to kick-start what is a very small industry in this country, it is about 1%. If we could get it up to 3, 4 or 5% over the next six or seven years, and home grown as well rather than imported. A lot of it is imported. The kinds of skills are different. They are not lower skills, they are different skills. There is a factory alongside the M6 motorway near Birmingham, as you go past it, just before you see the empty Ford Dunlop site, that used to produce UVPC windows. Inside that factory they have the capacity to build 5,000 houses a year. A private sector company. It has only just started, it is only two years old, and I think there are well over 1,500 or so like that now. I have been in the factory and on the sites. It is a totally different kind of skills. In fact some of the former car workers are actually in the factory. So we are looking at different methods of construction, more modern methods of construction, coupled with what Keith has said about the Egan agenda. Hopefully we can get a match of skills and change of technology to actually service the output of the dwellings we want without massive imports of labour necessarily, or massive imports of the products, because there is a home grown industry here to actually create jobs and assets and economic growth in our own country.

**Keith Hill:** I think the short answer is that we cannot guarantee that it will not be necessary to import skills. I do not think we have foreseen a massive importation of such skills. But on the issue of modern methods of manufacture, the Government is putting its money where its mouth is and it is very interesting that in the Housing Corporation’s new building programme of social housing over the next couple of years, which will see a 50% increase in delivery of social housing, that 49% of those homes will be built on the basis of modern methods of manufacture.

**Q225 Mr Chaytor:** On Monday this week I spend a day in Parkhurst and Albany Prisons on the Isle of Wight talking to inmates about schools and training

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<sup>2</sup> Note by the witness: 71,000 estimated shortfall in housebuilding industry to produce her tower output scenario [220,000 units per year].

7 July 2004 Keith Hill MP and Lord Rooker

and without exception every long-term inmate I spoke to wanted on their release date to work on a building site and they wanted to be bricklayers. Now, you will appreciate that this raises issues about standards and quality in the construction industry and yet in the Barker report on the question of regulating quality the recommendation she comes up with is fairly flimsy, is it not?

**Keith Hill:** Well, if I might say so, the answer to all of these things is training, is it not? I read a wonderful story—

**Q226 Mr Chaytor:** But, if I could just raise the point, it is also to do with regulation, is it not? All that Barker is saying here is that the House Builders Federation should develop a strategy to increase the proportion of house buyers who would recommend their house builder to somebody else from 46% to 75%. If you accept this, a quarter of purchasers of new houses are still going to be dissatisfied because they would not recommend their house builder to somebody else. So this is fairly lax regulation, is it not? My question is, what are you doing to drive up quality? Given we are going to have huge numbers of serial rapists and murderers coming out of Parkhurst and Albany seeking jobs on building sites to build the homes you want, what are you actually doing to drive up the quality?

**Keith Hill:** Well, can I just say that I do not really want to go there with regard to who exactly is going to be building these things, but I would have thought there is absolutely nothing wrong in prisoners actually being trained in these skills. I was going to say that I read a wonderful story this week about training for pipeline layers, of which there is a national shortage, and apparently significant numbers of prisoners have been trained in these skills and the rate of recidivism amongst these pipeline layers is absolutely minimal. Actually, is this not a way forward for us all? On the question of the quality of the building, however—

**Chairman:** I think we are straying somewhat and time is short.

**Q227 Joan Walley:** I would just like to continue the whole debate about sustainable construction and take you to a different place, to Burslem, and maybe help you out there because on Friday I am going to be cutting the sod of a new construction college which has got £5 million worth of funding. But I think what we really want to explore with you in terms of the sustainable communities that are taking place now and Barker in terms of the training shortage and the construction skill shortage that there is and the lack of research that there is. What research is specifically taking place about construction methods for sustainable development? The Committee was in Aberdeen last week and we have also had BRE giving evidence to our Committee and it has been said to us that the funding that the Government is making available for research into sustainable construction has declined and what we really are interested in is to make sure that these new properties that will be going up have

got the proper sustainable energy and everything else in terms of construction skills embedded into them. What research funding is available for this?

**Lord Rooker:** Off the top of my head, I can tell you in some ways in construction, we do not want to pass the buck on this because we are speaking for the Government, but the DTI are involved in that. But if you have evidence from BRE, I would suggest that if you have not been there, go there. I was at BRE just over a year ago where they had got an exhibition, a symposium, the largest operation they had done in fifteen years for off-site manufacture, both the symposium for the week and the examples they had got there in their yard, because there is obviously a large space there, of the varieties and forms of modern methods of manufacture where the quality is vastly superior because it is basically quality controlled in factories. The big problem is to make sure on the site when it is put together you have got top quality control. That is absolutely fundamental because it ruins the whole work that has been done inside the factories if it is not put together properly. It is put together with precision rather than with a sledgehammer. So there is a lot of work going on on that and I would not argue about the money. It is not research, it is people we want and, as Keith said, training.

**Q228 Joan Walley:** I think that point has been made very clearly to us, that if you do not have the workers on site actually knowing what they do and how they are doing it, you can lose all the gains you have got.

**Lord Rooker:** Sure.

**Q229 Joan Walley:** Just returning to the funding for research, one of the issues we were concerned about is the whole life impact of different construction methods and materials, including modern methods of construction and given the fact that the Housing Corporation already has, I think, quite a significant target to meet, are you satisfied that there is sufficient research into the kinds of new methods that we need to be looking at and how are you evaluating that because we would not want to be in the situation where we were building for the future but we were not using the best possible practical means of construction methods to do with sustainable development that we need?

**Lord Rooker:** Well, the answer I would give to that comes from another exhibition I went to at the National Exhibition Centre, the big building exhibition. I was only able to go to one hall and I wanted to go to the offsite manufacturing hall. There were probably twenty companies on display and the key is this. You are looking at house building. Virtually any other building that goes up in this country, school, hospital, community centre, is not built with wet trades, traditional methods, it is built with modern methods of manufacture; probably even the prisons are as well. So it is not as if we do not have experience. The term “modern methods”, by the way, I stole on behalf of ODPM from Manchester because when I was being shown some properties around there about what was being done with new build and refurbished, I remember saying

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7 July 2004 Keith Hill MP and Lord Rooker

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to the developer, Tom Bloxham, “Tom, how do you describe what you are doing?” He said, “Well, I’m using modern methods of manufacture rather than traditional methods.” As I say, we do this in other buildings. Go and have a look at them. There is nothing new.

**Q230 Joan Walley:** But are we doing the research to check, because some of the evidence that we had in Aberdeen was that modern methods might not actually in the long term be as sustainable as traditional methods and it is about whether or not we are monitoring whether the research that we are doing is adequate or not.

**Keith Hill:** Well, on the question of research, I was tempted to quote a very great man, who of course, as we know, said, “Why look into the crystal ball when you can read it in the book?” The truth is that modern methods of construction, offsite manufacture, are the norm in a number of countries, certainly in North America and very extensively in Germany, for example. So the technologies are there. They are well-trying and they are importable. But inspiration has winged its way to me on the question of investment and research and I can inform the Committee that we have a significant programme to support our building regulations development. That is approximately £5 million. It is the case that the DTI has the remit for construction and performance and I am also delighted to inform the Committee that the BRE has carried out a huge range of studies on technical performances.

**Q231 Joan Walley:** They told us that the research money has been cut. You do not disagree with that?

**Keith Hill:** I do not think we can comment on that.

**Lord Rooker:** No. I do not know a body in the country, whether a quango or a research body, that does not say, “We need more money.” But I cannot comment on the particular item.

**Q232 Joan Walley:** Just turning to the Sustainable Buildings Task Group, which you mentioned just now, do you think it is likely that you will be going ahead with all the recommendations that were there, and if so what timescale are you working to? That includes the national centre as well that you talked about.

**Lord Rooker:** On this Egan Review the remaining recommendations were expected late this month. We are taking forward the key recommendation, which is the national centre, which Keith referred to, and there is a list of the great and the good, including ODPM staff, Royal Town Planning Institute; CABE Institute, Commission for Architecture and the Built Environment, chartered surveyors CITB, English Partnerships, English Heritage and one or two others.<sup>3</sup>

**Q233 Chairman:** This is not just a minute, Minister!  
**Lord Rooker:** There is a whole list of people on that looking at how we would operate this national centre and to locating it.

**Q234 Joan Walley:** Have you got any shortlist for the location?

**Lord Rooker:** No.

**Keith Hill:** It is great doing these double acts because it does give you time to scabble through your notes on it!

**Q235 Chairman:** I think we should have you in separately next time!

**Keith Hill:** On the question of the Sustainable Buildings Task Group, I can inform the Committee that we welcome the report of the Sustainable Buildings Task Group; indeed, I was present to launch its report, I seem to recall! We support the principles of their recommendations and will be responding formally on the recommendations by the end of this month!

**Q236 Joan Walley:** Could you just tell us finally why BRE were not on that task force?

**Keith Hill:** I do not know the answer to that.

**Q237 Chairman:** Could you write and let us know, please?

**Keith Hill:** Yes.

**Chairman:** Thank you.

**Q238 Mr Francois:** Looking at the Sustainable Communities Plan—and I declare an interest, Chairman, because my constituency is not actually within the Thames Gateway but it abuts it, so I know a little about it—the plan is often talked about, including by yourselves, as if it is synonymous with sustainable development. There is a lot of people who hold the view that it is seriously lacking in a significant environmental dimension. How would you defend yourselves against that charge?

**Lord Rooker:** Well, look at page 5 of the Sustainable Communities Plan, where we set out there, if you like, a 12 point plan of what makes a sustainable community. I am not going to read them all out, it is there. That is what we are operating to. There are people, of course, who are against growth at any price and it takes longer to explain the reasons for the growth and what we are doing than it does to oppose, but we can quote example after example where since the plan was operated and since the policies were enunciated we get higher density, better quality developments, people want to go and live there rather than flee from there, and where we try and get it jobs-led. It is not a house building programme. We have only talked about numbers. We are not engaged in the Communities Plan on a house building programme. It is not about that.

**Q239 Mr Francois:** Minister, just briefly, there were 12 points but, as I understand it, just one of them referred to the environment. The Energy Savings Trust looked at this directly and they criticised the plan as trying to build houses “as quickly and

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<sup>3</sup> Note by the witness: The government’s response to the Sustainable Buildings Task Group is due at the end of July 2004.

7 July 2004 Keith Hill MP and Lord Rooker

cheaply as possible, overriding environmental commitments”, those are their words, not the Committee’s. The plan was called by them “at best a missed opportunity and at worst reckless.” What would you say to the Energy Savings Trust?

**Lord Rooker:** That does not sound like a very professional analysis of what we are actually doing, as opposed to what they may have read. I can take you to examples of dwellings (both new and refurbished) where work is going on to try and find new techniques, because we do not want to go around demolishing things we do not need to demolish—there is one in particular in Smethwick where there is a group going on there—where we try to show that 100 year old dwellings can actually be upgraded so that they have got better environmental standards than even modern buildings I have been in with what we have been able to do to use these techniques. Elsewhere in the same area, I was in refurbished dwellings last week, blocks of flats where we are doing that, whether it is through grey water, energy conservation, a whole range of issues, and of course energy supply as well through the sun rather than through burning carbon fuels. So there is plenty of work going on. I am not saying it is perfect and every site is like that, it is not, but that is the direction in which we are going.

**Keith Hill:** Do bear in mind, for example, that the last set of building regulations were designed to improve thermal efficiency by 25% on new build and if you look at the exemplar new build that we are developing through the so-called Millennium Villages, if you look particularly at the Greenwich Millennium Village, with which I am very familiar, as a result of recycling of water and as a result of improved fittings you are looking at water savings of something in the order of 30% in those developments. That is the sort of standard that we are obviously looking towards in these new developments.

**Q240 Mr Francois:** Minister, you will be delighted to hear that the Committee has actually looked at precisely that example.

**Keith Hill:** I am delighted.

**Q241 Mr Francois:** I am delighted at how pleased you are. Can you tell us if the rest of the houses in the Gateway will be built to the same standard?

**Keith Hill:** I do not think we can give that specific undertaking, and let me say as well that it is not our intention to apply or impose a separate standard for new build in the Gateway. The truth of the matter is that the view of the building industry is that they would much sooner operate on the basis of, let us quote the phrase, “a level playing field” so that you have the same standards across the generality of the industry for all the reasons of economies of scale, and you can understand why that should be the case. I think that is the right principle anyway. Why should we impose a higher standard in Thurrock than we would want to see applied in Rayleigh, or for that matter in Aberdeen, or for that matter in Aberystwyth.

**Q242 Mr Francois:** I take your point, Minister, but you did imply in your earlier remark that you were very pleased with what was going on in the developments at Greenwich and then when we said, “Oh, that is a good thing. Can you guarantee that will happen everywhere else,” you then wrote back—

**Keith Hill:** Oh, you do get your digs in, do you not?

**Q243 Mr Francois:** Forgive me, Minister, but that is what you did. PPS1. Is it your intention under PPS1 that planners will be allowed to specify the materials, quality of design, etc., in order to argue for more sustainable homes? Will you provide that power under the aegis of PPS1 to local planners?

**Keith Hill:** Well, there are two things. Again, I refer to your distinguished role on the Standing Committee at the Planning and Compulsory Purchase Bill, and you will recall that of course we have introduced a sustainability clause into the Bill. So sustainability now lies at the heart of the planning process. In addition to that, we have laid a further requirement for a much more explicit statement of the components of a plan application as part and parcel of the outline planning permission procedure. Briefly, we would certainly expect those sorts of material considerations to be taken into account.

**Chairman:** That certainly is a fascinating dialogue, but there is one other important issue which I hope we will have time to cover.

**Q244 Sue Doughty:** What we need to move forward to now is looking at housing, energy and climate change because we have got a huge opportunity to either fail to achieve something or to make a real difference in the quality of housing and reduce our contribution to CO<sub>2</sub> emissions. As we all know, there are going to be 200,000 new homes being built a year as these proposals are being taken up. We have got a significant environmental impact, not only in terms of land use, resource use and water use but climate change, but in fact the driver for addressing these issues has not been your Department but DEFRA and it came out rather suddenly after Barker had come out and where it was clear that there was not so much in sustainability as we would like to see. Is sustainability really at the heart of the housing programme or did you actually just sneak it in afterwards?

**Lord Rooker:** No, honestly. That is a very pejorative question. I just invite you to read—it is free, it is in the Vote Office—the Communities Plan published 5 February last year, where we set out the road map of how we are operating. So it is not an afterthought. I genuinely ask you to believe it is not an afterthought. We made that quite clear. We published statements, I think in the summer of 2002, after ODPM was formed about the way we would operate, that if it was not sustainable we were not having it because we have got enough dwellings in this country that have not lasted. If it is not sustainable, it will not work, it costs more, peoples’ lives are ruined by it, and therefore we genuinely have to look at communities and not a house building programme to make the whole thing work, whether it is the social



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7 July 2004 Keith Hill MP and Lord Rooker

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infrastructure, the road infrastructure, rail, the hospitals and everything else, it has got to be sustainable, and to look then at the quality of the products used in those dwellings. If we can recycle, fine; if we cannot, we shall then use low energy and low water supplies, as Keith said, were possible.

**Chairman:** As you know, a division has been called. Joan Walley wants to slip in a quick question.

**Q245 Joan Walley:** I just want to follow that up and ask that even if you cannot answer it now could you write to the Committee in respect of the new regulations that are coming out in terms of ODPM,

in terms of energy efficiency standards as well and the level at which we will be getting the energy efficiency standards in.

**Lord Rooker:** Yes, sure.

**Chairman:** Indeed, there may be other issues, because I am afraid we have not covered all the ground we wanted to (no pun intended), which we might invite you to give written evidence on. But thank you both very much indeed. It has been an interesting session.

*The Committee suspended from 4.22 pm to 4.32 pm  
for a division in the House.*

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### Supplementary letter from Keith Hill MP to the Chairman of the Committee

When I gave evidence to the committee on the 7 July, I offered to write to you to clarify a number of points. I understand that Lord Rooker will also be writing to you about other points that were raised. I am happy for you to publish these comments as part of your evidence.

#### THE SUSTAINABLE BUILDINGS TASK GROUP

The Committee raised a number of points relating to the composition of the Sustainable Buildings Task Group, and the role of the Building Research Establishment. A list of the members of the Task Group (including their professional backgrounds) is attached.

The Sustainable Buildings Task Group was established by the Secretaries of State for ODPM, DTI and Defra following the Better Building Summit in October 2003. Rather than a research-based or technical working group, its purpose was to bring in fresh ideas and thinking, and in particular from parties which have a crucial role in driving forward the concept of sustainable buildings, but which are not seen by some as central to the construction industry.

With a potentially wide agenda, there was also risk that this Group could get too broad and consequently lose focus. It was therefore felt to be important that the Task Group itself should be of a compact size to allow for detailed debate. This recognised that it was inevitable that not all who expressed an interest could be included in the main group. Thus it was agreed between the Departments that around 15 people (see annex for names) should be identified who were able to bring expertise on the following priority interests:

- Volume House Builder
- Developer
- Housing Corporation
- Building Services
- Building Fabric
- Architect/Designer
- Trade Union
- Energy
- Water
- Waste
- Timber
- Construction Industry
- Local Authority
- Voluntary Sector (Environmental)
- Government

Four sub-groups were established under this main Task Group. These sub-groups were able to co-opt members from across all sectors, and call on advice and consultants' support as they felt necessary. BRE were actively involved at several stages throughout this process, and made some excellent contributions.

*Government spending on research into construction materials and techniques*

A 2004 mapping exercise by CABE and nCRISP into funding for research into the built environment indicates that UK research—based upon the CABE/nCRISP definition of built environment—is estimated at approximately £53 million per annum.

This includes both “hard” built environment research (construction, building) and “soft” research (design, social/user). The mapping covers key funders in the sector (including EPSRC, ODPM, DTI, ESRC, DCMS, and JRF).

Of this total spend, the approximate split between “hard” BE research (the construction end) and “soft” BE research (the design end) is 65/35. Of the £53 million, ODPM is seen as accounting for approximately £16 million.

Within ODPM, the most pertinent programme is the research and technical support funded through our Buildings Division. This underpins the development of building regulations by ensuring they are formulated on a sound scientific and evidential basis. It is commissioned under five framework contracts, and has a 2004–05 budget in the order of £5 million.

The detailed content of the programme is determined by research strategies that are reviewed annually with the assistance of stakeholders on the Building Regulations Research Advisory Group. This is an invited body which is made up of representatives from all parts of the industry including design, research, building control, builders and suppliers plus the National House Building Council, the Housing Corporation and other departments such as HSE.

The research programme is guided by our need to need to fill gaps in the evidence needed to justify predominantly technical policy changes in building regulations, as well as our need to respond to broader policy issues such as the Energy and Fire White Papers. We also carry out research to enable the Government to keep pace with market, EU and global developments.

THE RESEARCH BUDGET OF THE BUILDINGS RESEARCH ESTABLISHMENT

At the hearing, there was some confusion about whether the Government had in fact reduced the research budget for the Buildings Research Establishment (BRE). I thought I would set the record straight.

We recognise BRE’s expertise and value working with them in delivering the Buildings Division research and technical support programme. The content and balance of that programme, and the share to be delivered by each of the three research providers concerned, is determined by the evidence needs arising in relation to the different parts of the Building Regulations. These fluctuate over time.

Resources for this programme, like other ODPM programmes, are not ring-fenced: they are considered in the context of global pressures on ODPM programme budgets. This year the budget is set at £5.2 million, which compares with £6 million spent during 2003–04.

We recognise BRE’s expertise and value working with them. However, we have to award research on a competitive basis, and ODPM’s building regulation framework research that has been placed elsewhere after fair competition.

The Building Research Establishment (BRE) was privatised by the then DETR in 1997 with an agreement that they remain the preferred supplier for the following five years. In fact, during that period, all the research to support Building Regulations was let with BRE.

Subsequently, Sir John Fairclough’s review of Government Research and Development policies and practices concluded, in relation to building regulations, that we should award work on the basis of competition, procure on the basis of programmes rather than individual projects, and aim to encourage consortia and networking and longer term awards of work.

Our response was to set up five frameworks to last for five years, each of which was to be competitively awarded. BRE expressed interest in all frameworks, and were successfully chosen in 2003 to deliver three of these.

ODPM has also formed a number of other contractual relationships with BRE. This includes the English House Condition Survey that monitors the progress of social landlords (local authorities and registered social landlords) towards meeting the decent homes standard. BRE provide a “development partner” team that assists with the methodology, programming and analysis, although the collection of the data is carried out by others. Separately, BRE are also contracted by ODPM to develop modelling techniques to provide local level indicators of decent homes, drawing on the 2001 EHCS, the 2001 Census and other datasets.

MEMBERS OF THE SUSTAINABLE BUILDINGS TASK GROUP

- Sir John Harman, Environment Agency
- Victor Benjamin, English Partnerships

*Volume house builder*

- John Calcutt, Crest Nicholson

*Developer*

- Julian Barwick, Development Securities

*Housing Corporation*

- Sheila Button, Housing Corporation (Board)

*Building Services*

- Terry Wyatt, CIBSE President (ODPM suggestion)

*Energy*

- Philip Sellwood, Energy Savings Trust

*Water*

- Sue Nowak, Water UK

*Building Fabric*

- Michael Ankers, Construction Products Association

*Waste*

- Jenny Price, Waste Resources Action Programme

*Timber*

- Bryan Woodley, UK Timber Frame Association

*Sustainability Forum*

- Ian Coull

*Local Authority Planner*

- Peter Studdert, Cambridge City Council

*General Environmental*

- Robert Napier, World Wildlife Fund

*Architect/designer*

- Lynne Sullivan, Sustainability Director for Broadway Malyan,

*Trade Union*

- Paul Noon, TU Sustainable Development Advisory Committee

July 2004

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**Supplementary letter from the Rt Hon Jeff Rooker to the Chairman of the Committee**

When I gave evidence to the Committee on the 7 July, I undertook to write to you to clarify a number of points. I understand that Keith Hill, Minister for Housing and Planning, has also written to you giving further information on a range of different topics. I am happy for you to publish my comments as part of your evidence.

**TAKING FORWARD THE RECOMMENDATIONS OF THE BARKER REVIEW OF HOUSING SUPPLY**

The Committee raised concerns over the level of planning expertise available to Ministers in taking forward the recommendations of the Barker Review of Housing Supply.

The various workstreams being taken forward in respond to the Barker Review are overseen by a Steering Group of officials from this Office, the Treasury, No.10 and the Prime Minister's Delivery Unit. Brian Hackland, Director of Planning in ODPM is a permanent member of this group and Mike Ash, Chief Planner and Deputy Director of Planning for ODPM also attends as necessary.

We are also drawing on expertise from planning professionals within ODPM, the Government Offices and Local Authorities, where required, to take forward the Barker Recommendations. We have sought external advice through our Planning Advisory Group and Planning for Housing Advisory Group. The membership of these groups is drawn from a wide range of stakeholders including the Royal Town Planning Institute, the Campaign for the Protection of Rural England, the Royal Institute of Chartered Surveyors, the Environment Agency and Friends of the Earth. A majority of the members, who give advice in a personal capacity, have planning qualifications.

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 THE DECISION TO MERGE REGIONAL HOUSING BOARDS AND REGIONAL PLANNING BODIES

I can confirm that the decision on this merger was announced as part of the Government's initial response to the Barker recommendations, on the day of publication. However, whilst we have decided to merge these bodies in principle, the details are subject to consultation. The Office of the Deputy Prime Minister intends to publish a consultation paper in the near future.

July 2004

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**Further supplementary memorandum from the Office of the Deputy Prime Minister**

RESPONSE TO SPECIFIC QUESTIONS FROM THE ENVIRONMENTAL COMMITTEE FOLLOWING THE ODPM'S ORAL EVIDENCE SESSION, 7 JULY 2004

1. *Membership and remit of the group or groups set up to determine the Government's response to the recommendations of the Barker Review; when are they due to report?*

As indicated in my recent note to the Chairman, oversight of the various workstreams being taken forward in response to the Barker Review of Housing Supply is undertaken by a Steering Group comprising officials from this Office, the Treasury, No 10 and the Prime Minister's Delivery Unit.

Individual workstreams are taken forward by relevant officials in this Office and the Treasury, with regular updates provided to the steering group. The Interdepartmental Working Group on Sustainable Communities, chaired by ODPM, meets regularly. A technical group has also been established at official level to address issues related to the Government's response to the Barker Report. 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 propose to publish a single response. As proposals are developed to address specific recommendations, they will be subject to consultation in the normal way. The overall aim is to involve key stakeholders closely throughout and to ensure that there is plenty of opportunity for different views to be heard. This will normally be through formal consultation exercises, supplemented by less formal involvement of key stakeholders in, for example, discussions, workshops and seminars on particular topics.

Combining the various streams of work, the forward programme for the next 12 to 18 months can be summarised as follows;

<i>Timing</i>	<i>Programme</i>
July to September 2004	<ul style="list-style-type: none"> <li>— Announcement of Spending Review decisions</li> <li>— Publication of consultation paper on integrated regional arrangements for housing and planning strategies and for independent advice</li> <li>— Research commissioned to develop a methodology for defining a national market affordability goal and indicative regional targets</li> <li>— Publication of revised PSA5 Technical Note, including proposed indicators of market affordability</li> </ul>
October to December 2004	<ul style="list-style-type: none"> <li>— Revised draft circular on planning obligations (s106 agreements) published.</li> <li>— Defra and ODPM are currently considering the terms of reference for a joint research project into the implications of additional housing supply for sustainable communities.</li> </ul>
January to April 2005	<ul style="list-style-type: none"> <li>— New arrangements for Regional Housing Boards/Regional Planning Bodies and for independent advice announced</li> <li>— Consultation on new draft PPG3, responding to Barker recommendations</li> </ul>
May 2005 to December 2005	<ul style="list-style-type: none"> <li>— Existing Regional Housing Boards present regional housing strategies to Ministers, then begin to move to new regional arrangements</li> <li>— Government sets up new arrangements for offering independent advice on housing numbers</li> <li>— Reports of research into methodology for affordability goal published</li> <li>— Consultation on draft national affordability goal and indicative regional targets</li> <li>— Government publishes national market affordability goal and indicative regional targets.</li> <li>— Government reaches conclusion on proposal for Planning-gain Supplement (with associated changes to s106)</li> </ul>

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2. *Why were no representatives of the Buildings Research Establishment or the House Builders Federation invited onto the Task Group by the Secretary of State?*

The Sustainable Buildings Task Group was established by the Secretaries of State for ODPM, DTI and Defra following the Better Building Summit in October 2003. Rather than a research based or technical working group, its purpose was to bring in fresh ideas and thinking, in particular from parties which have a crucial role in driving forward the concept of sustainable buildings, but which are not seen by some as central to the construction industry.

With a potentially wide agenda, there was also a risk that this Group could get too broad and consequently lose focus. It was therefore felt to be important that the Task Group itself should be of a compact size to allow for detailed debate. This however meant that not all who expressed an interest could be included in the main group. It was agreed between the Departments that around 14 people should be identified who were able to bring expertise on the following priority interests:

Volume House Builder  
 Developer  
 Housing Corporation  
 Building Services  
 Building Fabric  
 Architect/Designer  
 Trade Union  
 Energy  
 Water  
 Waste  
 Timber  
 Construction Industry  
 Local Authority  
 Voluntary Sector (Environmental)  
 Government

Although HBF were not represented directly we ensured that the House Building Industry were represented. BRE were actively involved at several stages throughout this process, and made some excellent contributions. We are now in discussion with the HBF and BRE about how best to build industry involvement in the following stages of this work.

3. *What work is being carried out to take forward the recommendations of the Sustainable Buildings Task Group?*

Government set out, in its formal response to the Sustainable Buildings Task Group report (July 2004), details of how it proposed to take a number of the recommendations forward. We are already taking action on a number of these, for instance:

- We are currently working to set up a project group to develop a Code for Sustainable Buildings. We have also committed resources to establish demonstrations of the Code across the Thames Gateway and in other locations. This would be a significant step towards setting a level playing field for industry in ensuring improved environmental performance in building projects.
- As part of a wider review of planning and building regulations, some of which is already underway, we will be considering the Task Group's recommendations and in some cases have been able to commit to taking them forward more precisely.

There were also a number of recommendations for which further economic analysis and Regulatory Impact Assessments have to be undertaken before we are able to commit to anything. These will be completed at the earliest opportunity.

4. *What is the timetable the Government is working to when it comes to including the range of recommendations of the Task Group into the Building Regulations?*

Timetables for the review of various parts of the building regulations are staggered and as such it is not possible to say definitively when all of the Task Group's recommendations which apply to Building Regulations could be implemented. There are also various prior stages which must be completed, eg research, consultation, amendments, Regulatory Impact Assessments.

In relation to the following recommendations made by the Sustainable Buildings Task Group which relate to Building Regulations the estimated time frames are:

- *Taking forward the Sustainable and Secure Buildings Bill*—The Sustainable and Secure Buildings Bill has now passed through all its stages and awaits Royal assent which is expected in September. The provisions, which are almost all enabling ones, will then be available for use.
- *Specifying in building regulations at least 10% of re-used, reclaimed & recycled materials in building projects*—We expect to consult on proposals during 2005. We would need to carry out research on feasibility and also a Regulatory Impact Assessment. If we were to take such proposals forward standards and assessment procedures would be needed to rate the suitability of materials. Given this research need it is unlikely that regulations for re-used materials would come into effect until 2006–07. Powers under the Sustainable and Secure Buildings Bill will be available to deal with the re-use and recycling of building materials even where the re-used or recycled products are to be used elsewhere than in building projects.
- *The Government should enshrine in regulation by 2005 a 25% saving on average per capita water consumption*—Proposals will be developed in detail by the end of 2005. We are not yet able to say when might come into force. Implementation takes 9 to 18 months after consultation depending on the complexity of the issues involved. Any measures that involve innovative products may require an extended implementation period in order to allow manufacturers enough time to bring products to market.
- *The Government should enshrine in regulation by 2005 a 25% energy efficiency improvement under Part L*—We are currently working on this and proposals that would raise the performance standards for new buildings by around 25% were published for consultation on 21 July 2004. If all goes well we propose to bring the proposed changes into effect, taking account of consultees' views, by the end of 2005. This is in line with the commitment in the Energy White Paper
- *The Government should enshrine in regulation by 2005 provision of space for the separate collection of recyclable materials in multi-occupancy buildings*—DEFRA are currently consulting on the Household Waste Recycling Act 2003. Any changes needed are likely to take two to three years. The Sustainable and Secure Buildings Bill contains a provision to allow building regulations to deal with space for recyclable materials; again this would take a minimum of two years to go through the full consultation processes, Building Regulations Advisory Committee and a Regulatory Impact Assessment.
- *There should be tighter minimum standards for the use of water fittings and appliances*—Proposals will be developed in detail by the end of 2005. We are not yet able to say when might come into force. However, the implementation period will have to accommodate lead times for manufacturers to change their products
- *Building Regulations should require modern standards of flood resistance and resilience for all construction within areas of flood risk*—Following the normal round of research, consultation, amendment etc., this could take three to four years.

*The enforcement of building regulations should be reviewed*

In line with the commitment in the Energy White Paper we are already in the process of reviewing the enforcement of the energy efficiency provisions. As part of this we are investigating how the expansion of the self certification scheme initiatives giving more responsibility to appropriately qualified building and building services contractors could enforcement. Ministers have also asked for a more general review of the enforcement procedures applying to all aspects of the Building Regulations.

Two provisions in the Sustainable and Secure Building Act, which will receive Royal Assent in September 2004, will also help encourage greater compliance with the requirements of the Building Regulations:

- (i) Regulations may be made to require the appointment of a person on a site to be responsible for ensuring that the work of all contractors on the site complies with the Building Regulations as it goes along; and/or
- (ii) Regulations may be made to require the person carrying out the work to give to the building control body at the end of the work a certificate stating that the work fully complies with the Building Regulations.

In both cases there is sufficient flexibility in the provisions to allow them to be differentially targeted. For example, for particular sizes of work or for particular parts of the building regulations.

- Government should consider further amending Schedule 1 of the Building Regulations, extending their scope to cover a wider range of sustainability issues when refurbishing the existing building stock. The Sustainable and Secure Buildings Bill currently before Parliament will enable the full range of sustainability issues to be addressed in Building Regulations. The Bill has now passed through all its stages and awaits Royal Assent which is expected in September. When the Bill becomes law we will be developing a programme of appropriate regulations. It is not yet possible to set a timetable for this.

5. *What work is being done in the Department or by other bodies to monitor how effectively Building Regulations are being complied with, particularly Part L of the regulations? Does the Department have any figures on compliance?*

Enforcement is the responsibility of local authorities and we do not monitor how effectively the Regulations are being complied with.

This was an issue raised in the Energy White Paper (para 3.20) and we are committed to work with Local Authorities to improve enforcement.

It was also raised by the Sustainable Buildings Task Group:

“(3.14) The Government and Local Authorities should review the enforcement of the Building Regulations to ensure the regulators have the resource and training to conduct reliable post-completion checks on a proportion of all new and refurbished buildings.”

Our response to that was:

“Government agrees that there are certain issues surrounding the enforcement of Building Regulations that could be considered further in order to strengthen and ensure correct implementation of the Regulations. The Energy White Paper makes it clear that Building Regulations play an important role in delivering improvements in energy efficiency. The consultation currently underway on aspects of Building Regulations includes consideration of enforcement issues.”

6. *Levels of Government funding over the last 10 years for research into construction methods by Government*

Because of Machinery of Government changes and changes to the definitions of the terms used, a full and detailed answer to this question could only be obtained at disproportionate cost. However every effort has been made to provide as much information as is currently available.

Estimates of UK expenditure into research into the built environment shows a range between £50–70 million per annum over the last 10 years. The most recent mapping exercise into funding for research into the built environment, carried out in 2004 by the Commission for Architecture and the Built Environment (CABE) and New Construction Research and Innovation Strategy Panel (nCRISP), indicates that current UK expenditure is estimated at approximately £53 million pa, based upon the CABE/nCRISP definition of built environment.

This includes both “hard” built environment research (construction, building) and “soft” built environment research (design, social/user). The mapping covers key funders in the sector (including Engineering and Physical Sciences Research Council (EPSRC), ODPM, DTI, Economic and Social Research Council (ESRC), DCMS, and Joseph Rowntree Foundation (JRF).

Of this total spend, the approximate split between ‘hard’ built environment research (the construction end) and “soft” built environment research (the design end) is 65/35. Within this EPSRC have awarded around £2.5 million pa in construction research grants with a similar sum being invested in research programmes directly relevant to construction (including Modern Methods of Construction) such as Innovative Manufacturing. Around £15–18 million funding pa has been from the DTI (formerly DETR) Construction Research Programme, chiefly through the Partners in Innovation scheme and the post privatisation research framework agreement with the Building Research Establishment. Both schemes closed to new applications in 2002. ODPM funding accounts for approximately £16 million, covering research on “hard” issues such as building regulation and “soft” issues, such as design and social impacts.

The detailed content of the programme is determined by research strategies that are reviewed annually with the assistance of stakeholders on the Building Regulations Research Advisory Group. This is an invited body which is made up of representatives from all parts of the industry including design, research, building control, builders and suppliers plus the National House Building Council, the Housing Corporation and other departments such as Health and Safety Executive (HSE).

Key drivers include: the need to fill gaps in the evidence needed to justify (mainly technical) policy change on building regulation, and for broader policy objectives (such as the Energy and Fire White Papers); and the need to keep pace with market, EU and global developments etc.

#### RELATED QUESTIONS:

*What proportion of this (government funding into research in construction methods) has been allocated to research into sustainable construction methods and materials?*

Because of the varying definitions of sustainable construction, a full and detailed answer to this question could only be obtained at disproportionate cost. However all projects entering the DTI research portfolio have had to show a direct impact on either the social, environmental or economic drivers of sustainable construction. It is estimated that around a quarter of the DTI research spend (£4–5 million pa) has been directed towards research projects with Sustainable methods or materials as their primary driver.

Within ODPM, the most pertinent programme is the research and technical support funded through our Buildings Division. This underpins the development of building regulations by ensuring they are formulated on a sound scientific and evidential basis. Improving buildings regulations has a consequent positive impact on sustainability. This research is commissioned under five framework contracts, and has a 2004–05 budget in the order of £5 million.

*What level of this has been allocated to looking at the environmental implications and whole life costs of increasing the use of Modern Methods of Construction?*

This largely depends on how Modern Methods of Construction are defined. The DTI has provided around £1.5 million funding over the last five years directly examining the development and impacts of off-site production, prefabrication and manufactured building elements, chiefly through LINK research projects dual funded with EPSRCs Meeting Clients needs through standardisation programme. Over a similar period £3.7 million has spent examining whole life issues and costs in construction.

*To what bodies has funding being allocated?*

A considerable proportion of the DTI and ODPM research spend has been allocated to the Building Research Establishment under the terms of their post privatisation research framework. The construction research associations such as the Construction Industry Research and Information Association (CIRIA), Timber Research and Development Association (TRADA) and Building Services Research & Information Association (BSRIA) have also led a number of projects, as have Universities such as Loughborough, Reading and Salford. Private sector companies have also been successful in winning contracts, for example Faber Maunsell, Balfour Beatty, Taylor Woodrow and Whitbread.

*7. How is the ODPM encouraging the use of higher building and design standards in the Thames Gateway and other areas?*

All new housing developments in the Thames Gateway and other Growth Areas will be expected to comply with Planning Policy Guidance Note 1 on “General Policy and Principles”. This requires that “good design should be the aim of all those involved in the development process and should be encouraged everywhere”.

To encourage the use of higher building and design standards in the Growth Areas, projects that the ODPM is funding in the Thames Gateway have been selected against thematic objectives. These include “implementing a consistent policy of quality design” and “ensuring that the resource demands of new development are minimised”. In particular, projects should aim to secure significant advances in minimising the additional demand generated for water, energy and waste disposal. All of the Thames Gateway projects must also undertake a flood risk assessment and ensure that the design is compatible with planning guidance on flood risk.

Funding criteria also state that projects in the other growth areas are “expected to demonstrate best practice in terms of conception and design.” The promotion of higher building and design standards is also a key role for local delivery vehicles. ODPM is funding delivery vehicles in key growth locations to ensure that the capacity is in place to achieve this.

ODPM has increased funding for CABE, who launched the Growth Areas Housing Quality Forum in March 2004 to disseminate best practice on design within the Growth Areas. Major developments in the Thames Gateway, such as the Greenwich Millennium village, have already used urban design codes to provide certainty to developers and the community as to what constitutes acceptable design quality. We are in the process of identifying other potential sites in the Gateway to pilot further urban coding schemes.

*Is it promoting the use of Building Research Establishment’s Environmental Assessment Method (BREEAM) and EcoHomes for all developments?*

The Housing Corporation promotes EcoHomes for its new social housing developments. It is recommending that schemes achieve a EcoHomes rating of “very good” from April 2005 with the “good” rating as an essential condition of grant.

A number of developments within the Gateway provide good demonstrations of the use of BREEAM and EcoHomes standards. For example, the Greenwich Millennium Community has an “excellent” rating under the EcoHomes system and has targets of an 80% reduction in primary energy consumption, 30% reduction in water consumption and 50% reduction in construction waste. Also, the Gallions Ecopark in Thamesmead comprises 39 dwellings made of timber frames with argon double glazing, solar water heating, low flush toilets, spray taps, energy efficient lighting and recycling facilities. This development also received an “excellent” rating under EcoHomes. ODPM is promoting these as examples of good practice for all development. The delivery vehicles that are being established in the Growth Areas offer an excellent opportunity to encourage sustainable building design at the local level.



The Government's response to the Sustainable Buildings Task Group also expressed a commitment to developing a code to establish higher standards for energy and water efficiency, waste and use of materials. This will be tested in demonstration schemes in the Thames Gateway before being rolled-out nationally. The Code will be a significant step towards setting a level playing field for industry and, importantly, part of the demonstration process will be to carry out an economic assessment of the adopted standard.

8. *How are the predicted emissions of CO<sub>2</sub> from the construction and lifetime use of the proposed new housing in the Sustainable Communities plan being incorporated in the Government's work on meeting target for the 60% reduction in CO<sub>2</sub> emissions by 2050?*

One of the four goals of the Government's Energy White Paper published in February 2003 is to cut the UK's CO<sub>2</sub> emissions by some 60% by 2050.

Improvements in building standards are expected to play a significant part in achieving this, so that by 2010 more than half the carbon emissions reductions in the existing Climate Change programme—around 10 MtC per annum—could come from energy efficiency improvements in households and buildings for industry, commerce and the public sector.

Further ahead, it is believed that energy efficiency can contribute around half of the additional 15–25 MtC savings likely to be needed by 2020.

In order to raise building standards, the Energy White Paper announced that we would carry out a review of the energy efficiency provisions in Part L of the Building Regulations, with the aim of bringing the next major revision into effect in 2005.

We also said we would raise energy efficiency standards over the next decade learning lessons from the standards set in comparable European countries; raise boiler standards to Class A/B levels—the levels achieved by condensing types—by 1 April 2005; and seek ways of improving the correlation between design intent and as-built performance.

The Part L revision work will, for instance, examine what improvements can be made to the winter and summer performance standards for building fabric and heating, cooling and lighting systems, whilst ensuring the Regulations remain technically sound, proportionate, cost-effective and sufficiently flexible for designers.

The Energy White Paper also announced that ODPM would take the lead in implementing the Energy Performance of Buildings Directive because Part L of the Building Regulations would be used to implement many of the requirements.

The Directive aims to promote the introduction of cost-effective measures to improve the energy performance of both new and existing buildings, although recognising that the largest potential for energy savings lies with the existing building stock.

Requirements of the Directive include setting standards for the energy performance of new and existing buildings; certification of energy performance so that energy performance can be readily compared when buildings are constructed, sold or rented out; greater use of low and zero carbon energy sources; and regular inspection of boiler and air conditioning systems. The deadline for implementing the requirements is 4 January 2006.

The review of Part L announced in the Energy White Paper is now well under way—proposals for revising Part L were presented to the Building Regulations Advisory Committee on 5 May and we published the consultation package this summer.

The intention is to publish new Part L regulations and Approved Documents in July 2005 to come into effect by the end of 2005.

*Do you acknowledge that the housing built under the Sustainable Communities Plan together to any further housing proposed as a result of the Barker Review will make a significant contribution to emission by 2050?*

In principle, every additional house that is built contributes marginally to total emissions. The 200,000 additional homes we are currently aiming to secure in the south east will therefore have an effect, though it will be small by comparison with the 26 million homes which already exist in Great Britain.

The CO<sub>2</sub> emissions from the new housing will depend upon the environmental standards used by the builders at the time of building. As part of the Sustainable Communities Plan, the ODPM is encouraging housebuilders to use higher building and design standards which will lead to a cut in CO<sub>2</sub> emissions.

However, the full picture is more complex and less definite. More homes need to be built to cater not for an increase in population but to accommodate long term demographic trends; for instance, for migration between areas, for households to become smaller and for people to live longer.

The relationship between demographic trends, housing quality and emissions (and other environmental impacts) is complex. To the extent that with people moving out of older buildings into newer homes with better environmental standards, there will be a net benefit. This is not of course the whole story, but it shows the dangers of over-simplification. Not all the effects are additional.

*How is the ODPM encouraging the use of higher building and design standards in the Thames Gateway and other areas? Is it promoting the use of BREEAM and EcoHomes for all developments?*

The Government is committed to increasing the standard to which all publicly funded housing is built, to ensure new housing is more sustainable:

- As of April 2003, all new built homes funded by the Housing Corporation are required to achieve a BRE EcoHomes rating of “Pass” as a minimum essential condition of receiving grant support, and Registered Social Landlords (RSLs) are encouraged to aim for the higher “Good” rating.
- The Housing Corporation also encourages RSLs to adopt higher standards by enhancing the cost criteria by 1–2% where Ecohomes “Good” certification is obtained in conjunction with “Secured by Design” certification.
- The Housing Corporation intends to increase the minimum requirement to a “Good” rating from April 2005, with housing associations encouraged to aim for the higher “Very Good” rating from the same date.
- The Housing Corporation is also promoting the adoption of sustainable development action plans by housing associations so that they achieve higher environmental performance standards.
- The Housing Corporation published its sustainable development strategy in April 2003. It is integrating sustainability principles into its regulatory framework and all its investment decisions, including as a specific factor in deciding which housing association developments to fund.
- The Corporation will encourage best practice through the production of guidance, practical tools to assess environmental impacts and will develop strategies to address them with dissemination through workshops and seminars.

We are reducing the environmental impact of new housing by encouraging sustainable construction methods and improving the design of buildings. Through the Millennium Communities programme, English Partnerships are working closely with organisations within the housebuilding industry to demonstrate what can be achieved within new mixed-developments. Each site will have ecological and environmental strategies and aim to incorporate good public transport links, innovation in building technology, energy efficiency.

We have also given the green light to the Sustainable Buildings Code in our response to the Sustainable Buildings Task Group report. The new code will establish higher standards for energy and water efficiency, as well as waste and use of materials. We will set up demonstrations in the Thames Gateway, and elsewhere in the growth areas to show the industry what can be achieved. We will take action on the national roll-out of the Code by early 2006.

*September 2004*

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#### **Memorandum from Countryside Properties PLC**

Countryside Properties’ objective is to create enhanced returns for shareholders whilst developing sustainable communities that offer the highest quality of life to everyone. This is best achieved, we believe, through our innovative and responsible approach to development. In “Thinking beyond today”, we take a long-term view in everything we do, but always with the intent of adding value to our business.

Our strategy strongly supports the Government’s four principles of sustainable development:

- Developing high and stable levels of economic growth and employment.
- Enabling social progress which recognises the needs of stakeholders.
- Providing effective protection of the environment.
- Encouraging the prudent use of natural resources.

At Countryside Properties we are rising to the challenges of shifting demographics, diverse societal cultures and climate change. In doing so we are recognised as a leader in creating sustainable communities, by not just meeting, but also contributing to the progression of the Government’s development policies. We believe being a good corporate citizen benefits all our stakeholders. Indeed, by working to embed our environmental, social and ethical activities across our business we are:

- Improving relationships with Government and its agencies, non-government organisations, our employees, customers and suppliers.
- Enhancing our reputation particularly with planning authorities and landowners.
- Controlling our non-financial risks.
- Maximising the attractiveness of Countryside Properties’ shares to investors.
- Protecting our reputation and creating a stronger brand and greater customer preference.
- Attracting and retaining talented people across the Group.
- Working with our supply chain to promote good practices, deliver cost savings and add value.

— Reducing non-essential operating costs and overheads.

Tangible benefits of such an approach include: creating design lead development solutions, reducing environmental impacts and improving management systems.

Looking forward, we intend to start measuring the eco-efficiency of our products and maximise the benefits to our business, customers and the respective local communities.

By taking an enlightened approach to corporate social responsibility we are making it easier to grasp the many benefits and opportunities it creates.

June 2004

*Witnesses:* **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, examined.

**Q246 Chairman:** Thank you very much indeed and thank you for your patience. I am sorry that previous session overran a bit so we are starting a little bit later than we wanted to. We are very grateful to you for coming in and for giving evidence to us. Could you just give us a brief sort of thumbnail sketch of your view of the Barker report?

**Mr Oldham:** If I may start, Chairman. There is much to commend the report and one of the areas we are particularly keen on are some of the recommendations for trying to speed up the planning system. One of the things we feel at times we are engaged with is the planning process not actually delivering.<sup>4</sup> Barker in her report suggests the idea of an urban design code process through local development orders. If that process could be moved on, I am sure it actually may speed up the reserved matter planning process. Why we are particularly keen on that, for example, recently we promoted a scheme for about 400 homes in Cambridge and it took us two years, on a brown field site on government land, to go through the community engagement process because local people did not like the idea of traffic generation. So Barker is trying to actually introduce quality. I think that is one area. One area I think we are particularly concerned about though is this idea of some form of supplemental planning charge, ie planning-gain supplement. In the report there is an idea of reducing contributions with section 106 and making it up through the supplemental planning charge. It seems to us that on three separate occasions this has been tried since the Second World War in some form of development land tax and therefore this is not a new idea coming in. But our experience in building new sustainable communities is that the section 106 mechanism has worked exceedingly well, albeit today it may be refined, and it may be refined, again drawing on the Cambridge experience, in terms of looking at strategic 106 contributions so you are looking at a wider contribution maybe towards wider transportation elements, and then site-specific 106 contributions which may relate directly to affordable housing by way of example on the site. So there are two examples. As you know, there are many, many recommendations. For example, we are very interested in what will happen with revisions to

PPG3, for example, on housing, which Barker puts out in her report as well, but we are going to have to wait some time for that. Those are two areas. There is a Ying and Yang approach to it really.

**Q247 Chairman:** Could you comment on her opinion that the use of land banks by developers has a minimal impact on housing supply.

**Mr Oldham:** I think it is how you understand land banking. We identify as a company the land that we have under control, which is controlled by option agreements, and I think in her interim review she goes through the house building process and looks at how industry tries to secure control of land. That may be the case, but the way we land bank is to secure planning permission and the land often is without planning permission. We are actually going through the planning process to secure planning permission. So land banking is a process in which in terms of large schemes for sustainable new communities it is an essential process for us because we have to identify land often before the local authorities identify that land. So we go through the process. Previously we went through the structure plan process and then local plans. These days we will be going through regional planning guidance or RSSs and then through the LDF process. So it is long term identification of land.

**Q248 Chairman:** You have got, I think I am right in saying, 5,400 homes' worth of land in your land bank. How does that compare with the industry generally?

**Mr Oldham:** I think it depends on the size of the organisation. We are not one of the top ten housing firms, but I think we are probably one of the leaders in that, mainly because of the way we as a company have focussed in particular on large mixed use communities, whether on green field or brown field land, and it is having a long term view about development. Sometimes the long term view is maybe ten plus years to secure planning consent and then another ten plus years to build that development. So that is a particular viewpoint, I suppose, of our company in that we have focussed in particular on building sustainable new communities, which means that we have to go through that land banking process.

<sup>4</sup> *Note by the witness:* By that I mean we should be going beyond the planning process to address and understand the development process.

7 July 2004 Ms Trisha Gupta and Mr John Oldham

**Q249 Chairman:** Does the fact that you have been given, I think, some recognition for the sustainable approach that you incorporate into your work reflect the nature of the work you are doing to some extent, ie that you are building mainly in growth areas and in higher density situations?

**Ms Gupta:** Eight-four per cent of our development last year was on brown field sites, which is far in excess of the guidelines, obviously, and I think in terms of looking at areas of land where we want to be developing the sustainability issues are very much in the forefront.

**Mr Oldham:** Just to add to that, I suppose it is a cultural thing within the business in the sense that we are trying to think about where we think development<sup>5</sup> is going in the future at times. So, for example, back in the late 80s, early 90s, we were looking towards trying to create, for example, twenty miles an hour speed limitations within our residential developments. At the time it was seen as quite revolutionary and we had a devil of a debate with the Department for Transport, the local county council, etcetera. Today it is common place. So it is trying to actually bring forward sensible commercial decisions but also, I suppose, trying to sort of enhance the quality of the place that we are making and the quality of the environment we are creating.

**Ms Gupta:** That is an important point, because what we are doing is actually adding to the overall quality of the development, looking at the quality of life of the people who will be living there and making attractive places for people to live and work.

**Q250 Chairman:** So you are driven partly by altruism, partly presumably by planning controls and partly by the fact that building well is good for your bottom line?

**Ms Gupta:** It adds value to everything we are doing.

**Q251 Chairman:** Who within this area actually drives it on any given site? Is it the planners, the developers or the architects? You are going to say all three are you?

**Ms Gupta:** Within the business, or as a whole? Within our business or—

**Q252 Chairman:** Obviously I am talking about the relationship between your business and outside people like planning authorities.

**Ms Gupta:** I think it is driven by us because that is our philosophy and that is the way we like to bring forward developments because we know that that is good for our bottom line, to use the words that you used. We also find that because we have such a good track record of bringing developments through the planning process, land owners are far more likely to want to work with us, so we get introduced to far more possibilities for future development than we might be. Also because of our reputation we find that local authorities are quite happy or very happy to work with us because they know that we are

willing to work with them in partnership, particularly on large-scale developments, to work to bring the whole thing to fruition. So it is a partnership.

**Mr Oldham:** Just to supplement that, an increasing problem though is actually finding anybody out there in local government because of the skills and resources shortage in local government and finding enough people with the skills, because often I think to a certain extent we concern local government when we come in and suggest a proposal and often there are tensions within local government. Ideally, as Trisha said, it is good to try and create partnerships, but sometimes, though, obviously we are in conflict with local government and some of those things may not be for professional or technical reasons, they may be for local political reasons with local communities in terms of their own particular views about development. So we plough through the process and just audit-trail and go all the way through the process to the planning inspectorate if need be, but what we would like to say at the end of the day is to try to be best of friends because I think at the end of the day if communities fight you it is still part of their community and if we are successful we want to go back and try to actually work with them. That is one of the things we always try to do and it is really difficult and it is quite a hard process really to go through that. It is also in our business trying to actually, I suppose, train our own people in this sort of philosophy and this culture basically because we are not necessarily here today and gone tomorrow, it is a long process.

**Q253 Chairman:** Am I right in thinking that you were involved in the Greenwich Millennium Village that we heard about earlier?

**Mr Oldham:** Yes.

**Ms Gupta:** Yes.

**Q254 Chairman:** Did I not hear somewhere that there had been some debate between yourselves and an independent architect whose original plans were somewhat more radical than those which were eventually put into construction?

**Mr Oldham:** Actually, that was a debate between the overarching master planner, who was Ralph Erskine, a marvellous octogenarian architect whom we employed, and the project architect. There was a debate about who was running the show, basically, and it ended in sort of minor tears in that there was a debate between the project architect, ourselves and the master planner. That was resolved with us actually settling with the existing project architect and actually getting on with the new project architects, while still employing the original master planner. It goes back to what I was saying to you earlier on about design codes. The master planner will set the overall framework for the scheme and the design code—we have got a design code for Greenwich Millennium Village as well, so we use that—to which then individual architects will respond on individual phases of development so it fits in with the design code and the master plan.

<sup>5</sup> *Note by the witness:* By that we mean good planning and design that creates safe, high quality places that are environmentally, socially responsive and economically viable.

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7 July 2004 Ms Trisha Gupta and Mr John Oldham

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**Q255 Chairman:** Was the result of all this that some of the environmental measures originally envisaged were watered down?

**Ms Gupta:** Not at all.

**Chairman:** Okay. Thank you.

**Q256 Mr Francois:** I declare an interest in that I am Essex MP and you have built and are building a number of houses in my constituency. If I might say, your evidence is fascinating because you are kind of getting right to the nub of the matter. You talked about strategic section 106 contributions. Can I illustrate with an example. In my constituency all of my secondary schools are effectively full up, it is very difficult to register with an NHS GP, it is practically impossible to register with an NHS dentist, we have got all sorts of traffic problems and they are getting worse. The more and more house building that takes place, the more those problems are likely to be exacerbated unless there is significant compensatory infrastructure in investment, and what I say could apply to a number of other constituencies around the country; I am by no means unique. What contribution can developers like you really make to that situation?

**Ms Gupta:** Well, if you take an example in Essex, which is Great Notley Garden Village, we negotiated with the local authority a whole package of community infrastructure items and we were able to plan for a proper sustainable community. It was not just going to be a scheme of 2,000 houses, we were providing community facilities, recreation facilities, a new school, business park, shopping, all the things you really need—the doctor, the dentist, the vet. These were all part of the Section 106 agreement and were embodied in the concept plan and master plan, for which we got outline planning permission. Then we brought this to fruition on the detailed phases. What we actually did, to ensure the whole thing worked, was to provide up front temporary facilities. So when we had built a couple of hundred houses we provided a doctor's surgery in a glamorous version of a portakabin, but it was basically a portakabin and the local doctors did a surgery twice a week. What we did, by doing that, was to create a pattern of living when people first moved to Great Notley. They would start using the local facilities, and would get into the habit of it. So instead of travelling into Braintree, which is the nearest place, by car or bus, they actually had the facilities they required on their doorstep, and we did exactly the same with a church, a crèche, a vet. Having established these patterns, when all the facilities were provided in permanent buildings people continued to use them and so it was properly established as a self-sustaining community.

**Q257 Mr Francois:** I appreciate this matter might be in some senses commercially confidential, so I realise you cannot give a complete answer, but can you give us at least some feel for what proportion of your profit on the deal all of that was? The classic criticism is that the house builders come in, they build the houses, they get away with the smallest possible section 106 commitment they can make and then

they are off to the next site. That is the classic criticism of the industry. By the sound of it you went beyond that and you did something more substantial and in a sense I am trying to give you credit for it, but I would just like to get some feel for what it cost you to do that.

**Ms Gupta:** I have not got an exact figure, but the section 106 agreement was negotiated before we owned the land. We had an option on it. The land was originally agricultural land and obviously the package of community benefits came off the land value.

**Q258 Mr Francois:** If you do not want to say in public, could you possibly write to us and let us know? It would just be helpful to see that. Do you see what I am driving at? It is important to understand where someone is doing it the right way, as it were, what it has cost them to do that because that might be an example for others.

**Ms Gupta:** That is an example of a section 106 agreement acting in the way it should, is it not?

**Q259 Mr Francois:** Yes, but what I am trying to establish is what it really cost you to do that. If you could write to us on that.

**Mr Oldham:** If I could just add to that, though, because I think one of the things to understand is that it is different measures as well in terms of the overall business, in terms of borrowing money from banks, the phasing and lending. We often get asked by the communities for the environmental and social benefits of the scheme without any regard to the economic benefits of the scheme. So often, for example, a community maybe wants a local by-pass at a very early stage and to actually make these things work you have to have money in for money out, so there is a huge debate about phasing and how you make these things happen. Can I also say, I think there is going to be a gradual step change. I think to a certain extent it happened after Bruntland in 1987. I remember writing a note to our company saying, "Watch this space, guys, there's going to be a significant change in terms of our industry and how we to address this." I think local government now with the next round of LDDs is really trying to get on the case, as you discussed earlier with the Ministers, regarding sustainable construction and sustainable communities. So that measure is going to be very interesting.

**Mr Francois:** Thank you very much.

**Q260 Joan Walley:** Just pursuing how you in a way have added value in terms of the approach that you had towards all of this, could I just pursue the reply you gave to the Chairman earlier about what drives this agenda, whether it is local authorities or architects, and you talked about the concern about planners. How much do you think the new special delivery vehicles in areas where there is a huge focus on regeneration can help to drive the agenda?

**Mr Oldham:** Well, we are working with one in particular at the moment. One of the issues in the introduction to this was this debate between the planning process and actual delivery and the first

7 July 2004 Ms Trisha Gupta and Mr John Oldham

time in my memory in southern Britain I am now getting one or two local authorities in southern Britain actually asking me, "When are you going to build houses?" I say, "It is over to you guys," and what we are trying to do with the delivery vehicles is speak with them in terms of this issue not only about quality of development but quantity of development and how we can work informal or formal partnerships together to actually make things happen. So, for example, on one particular scheme at the moment there is a delivery organisation looking towards some form of guided public transport, there is a county council looking at a planning application for a major highway for access and we are looking forward to working out master plans for planning applications. So we are trying to coordinate the work together and sharing the information. We may be sharing information on archaeology and ecology as we go through the process. So there is beginning to be, very, very slowly, some working together, which we are slightly encouraged by.

**Q261 Joan Walley:** In respect of your approach and the added value to your own company, is that just added value financially? Is there an extra return for shareholders, or is it in terms of other measurements, in terms of perhaps the standing that you have? How would you define the added value that you have to your company as a result of your approach?

**Mr Oldham:** I think added value comes in many ways. For example, we want to add value to the reputation of our company by attracting graduate recruits to our company. We want to retain people in our company. So that is a very important consideration because the better your team is, the more you will be able to do as a business. We also want to actually try to act as responsibly as we can because there are commercial and corporate requirements for us to do that, but it also adds value in terms of again word of mouth reputation. So in terms of the business, it is not just the financial bottom line, there is a wealth of other measures. I do not think the word is altruism either, as I think the Chairman said earlier on. It is commercial and it is common sense and sustainability will add to our business, and you have got to go with the flow.

**Q262 Joan Walley:** How does the fit in then with the contractors that you have?

**Mr Oldham:** Well, that is an absolute fundamental question because it is how we can spread our message out to the supply industry, to the people who construct our homes and that is something we are working very, very hard to try to do, but it is a huge industry out there.

**Q263 Joan Walley:** Do you find they are queuing up to work with you or would they rather not touch you with a barge pole?

**Mr Oldham:** There are various responses. We are tough.

**Q264 Joan Walley:** How do you see reaching out and providing more information and more education about the benefits from working in this different kind of way? How do you feel that you can help get sustainable development on the agenda of contractors or those people going through construction colleges, hopefully the one in Burslem that I referred to just now? How is this approach being rolled out?

**Ms Gupta:** Well, we issue an Environmental, Social and Ethical report every year along with our Report and Accounts and this describes our approach to corporate social responsibility generally, not just environmental issues.

**Q265 Joan Walley:** What about the people you are actually employing? Do you go through training with them?

**Mr Oldham:** Yes, we do. We have regular environmental forums. We employ a group sustainability manager, who holds forums with all parts of the business. We also have an environmental management system which is being rolled out throughout the business and that runs in line with our quality management system. We have an information centre which is called the Hub, which is an Intranet, which gives people details about environmental issues, sustainability issues, the latest schemes, the latest materials that we have been using. So all that information is accessible and there is continuous training.

**Q266 Joan Walley:** So when you take people on, when you recruit people, are they easy to find or do you find that there is a large gap that you have to plug in terms of their understanding of this agenda?

**Ms Gupta:** We describe our environmental agenda right from the very start, so when new employees have induction training—

**Q267 Joan Walley:** No, what I mean is when you are recruiting people, when you are interviewing people for jobs, have people got the skills or do you accept that you then have to train them into it?

**Ms Gupta:** A lot of people are attracted to the company because of our approach to corporate social responsibility issues, so they come along with that understanding. Those who could do with training receive the appropriate training.

**Q268 Joan Walley:** So there is no skills shortage? That is what I am really getting at.

**Ms Gupta:** No. What I was moving on to is that we recognise that there is a skills shortage to deal with training and recruitment on various levels. We take on apprentices, on site, and train them. We take people on day release, who are going to college, and train them in that way whilst supporting them through college. We sponsor people through university, giving them paid work experience during their summer break programme throughout the company in various departments or subsidiaries, so that they become rounded employees and hopefully will be our high-flyers of the future. So we are tackling training at all levels.

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7 July 2004 Ms Trisha Gupta and Mr John Oldham

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**Mr Oldham:** There is a skills shortage. It is hard finding people.

**Q269 Joan Walley:** That is really what we were concerned about. Just one last question. You are not a member of the House Builders Federation, are you?

**Ms Gupta:** No.

**Mr Oldham:** I think we re-focussed our emphasis, again just thinking about the planning system, to be absolutely fair, towards the CBI because lots of things that we were interested in were about job growth and employment.

**Q270 Joan Walley:** So it is not a question of no confidence in the House Builders Federation?

**Mr Oldham:** No. We have just actually refocused ourselves on to employment because the planning system was looking towards jobs. Housing people is bizarrely the sort of thing that we do not want to do as a nation.

**Joan Walley:** Thank you.

**Q271 Mr Savidge:** In your view, is the Sustainable Communities Plan really about sustainable development or do you feel that sustainability and environmental aims are being compromised by the wish to have quick, cheap homes?

**Ms Gupta:** I think it is about sustainable development. Obviously with the number of houses that need to be provided, we could not carry on building new housing in the way that we were. Sustainable development deserves to be much higher up the agenda.

**Mr Oldham:** It is clear to us again, going through from central government down to local government, there is a process and that the process is starting off again with PPS1 and this drive on the path to sustainable development. So it is being led from the government and it is coming down through local government, and it is a much wider thing. This home building is about building communities and it is all those attributes that make communities safe and great places to live in.

**Q272 Mr Savidge:** We have had comments from several witnesses expressing concern about the way in which infrastructure and facilities are being developed alongside all the new housing. From your experience, would that be a cause for concern or not? Does it mean that there is not necessarily going to be cross-planning?

**Mr Oldham:** Well, there are lots of responses to that. It is some strange, bizarre middle-class thing in that sometimes if we want to construct a neighbourhood centre sometimes we have problems actually building a neighbourhood centre in a housing area even though there is this planning concept about reducing the need for trips and journeys and providing local services. Often people reject having a neighbourhood centre. They would rather have no shops or services and would rather drive to the town. So we have those sort of tensions which we find quite perverse at times. In terms of infrastructure, one of the interesting things at the moment we are trying to

experiment with is to persuade people to use public transport more and we need to actually work far closer with local government about car parking provision because that is another issue, car parking. If you are doing an urban extension, what happens with the management of car parks in the town centres? So there are those issues in the infrastructure. Again, there are issues with the Chamber of Trade and Commerce and reactions to a loss of car parking in the Town Centre. There are lots of little tensions within local politics on these issues and car parks are huge revenue generators and often it is the local government which is in control of the car parks as well.

**Q273 Paul Flynn:** You use EcoHomes and BREEAM. Is this a nationally recognised standard and are you entirely happy with it, or would you like to see it improved in any way? Have you any criticisms to make of this standard?

**Ms Gupta:** We have been very happy using the EcoHomes system, which was developed by the Building Research Establishment, and it is very easy to understand. We chose to use it as one of our objectives to improve the standards of our new homes. So if you equate the latest building regulations, they are probably "pass" on the standard. There is "pass", "good", "very good" and "excellent". At the moment our objective, and what we are achieving, is that all our new homes are built to at least a "good" standard, so that is another level up. But we have achieved "very good" on some sites and Greenwich Millennium Village was the first development to achieve "excellent", so that is as high as you can get.

**Mr Oldham:** Could I just add to this, though, that one concern we have got, and again it is to do with the comment I made earlier on, is about local government moving on the path through new planning documentation for sustainable development. On the comment earlier on, when the Ministers were speaking about the level playing field, one thing which we would welcome is that local government now from boroughs, cities or district councils are all coming out with sustainable construction documents, their supplementary planning documents. Every place is different and if we had a national standard using BREEAM it would be a lot easier for our industry to actually work through that, because everywhere you go people have got different measures on how we can actually move on this path and it is getting quite complex now trying to move this forward.

**Q274 Chairman:** The fact that you are achieving "good" in a 100% of your plans can mean one of two things, can it not? It could mean that you are outstanding and good, or it could mean that the tests are not very demanding?

**Ms Gupta:** Well, obviously they get more demanding as you go up the scale, but if you actually understand how it works and know how to approach it, it is not unachievable obviously.

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7 July 2004 Ms Trisha Gupta and Mr John Oldham

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**Q275 Chairman:** It is probably too easily achievable?

**Ms Gupta:** It is not purely based on measures such as the thermal qualities of the materials that you are using, but also things like the proximity of local services, orientation, transport et cetera. It is a package of measures.

**Mr Oldham:** One of the things that again we are trying to do—and you obviously cannot build Rome in a day—year on year is set targets and improve our targets. So we have got objectives across a whole range of issues and “good” is to move more into “very good”, so it is plodding on through the process really.

**Q276 Paul Flynn:** What would you like to see of the new code recommended by the Sustainable Buildings Task Group, which I believe is based on the recommendations of the BRE standard?

**Mr Oldham:** We are not aware of that, I am afraid.

**Ms Gupta:** No.

**Q277 Chairman:** That does suggest that somebody is not communicating properly because if there is a Sustainable Buildings Task Group which has produced a new code, companies like you should be aware of it.

**Mr Oldham:** My apologies. I actually misheard. I thought you said new co like a new company.

**Q278 Chairman:** No, it is a code of practice.

**Mr Oldham:** Well, again that will come out through our own technical managers. Within the company there are different departments with different responsibilities and they will be reporting to our environmental committee about that. I have not

seen a report on that so I cannot comment, but if you would like us to write back on that we certainly would.

**Q279 Paul Flynn:** If you would, please, and we would like your view on what is the best way forward, whether the existing standards or going into new areas. As a final question, what policy changes would you like to see in the next five years to ensure that we build more sustainable homes?

**Ms Gupta:** I would like to see sustainability issues embodied in the Building Regulations. If you take the case of something like accessibility, when accessibility was introduced as a requirement it was part of the planning process, it was planning guidance and it varied throughout the country. So you could have local authorities looking for 5% accessible housing or 10% or 15%. And also the description of what accessible housing was varied. In some instances it was for wheelchair standard, in other instances it was just flush thresholds and minor items like that and it was very confusing. However now it is part of Building Regulations and everybody knows exactly what the standard is and everybody knows where they are and what they have got to do. It could be exactly the same with sustainability issues. If those issues were embodied in the Building Regulations then there would be no variation in interpretation, no confusion.

**Chairman:** Thank you. I am afraid we are out of time, but we are most grateful to you for your evidence and we look forward to hearing from you on the couple of points that I think we agreed you would follow up for us. Thank you very much indeed.

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### Memorandum from the House Builders Federation

#### INTRODUCTION

1. The House Builders Federation (HBF) is the principal trade association representing private house builders in England and Wales. The HBF has some 300 members, ranging from the largest national house building companies, through regional firms to small local builders. Collectively our members build more than 80% of the new homes constructed each year.

2. The HBF has sought for some years to raise awareness of the need to improve national housing supply and welcomes the thorough analysis and positive proposals for action to tackle this important issue set out in the report of the Barker Review. The Committee’s inquiry is therefore of very direct relevance to the issues on which the HBF is working.

#### EVIDENCE RELATING TO THE QUESTIONS THE COMMITTEE IS CONSIDERING

*Are the conclusions of the Barker Review compatible with the general principles of sustainable development and the Government’s own sustainable development objectives?*

3. Yes. The Barker report does not advocate that a response to the housing supply crisis should be at the expense of other Government policy objectives. The report specifically acknowledges that its proposals for change and reform of the planning system should ensure that planning decisions continue to take account of the social and environmental as well as the economic benefits and costs of new developments. Its thrust is to propose a more efficient and effective planning system that can deliver the necessary increase in housing supply consistent with the overall objectives of the Sustainable Communities Plan.



4. The Barker report has also been written in full knowledge of the parallel work of the Egan Review on Skills for the Built Environment and the Sustainable Buildings Task Group. The recommendations of all three reviews and other relevant work need to be considered together in assessing how future house building can be realised sustainably.

*In view of the Barker Review is there a need for an overarching national strategy to ensure that the environment is at the heart of any building programme?*

5. Such a framework is already available in the Government's proposed Planning Policy Statement 1 (PPS1)—"Creating Sustainable Communities". The HBF broadly supports the proposed PPS1 which will promote sustainable development by balancing social, environmental and economic objectives and including the important questions of design of the built environment and urban renewal within its scope.

6. We note that the Sustainable Buildings Task Group in its report published on 18 May has recognised the importance of PPS1 in promoting sustainable development and the Task Group's recommendation that particular attention be given to drawing up a clear best practice guide for implementing PPS1, including clarifying the respective roles of Building Regulations and the planning system. HBF will participate actively in discussions on drawing up any such best practice guidance.

*Is the current planning system robust enough to ensure that the environmental implications of building projects are fully taken into account? How can the planning system be used to increase the building of more sustainable housing? Would the proposed changes to the planning system in the Barker Review have a positive or negative effect on the environment?*

7. Yes. While the planning system is not the sole mechanism relevant to the achievement of sustainable building and should not duplicate other mechanisms such as Building Regulations, its role should be to pull together all relevant legislation to produce sustainable development. The recommendations of the Sustainable Buildings Task Group already mentioned recognise the role the planning system, informed by the proposed PPS1, can play in this regard.

*Where will the proposed new housing be built? What are the implications for land-use and flood risk of the large-scale proposed building projects?*

8. The planning system is designed to balance the need for new housing and other development against potential alternative uses of land, amenity values and risks such as flooding. Where on balance it is decided that new housing should proceed the system can also provide for necessary safeguards and risk mitigation measures to be incorporated within development plans.

9. The house building industry has already responded positively to relevant Government policy by building more than 60% of its homes on brownfield sites and increasing housing densities. The industry can continue to respond positively to sustainable development objectives given open dialogue with Government and other stakeholders on ways in which such objectives can be delivered effectively.

*Is it possible to ensure materials and resources used, and waste produced, during building do not have a harmful impact on the environment?*

10. Yes. This can be achieved via the Building Regulations. Part L of the Regulations already ensure that new homes built today are four times more energy efficient than those built 30 years ago. HBF and the house building industry are also actively discussing the current proposals to further improve the energy and water efficiency of buildings through Building Regulations.

11. If passed the current proposal for the Sustainable and Secure Buildings Bill will expand the potential scope of Building Regulations further to more fully encompass the objectives of sustainable development. The HBF will engage positively to discuss any new Building Regulations that may in future be proposed under such powers. It will be important to ensure that there is a proper partnership between the regulatory authorities and the industry in discussing any such proposals. Key to successful progress in promoting sustainable construction is identifying the means by which particular objectives can best be delivered in ways that both meet public policy objectives and are practical in commercial terms.

*Are the building regulations as they stand capable of ensuring that new housing is truly sustainable in the long term? How could they be improved? Could greater use be made of existing environmental standards for housing?*

12. Yes, subject to the additional points made in the answer to the preceding question.

13. The recommendations of the Sustainable Buildings Task Group also need to be taken into account. Overall, given the strides already made in the performance of new homes in important areas such as energy efficiency, HBF additionally believes that much greater attention needs to be focused on how the

performance of the less well performing existing housing stock can be improved. Unless the performance of the existing stock is sufficiently addressed it will be difficult to meet the relevant proportion of the UK's overall environmental objectives solely through action on new built homes.

*How will it be possible to ensure a sustainable infrastructure, including transport and water supply, which will be necessary to support any extensive house building, is put in place?*

14. A positive long-term planning policy for housing would provide the certainty needed about future house building plans to enable complementary planning and investment decisions to be made about related infrastructure requirements. Uncertainty and incremental short-term decisions in the planning system are an important obstacle to the effective delivery of infrastructure that would support sustainable development objectives.

15. The Barker Review considers these issues and identifies the need for improvements in decision-making and investment mechanisms in this field.

*Do those involved in housing supply, both in the public and private sector, have the necessary skills and training to ensure new housing meets environmental objectives? If not, how can the knowledge base of those involved in the planning and building process be improved?*

16. There is recognised to be a need for further work to improve skills across many professions and occupations in order to deliver sustainable communities for the future.

17. The Barker, Egan and Sustainable Buildings Task Group reviews have all considered skills issues from their own perspective. Their relevant recommendations are complementary and HBF and the house building industry will be actively participating in work to take their findings forward. We believe that many developers already have considerable knowledge and skills on the achievement of environmental objectives—for example through the planning system and Building Regulations requirements. The challenge of further improving sustainability and regenerating many of our urban areas will nevertheless call for a widening and deepening of relevant skills. We are working with Government and key stakeholders towards this end.

June 2004

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*Witnesses:* **Mr John Slaughter**, Director of External Affairs, **Mr Andrew Whitaker**, National Planning Advisor, and **Mr Ian Hornby**, National Technical Advisor, House Builders Federation, examined.

**Q280 Chairman:** Welcome. Thank you very much indeed for patiently listening through what has been rather a lengthy session and thank you for coming along. Not surprisingly, you welcome the Barker Review conclusions. I say “not surprisingly” because she is suggesting that we need to build lots more houses, which is your business, although I thought the object of the exercise was actually to reduce house prices so it seems slightly strange and anomalous that you welcomed a measure which ostensibly set out to reduce the price of the things that you sell. Is there anything in the Barker Review that you do not like?

**Mr Slaughter:** I do not think there is anything that we do not like.

**Chairman:** Nothing at all, not even a smidgeon of anything?

**Q281 Mr Francois:** The colour of the cover, or anything?

**Mr Slaughter:** I think we regard it as a very fair assessment of the issues and very important in recognising the housing supply shortfall the country faces and the need to tackle issues on the planning system. You ask is there anything we do not like. It would be tempting to give a flip answer, but I will try and avoid that by saying that there are industry issues that are addressed in the report as well. It is not a report that only deals with one audience. We

are being asked to address a number of quite significant issues. There may not be as many recommendations numerically facing house builders as the Government, planners or other groups, but they are still significant issues. I would not say that we do not like them, but we recognise that there are issues that we have to pick up as an industry and respond to as well.

**Q282 Chairman:** What about the issue of land banks, which we touched on with the previous witnesses? Do you have ideas on that?

**Mr Slaughter:** In the sense of do we agree with what Kate Barker says?

**Q283 Chairman:** Yes.

**Mr Slaughter:** Yes, I think we feel that is a reasonable assessment. She has essentially pointed out, as we would see it, the business need for there to be a certain level of land banks and that the level of land banks, taking into consideration the timescale for development and the uncertainties of the planning system, is not unreasonable.

**Q284 Chairman:** She also made a number of recommendations for you, did she not?

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7 July 2004 Mr John Slaughter, Mr Andrew Whitaker and Mr Ian Hornby

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*Mr Slaughter:* Yes.

**Q285 Chairman:** A strategy to improve customer satisfaction; a code of conduct for your members requiring fair contracts; a new strategy to remove barriers to modern methods of construction; a strategy to improve the uptake of apprenticeships; a code on the external design of new homes; a best practice guide for compensating householders for development. A very long list. Are you happy with that list?

*Mr Slaughter:* We think it is a reasonable list. We recognise there are issues in these areas.

**Q286 Chairman:** Surely there must be things you are already doing?

*Mr Slaughter:* Well, we are, yes. We are addressing these issues, but I think the way that we see Kate Barker's report is picking up the fact that there is work going on in these areas already, that it has been recognised—and some of the discussion earlier this afternoon has touched on some of these issues—that there are real issues to be tackled, not just in terms of delivering more houses but in actually delivering sustainable development and sustainable communities. We recognise all that and we welcome that. We are willing to respond positively to it and we have already said that that is what we are doing.

**Q287 Chairman:** What would you say to the thought that you are being handed a long list of codes and strategies to get on with but given absolutely no new obligations at all?

*Mr Slaughter:* Well, in a sense they are obligations. Perhaps I may make an observation to explain my comment. We perhaps regard the Barker report in a sense as a package. This was not explicitly discussed earlier, but the Ministers have said that they will need to come back and look at how the whole Barker agenda is being worked through, not just how they have responded to the issues that they were discussing earlier on but how the industry has responded to these challenges late in 2005. So if we look at this as a package situation then we feel that is a reasonable thing for us to look at and pick up these issues.

**Q288 Chairman:** Do you think if implemented in full the Barker recommendations would actually reduce house prices?

*Mr Slaughter:* I think we have to be very careful what we are saying here.

**Q289 Chairman:** Well, reduce the rate of increase in house prices I should say.

*Mr Slaughter:* Barker does not suggest there should be any particular outcome, perhaps I should first say that, in terms of a level of price increases in the future. What she points to above all else in her analysis is that if you look back over thirty years there has been a consistently higher real increase in house prices in the UK market than in other European countries and that this is the sign of a significant undersupply of housing, and her objective is to reduce that real level of increases. I do

not think she has actually said that we should be looking for falling prices or any particular outcome, but rather a better balanced market, and I think that is what we would also suggest is the right focus.

**Q290 Mr Francois:** Is it true that if, for argument's sake, the Bank of England were to put up interest rates by 2% that is going to have a much more fundamental effect on house prices than anything that is in Barker?

*Mr Slaughter:* Well, I think you have got to distinguish the short term from the longer term position. That is why I specifically referred to the thirty year perspective in my previous answer. The Barker analysis does talk about both the short term and long term. I think one of the most interesting things she finds in her analysis is that the undersupply in itself contributes to short term volatility in the market. So I think our view would certainly be that what we are really looking at is the long term trend movement in house prices, not the short term factors, which can always be influenced by other factors, including interest rates.

**Q291 Mr Francois:** Just on that point, what are you calling long and short term, because the market goes up and down, but you are talking about four or five year movements in that market as opposed to something that lasts six months?

*Mr Slaughter:* Yes.

**Q292 Mr Francois:** If you have got a four or five year trend of falling prices in a housing market, are you calling that short term?

*Mr Slaughter:* I think we are for the purposes of Barker's analysis, yes. We are looking at house building programmes that are stretching over twenty or thirty years and that is how that analysis goes, and I think given the scale of the issues that Barker is addressing we have to look at those kinds of timescales.

**Q293 Joan Walley:** Good afternoon. I think most people accept that especially in the South East there is a dire need for more affordable houses and I think that the Kate Barker report identified something like 77% of the private dwellings that are being built by your members were three bedroom properties. Is there a general consensus about that figure?

*Mr Slaughter:* Well, if you look at the latest figures, I do not know how many bedrooms they necessarily are but the latest statistics for the first quarter of 2004 show that about 40% of new housing starts are for flats and apartments. I would imagine many of those are not three bedrooms, but I do not actually have the precise figures on that to hand.

**Q294 Joan Walley:** If you do have information on that which is more up to date than what was in the Barker report, or if you disagree with that figure that was in the Barker report it would be helpful for the Committee to have that. The real underlying point of my question is to ask you what your members are doing about building affordable houses and what are

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7 July 2004 Mr John Slaughter, Mr Andrew Whitaker and Mr Ian Hornby

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you doing to tackle the need for more affordable houses? Is it a question of just building apartments and flats rather than three bedroom houses?

**Mr Whitaker:** I think you have to separate the argument about the overall quantum of housing from any specific ten year pattern or subsidy for housing in that even if you are building social rented housing you still need land on which to build it. I think our members are responding very well to the affordable housing agenda, as indeed they would do. If you are building a product that people cannot afford then you have to realign your product to something that people can afford and it is the very fact that we do not build enough houses that allows companies to, if you like, go for the top of the market. If we were building enough houses some people would want medium priced houses, some people would want expensive houses and some people would want cheap houses, rather like motor cars. Some motor car companies build cheap motor cars, some motor car companies build expensive motor cars, but because we have enough motor cars generally there is a huge choice out there. We do not have enough housing in this country and that is what is leading to the affordability problems.

**Q295 Joan Walley:** Okay. Could I just move on in terms of the lack of skills, which we have covered with other witnesses earlier on. I think the Barker report concluded that something like 70,000 new workers would be needed in the industry and if more were built then obviously it could rise a lot more than that. Do you think that is achievable, that we would actually get the construction skill workers?

**Mr Slaughter:** That is my area. Yes. The 70,000 is for the construction sector as a whole, so the number for house building is considerably less. It is quite interesting, having listened to the skills sections of the earlier evidence. The latest figures from the CITB that I am aware of certainly showed, to take apprenticeships, for example, that the level of applications for apprenticeships has increased enormously in the last year or so.

**Q296 Joan Walley:** Could I just ask you about that, because the level of applications for apprenticeships might be increasing but those can really only be progressed provided you have got employers and contractors prepared to take those on and my experience, certainly from a constituency level, is that the colleges which are seeking to set up new courses and new apprenticeship courses are finding that the employers are not willing to take on apprenticeships on the scale that is needed, to such an extent that I think we should be looking at procurement and getting it conditional upon tenders and so on that that is linked into it. What more could your organisation be doing?

**Mr Slaughter:** As a trade association?

**Q297 Joan Walley:** Yes. What is your policy on apprenticeships? It is a bigger responsibility than just having applications for them.

**Mr Slaughter:** Our policy is to increase the take-up of apprenticeships but not just apprenticeships. One point I would make in this area of the discussion is that we regard the skills issue as crossing a lot of areas. It is not just about traditional craft skills, it is about management skills, it is about new professional skills to meet the sustainable development, sustainable communities agenda. So I do not want to just talk about apprenticeships. What we are trying to do as a trade association is to work with our members. We have a careers and skills committee where we are positively discussing at the moment how to take forward the kinds of issues you are raising. Obviously in terms of Barker there is a specific recommendation skills which identifies us and CITB in particular to develop a strategy for working on the skills agenda and that is what we have started to do. As a trade association we have set up a specific working group in order to discuss with our members and with the CITB and other stakeholders how we can put together a strategy to meet the skills issue. I would not deny that there are some questions out there like the ones that you have raised about placements. If you look at apprenticeships, there are other potential constraints on the number of apprenticeships that can come through the system because it also relies on the funding provision and there are issues about just how many apprenticeship you can process in a particular period, but we are looking at all those issues. We are very constructively engaged and I think it is fair to say that in the work we have done on Barker so far we would certainly agree that the skills area is one of the key things and it is a linking issue from the industry perspective. We need skills not just in their own right but to deliver design, to deliver modern methods of construction and arguably customer care objectives as well. So we are taking all this very, very seriously.

**Q298 Joan Walley:** I am sure it will be interesting for the Committee to have details of how that is going forward at your committee level at CITB, particularly in view of the earlier comments from Countryside about this being more a skills issue possibly than a housing issue. Just finally on a constituency level, I cannot help but flag up an interest that I would be very interested on a constituency basis to know how those discussions would have an impact locally as well, but that is not for this Committee now.

**Mr Slaughter:** Yes, okay.

**Mr Whitaker:** Can I lead the skills debate to a wider issue of certainty of the system. The industry at the moment is outputting about 160,000 a year—you have got the figures in front of you—from various people and it is geared up to produce that. Without certainty that we are going to be allowed to build an increase in output, the training needed to bring people into the industry to produce that output is uncertain.

**Q299 Joan Walley:** So why have you not got that certainty, given the Sustainable Communities Plan that the Minister referred to earlier and given the

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7 July 2004 Mr John Slaughter, Mr Andrew Whitaker and Mr Ian Hornby

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progress that has been made further through the Barker report? What makes you think you have not got that certainty?

**Mr Whitaker:** Well, because, with respect, the Communities Plan is quite a young plan. It is only recently that we have seen commitment from the Government to an increased house building—

**Q300 Joan Walley:** But you have got commitments?

**Mr Whitaker:** Yes, we have.

**Q301 Joan Walley:** You have got money that has been allocated, have you not?

**Mr Whitaker:** Yes, we have, and we are very pleased with that. We want commitment to the numbers now, to say, “Well, actually we are going to facilitate output of more housing in this country,” and therefore as an industry we can invest in the training and skills that we need to deliver that, however that is, whether it is through traditional skills or through modern methods of construction. But if somebody says, “Well, actually things might change next year. We might turn round and we will reduce the numbers all over again,” and we as an industry have just skilled up to produce more housing, and somebody says, “Well, actually we don’t need more housing”—

**Q302 Joan Walley:** So if the Minister was sat where you are sat now and you were saying what was needed, what would you say to Government is needed to give you that trigger to go ahead and to keep the apprentices and the training and the skills coming through?

**Mr Whitaker:** A long term commitment to a strategy to increase the output of housing in this country.

**Chairman:** Well, it might help to cancel the General Election then as well!

**Joan Walley:** I think that is unfair, Chairman.

**Q303 Mr Chaytor:** Your industry produces vast quantities of CO<sub>2</sub> emissions because we build poorly insulated homes and you use up huge quantities of finite resources, you generate vast traffic movement, so you have not exactly been in the vanguard of sustainable development. My question is, what are you doing as a trade association to turn that around? Have you given specific leadership, specific guidance to your member companies to start operating in a more sustainable way?

**Mr Slaughter:** Across that range of issues, I think that is very wide-ranging indeed. I would have to say that we would not entirely accept the premise of your question.

**Q304 Mr Chaytor:** The housing sector produces 27% of the nation’s carbon dioxide.

**Mr Slaughter:** That is the entire housing stock.

**Q305 Mr Chaytor:** If the Barker recommendations go ahead it will increase it by a further 20%.

**Mr Slaughter:** That is referring to the DEFRA report, which I will perhaps come back to, but if you take the 27% figure, that is for the entire housing stock and, as I think is well known, the new build

housing today is far more energy efficient than its predecessors and in fact we would maintain that approached in the right way a new house building programme that also allows for replacement where appropriate of the older, less energy efficient housing stock could be a good thing environmentally rather than a problem. But to come back to your question, we are looking seriously as a trade association at sustainability. We are engaged in dialogue with organisations like WWF. We have begun to look at what we can do in promoting our own sustainability strategy. We are at a fairly early stage of that, so we do not have a public position that I can share with you today, but I can give you an undertaking that we are looking seriously at those issues and that is likely to involve a range of interactions with other parties, not just the builders themselves but with the supply chain and other parts of the picture. On the 20% figure in the DEFRA commissioned study, I would make the remark that that was one possible outcome that was highlighted, but the report also indicated that if housing was built to higher environmental standards in the future you could in fact have an increase in house building levels above what is allowed for in existing regional planning guidance for probably a lower environmental impact than continuing on existing standards. There are obviously issues about how you get to that higher level of standards, but I do not think it is necessarily the case that having this new house building means it is an environmental bad; quite the opposite.

**Q306 Mr Chaytor:** But are you proactive in arguing the case for zero emission housing, for example?

**Mr Slaughter:** I do not think we can say that we are proactively arguing for that at the moment.

**Q307 Mr Chaytor:** Surely this is key? There is no point in just issuing warm words about sustainability, you have got to come to the crunch point where you put your position on the line and say, “It is possible to build a zero emission house and this is what we should be aiming for and this is what the Government should do in terms of Building Regulations.”

**Mr Slaughter:** I think what I should perhaps say is that we could not make that commitment now from where we are because that is a big jump. Ian may want to come in on this.

**Q308 Mr Chaytor:** But it could be done over a timescale? We are talking long timescales here, are we? Are we talking twenty year timescales here, for example?

**Mr Hornby:** It is over a large timescale. To actually try to achieve that immediately is virtually impossible and there is a major risk factor there. We heard from our friends, Countryside, that the current Building Regulations achieve in terms of thermal performance the “pass” of the EcoHomes. The next consultation is out at the end of this month, which should take us to “good” to “excellent” possibly, so I think in terms of performance on energy conservation the industry is developing systems to achieve that. It has been through

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7 July 2004 Mr John Slaughter, Mr Andrew Whitaker and Mr Ian Hornby

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evolution rather than revolution but I think there are probably about thirty examples where members of the industry are actually promoting off-site manufacture, prefabrications, to try and address these issues even further and they obviously have their own internal drivers which are pushing them towards this.

**Q309 Mr Chaytor:** At the current rate of progress in updating the Building Regulations, how many years before we build zero emission housing as a norm?

**Mr Hornby:** I cannot answer that question.

**Q310 Mr Chaytor:** But is this not crucial for your role as a trade association and is it not crucial for government housing policy? We are talking about planning for the building of homes twenty years ahead but you cannot tell us that we could ramp up our energy efficiency?

**Mr Slaughter:** To be constructive about this, I think the point we would have to make is that we can have this discussion but the discussion has not taken place and maybe this is an issue about how processes have worked and the way the Sustainable Buildings Task Group was referred to in the last session is relevant here. The ideas that have been put forward by that task group are, I think, a move in the direction that perhaps you are interested in, but we have not had the debate about that. The code has not been set up yet. We have not been able to be involved in an active discussion about it. I think we would like to be involved in those discussions and it is entirely reasonable to suggest that you can work towards a long term goal on emissions or anything else, but we have not had the right structures perhaps to facilitate that dialogue.

**Q311 Mr Chaytor:** Just one final thing. You mentioned your work with the WWF, who have conducted a survey of FTSE listed companies. How many of our members are in the top end of that survey?

**Mr Slaughter:** Well, I think probably only one of the companies surveyed is not a member of the trade association.

**Q312 Mr Chaytor:** Only one is not a member?

**Mr Slaughter:** Yes.

**Q313 Mr Chaytor:** Okay, but how do your members perform? If only one company is not a member then inevitably all the rest of the companies surveyed are members?

**Mr Slaughter:** Well, it depends how you want to draw it.

**Q314 Joan Walley:** I just wanted to press you a bit further on the point that Mr Chaytor was making in respect of energy efficiency. Am I right in thinking that there has just been the consultation about the new regulations in respect of energy efficiency in terms of insulation of houses?

**Mr Hornby:** It is to be issued for consultation at the end of this month.

**Q315 Joan Walley:** Right. Presumably this is something that you have discussed and have got some view on. What is your bottom line on that? It would be very interesting as well, I think, for the Committee to have a copy of that response to ODPM.

**Mr Hornby:** There are some unknowns in there at the moment. The actual calculation methodology I believe will change from a table of minimum new values to actually a calculation which predicts the amount of carbon emissions to achieve a pass—

**Q316 Joan Walley:** Well, never mind the technicalities of it, as a trade association what would you like the Government to be doing in respect of those regulations? If you were briefing Government in terms of the way forward you would like to be going, where are you pitching it at in terms of energy efficiency and insulation?

**Mr Hornby:** Well, it is a constant improvement of the energy efficiency of homes, which we appreciate the Government is—

**Q317 Joan Walley:** But do you want it? Are you willing to go down that route, quicker rather than later? I do not get the feeling that you do. I feel that you are trying to slow it down. The Committee visited Aberdeen last week and the one message that we were given was, “Whatever you do, if you can influence anything, get better insulation in terms of the construction of buildings.” Why are you not shouting that from the roof tops?

**Mr Whitaker:** Well, because there are lots of practical issues.

**Q318 Joan Walley:** So it cannot be done?

**Mr Whitaker:** No, we are not saying it cannot be done, we are saying that there are practical issues that—

**Q319 Mr Francois:** That are affecting profits?

**Mr Whitaker:** Yes, it affects the way that we build. It affects the building techniques that we use, it affects the skills that we have got, it affects the type of housing that we build.

**Q320 Joan Walley:** Does it affect profits as well?

**Mr Whitaker:** Well, inevitably our members are there to make profit. That is what they do. That is their business reason for being there.

**Q321 Chairman:** But it also affects whether or not building the homes which the Government has in mind is acceptable at all, because in order for those homes to be acceptable they will need to comply with the UK’s commitments on climate change, to give you one example?

**Mr Whitaker:** Absolutely.

**Q322 Chairman:** Nobody is saying it is desperately easy, though in Aberdeen we did see a house which had been built for £45,000, which had 70% better insulation than a normal home, certainly a darn sight better than many homes which were built on a private estate in the same city in the mid-nineties that

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7 July 2004 Mr John Slaughter, Mr Andrew Whitaker and Mr Ian Hornby

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apparently complied with all the requirements but in fact in terms of thermal loss were as bad as an uninsulated Victorian property. So obviously it is about how you do it as well as complying with various regulations. All right, I am rambling on, but the thing that depresses me about meeting you, if you do not mind my saying so, is the lack of vision, the lack of energy behind all of this and the way that you are needing to be led the whole time, you are needing to be driven by regulation and are not actually taking a lead in an industry which has a reputation to maintain and has enormous opportunities actually in terms of developing cutting edge technologies that will be good for the environment as well as good places to live.

**Mr Slaughter:** Well, I do not think that is an entirely fair comment, if I may say so. The industry is investing substantially in modern methods of construction. For example, most if not all of the major companies are involved in that area. We have to come back to the fact that we are dealing with an amazingly complex industry as well and the industry is being asked to deliver many things, not just environmental objectives. The industry is having to piece this together with the social and economic aspects of the Communities Plan for sustainable development together with the very difficult debates that have been touched on this afternoon about the section 106 and how you deliver things that way, about making urban regeneration work, a whole stack of major policy issues of which, important though it is, this is only one aspect. I do not think we would accept that we are lacking vision across all these areas because we are having to deal with all those agendas and to try and make sense of that while delivering our product. Of course, we can do more and in terms of accepting the challenges that have been addressed to us by Barker we are implicitly recognising that we need to do more.

**Chairman:** Maybe we are being very naïve, but when we are shown around a house which cost £45,000 to build, which is not a huge amount of money, I think you would agree, and does have a 70% better energy efficiency rating than your average home, it seems to us to be quite a simple thing to do.

**Q323 Joan Walley:** And that would be driven by the regulations and therefore in the interests of business have regulations driving that agenda. I just would have thought you would have come here today saying you are going to push the boat out as far as you possibly can?

**Mr Slaughter:** We are quite happy to do that and we are doing that through a process of active engagement with the Government and other parties in discussing Building Regulations changes.

**Q324 Joan Walley:** Right. So what is the process that you are going through on that, if I could just press you?

**Mr Slaughter:** On the Building Regulations?

**Q325 Joan Walley:** Yes.

**Mr Slaughter:** Well, I am not the expert on that.

**Mr Hornby:** The consultation will be issued, as I say, at the end of this month on part L of the Building Regulations. We will have a three month response period. We will obviously work closely with our membership but also with ODPM as well in how best we can achieve those without risk or eliminating the risk of some of the details, because it is not just a matter of throwing more insulation into a wall or a roof, there are details which have to have a risk assessment attached to them, which is becoming more sensitive as more insulation is put into the fabric.

**Joan Walley:** I think it would be very helpful to have any further progress you make on those discussions.

**Chairman:** Yes, it would. Now, having delivered myself of a rant, I am going to ask everybody else to be extremely brief.

**Q326 Mr Francois:** We are the Environmental Audit Committee, so it is not particularly surprising that we want to press you on environmental matters, energy efficiency and all those sorts of things. I would not have thought there would be anything surprising in that. I think before you came here today perhaps a number of us were expecting you to want to sort of get on the front foot for your industry and to try and be positive and say, "Look, we are environmentally aware and here are lots of things that we are trying to do," but to be honest with you, you have been more defensive than the 24th Foot at Rourke's Drift! Is there anything you can possibly say to us to convince us that you really take the environment seriously? We are listening.

**Mr Slaughter:** Fine. I am sorry we have appeared to give that impression. We certainly do take the environment very seriously and we are dealing with that across the board. I have mentioned that we are working on a sustainability strategy for the industry, for the trade association, which I think is a very positive step in the right direction. We are actively engaged and seeking to take forward in the right way all the policy debates with Government, whether it is through Building Regulations, whether it is on PPS1 or anything else. We want to be involved and I am pressing to be involved in the right way with the follow up to the Egan report and the follow up to the Sustainable Buildings Task Group. These are all very positive indications of our—

**Q327 Mr Francois:** But you did say, did you not, in response to my colleague Mr Chaytor's question that there is work going on in the Sustainable Buildings Task Group but that you were not involved in it, did you not, that you were not actually part of the Task Group, you were not represented?

**Mr Slaughter:** In the Sustainable Buildings Task Group?

**Q328 Mr Francois:** Yes.

**Mr Slaughter:** We were not invited to be part of it. It is not that we did not want to be. There was a developer who was a member of that group but we as a trade association were not invited to be part of it, though we might have well wished to be.

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7 July 2004 Mr John Slaughter, Mr Andrew Whitaker and Mr Ian Hornby

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**Q329 Mr Francois:** We have been told that the industry is closely involved in all of that and the whole thing is very positive and everyone is talking to each other. You are telling us that is not quite right?

**Mr Slaughter:** We were not a member of the Task Group. That does not mean to say we are not talking to people about what it has done and what the follow up to it will be, but it was not our choice. It was not within our gift to say that we would sit on the Task Group itself.

**Q330 Mr Francois:** Lastly, what is the official HBF definition of an affordable home?

**Mr Whitaker:** The HBF does not have a definition of an affordable home. There are lots of other people trying to come to a definition of an affordable home and I can give you any one of those. I do not think it is very helpful for us to throw our two penny worth into the pot.

**Q331 Mr Francois:** Well, you are after all the House Builders Federation, so presumably you would know something about it?

**Mr Whitaker:** Yes, we are, and we do know—

**Q332 Mr Francois:** But you do not have a definition?

**Mr Whitaker:** No, we do not have a definition. There is no standard definition of an affordable home. It beggars belief that we even use the term because that implies that there is an unaffordable home and quite clearly all homes are unaffordable to some people if you cannot afford them. So I cannot answer your question with a swift glib response that this is the definition. I can give you other people's definitions of subsidy that is not—

**Q333 Mr Francois:** But you do not have one of your own?

**Mr Whitaker:** No, we do not.

**Chairman:** Perhaps you should set up a task force to find out!

**Mr Francois:** And argue who is going to be on it!

**Q334 Paul Flynn:** Just briefly, I think you will appreciate that the Committee is now giving evidence to you rather than you to the Committee! We look forward to your report in due course! But we do share an impression that you have not been as progressive as you might be as an industry so far as sustainable practice is concerned. Is this because you are making enough money out of the business anyway to consider innovative practices or to go into sustainable issues?

**Mr Slaughter:** Well, you are touching on a set of issues that we have not commented on so far. Innovation, new techniques and other aspects of this carry risks as well as benefits and for a commercial industry we have to say that our members work within a risk-taking environment. That is partly a matter of the consumer context and there is a lot of evidence that consumers are not necessarily willing to pay at least a large price premium for –

**Q335 Paul Flynn:** Where is your evidence for that?

**Mr Slaughter:** I cannot tell you a specific source but I think there has been a lot of consumer—

**Q336 Paul Flynn:** Has a major study been done on this? My impression is that people are very aware of the need for sustainability in their homes and might well be prepared to pay a premium for it?

**Mr Slaughter:** To my knowledge, there is not a well-recognised body of evidence to say that.

**Q337 Paul Flynn:** There is not a well-recognised body of evidence to prove the opposite either, is there?

**Mr Slaughter:** Well, in which case we obviously need a better body of evidence! I cannot immediately produce that, but I think other people have recognised this. WWF themselves have recognised this in their 1 million sustainable homes campaign, that one of the areas that needs to be looked at in terms of promoting sustainable characteristics in housing is to have a better educated consumer market. If you are in a risk-taking industry where margins may actually be quite tight given the high price of land due to the constraint on land supply, you are not necessarily incentivised to provide product specifications that there is not a clear consumer demand for. That is quite an important issue.

**Q338 Paul Flynn:** Barker made the comment that the biggest competition within the industry was the point that you have just mentioned, that it was all about land holdings rather than the quality of housing. Is this right?

**Mr Slaughter:** That may be sort of over-painting it, but I think what she is really saying is that if you look at it as a market then what you face is an artificially constrained supply of land, as she would see it, and certainly our members would feel that was the case with the problems and uncertainties of the planning system. If you have a constrained supply of your principal input to the industry then clearly that is going to promote a competitive focus in terms of acquiring that input to the industry. You can turn that around and say that if you manage to remove that artificial constraint then I think the incentives to compete on other issues will become stronger than they are now. So one of the positive merits of Barker is actually that if we follow up on her recommendations I think we will see other benefits in terms of the product.

**Q339 Paul Flynn:** What percentage of your homes reach the EcoHomes “pass” standard?

**Mr Slaughter:** We do not have any information on that particular question. I could not tell you.

**Q340 Chairman:** Do you not think that you should?

**Mr Whitaker:** Well, given that the Building Regulations meet the minimum of the EcoHomes “pass” then 100% of our houses are built in accordance with the minimum Building Regulations.



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7 July 2004 Mr John Slaughter, Mr Andrew Whitaker and Mr Ian Hornby

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**Mr Slaughter:** I do not think that covers the whole of the EcoHomes standard, does it?

**Q341 Paul Flynn:** What do you think of the EcoHomes standard, having the various grades of “good” and “pass” and so forth? Are they of any value, or are you just building to a minimum standards?

**Mr Slaughter:** I think they are of value and obviously they have been used in a number of high profile projects, different levels of these standards, and that has been an interesting experience for all those who have been involved.

**Q342 Paul Flynn:** Do you want to see the standards changed, improved? Do you agree with Countryside about incorporating the standards into the Building Regulations?

**Mr Slaughter:** Yes.

**Q343 Paul Flynn:** What do you think of the prospect of a code for sustainable buildings?

**Mr Slaughter:** We certainly agree with Countryside on the issue of Building Regulations building better standards into those progressively.

**Q344 Paul Flynn:** How would that change the way the industry works if that did happen?

**Mr Slaughter:** Well, you are raising the minimum standards essentially because that is the regulatory requirement and we have no problem with that. To be positive, we have absolutely no problem with progressive improvements in Building Regulations, but there are obviously issues about how far and fast you can take it given other considerations. Another point that is worth making is that Building Regulations in one area can potentially conflict with Building Regulation requirements in other areas, so there are not necessarily straightforward processes here. You have to look at the interactions between one area of regulation and another area of regulation.

**Q345 Paul Flynn:** We had some figure from Countryside about how many of their houses reached the “good” and the “pass” standards. I presume that would be superior to the standards reached by your members?

**Mr Slaughter:** Well, I could not comment either way because we just do not have the information.

**Mr Whitaker:** Certainly Countryside could be seen as leaders, but that is not to say that the rest of the industry are not followers and that they will get there, if they are not already there. You could have picked any number of our members and had them at this table and they would have given you a similar story about how they are addressing sustainable communities, building more sustainable homes. So I would want to defend the industry quite vigorously on that.

**Q346 Mr Chaytor:** Just pursuing that point, are there any of your members who have identified a real niche in the market for EcoHomes and have decided that their market will pay a small premium to get a

low emission home or a home that will have far reduced energy costs over a twenty year period? Are there any companies positively branding themselves in this way or not?

**Mr Slaughter:** I do not think necessarily across the board. Certainly a number of companies are doing this on maybe a smaller scale basis, testing the market if you like.

**Q347 Mr Chaytor:** Just one other point, if I may, on the question of the Building Regulations and the compliance with the minimum Building Regulations, are you confident that all new developments do comply with Building Regulations, because there is a difference between the existence of Building Regulations and the compliance with Building Regulations and given there is virtually a zero inspection regime—

**Mr Hornby:** We are as confident as we can be.

**Q348 Mr Chaytor:** What does that mean?

**Mr Hornby:** It is down to building control on site, the inspection.

**Q349 Mr Chaytor:** Broadly, what would your estimate be of the percentage accuracy of compliance with Building Regulations in new developments? Are we talking 80, 90%?

**Mr Hornby:** I would have to say 100.

**Q350 Mr Chaytor:** You would have to say 100?

**Mr Hornby:** Yes.

**Q351 Mr Chaytor:** But you would not really believe it?

**Mr Hornby:** I think I would, knowing the site system, the approving inspectors, yes. Well, that is my opinion anyway.

**Q352 Joan Walley:** I would be interested to know what kinds of discussions, debates you have with your members on the issue that Mr Chaytor has just raised, because whatever the standards are that are being met some of the evidence that has been given to us is that if you have workers on site who are not trained then you can have all the standards but if they are not building adequately then you have not got those standards embedded in the house. Is that something you have discussed? Is that something that you have reviewed, that you are researching, that you are monitoring?

**Mr Hornby:** Well, as I say, we have the approved inspector inspecting the properties generally for compliance with Building Regulations and more often than not the NHBC and Zurich are doing their inspections for the warranty provision as well. So there are several pairs of eyes on site looking at what is being built.

**Q353 Joan Walley:** But you deal with it just through your ordinary compliance? It is not something that you have discussions about, saying, “Goodness, you know, even though we are supposed to be meeting

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7 July 2004 Mr John Slaughter, Mr Andrew Whitaker and Mr Ian Hornby

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these standards it's been brought to our attention that that's not being done"? Is it not something that you are discussing?

**Mr Slaughter:** No, because the evidence is not coming back to us and we are not an inspector—

**Q354 Joan Walley:** How would you get that evidence?

**Mr Slaughter:** It would come from the other bodies that my colleague just mentioned. We are not an inspection body, so we would be reliant upon those

other bodies telling us if there was a problem and then of course we would discuss it. But they are not telling us that there is a problem.

**Q355 Joan Walley:** So you wait to be told if there is a problem and then you would discuss it?

**Mr Slaughter:** Well, we talk to the other bodies anyway, but we have to assume that if there was a problem they would tell us.

**Mr Whitaker:** We are not the regulatory body for the inspecting of new homes.

**Joan Walley:** No, I understand that.

**Chairman:** All right. Thank you very much indeed for your time.

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### Supplementary memorandum from the House Builders Federation

RESPONSE TO SPECIFIC QUESTIONS FROM THE ENVIRONMENTAL COMMITTEE FOLLOWING THE HOUSE BUILDERS FEDERATION'S ORAL EVIDENCE SESSION, 7 JULY 2004

*Available figures on the number of private housing completions over the last five years, together with a breakdown of the type of properties being built (by number of bedrooms and densities). Does this information exist on a regional basis?*

This information is largely available from published sources. We are attaching a separate note (annex A) analysing the key trends over recent years. The main points to note are the increase in the proportion of flats being built, the increased use of previously developed land for housing, increased density and a reduction in the number of four or more bedroom houses.

*What work you as trade association are carrying out to promote best practice and the use of sustainable construction methods to your members?*

HBF is currently undertaking a wide range of initiatives to promote best practice and sustainable construction.

As mentioned in our evidence to the Committee's inquiry on 7 July, the Federation is working on a proposed Sectoral Sustainability Strategy. The strategy would prospectively address nine key areas in which the industry's activity relates to the achievement of sustainable development:

- Effective use of developable land.
- Effective and efficient use of materials.
- Minimising energy consumption.
- Encouraging Innovation (for example, Modern Methods of Construction).
- Improving skills.
- Respecting people.
- Enhancing the created built environment.
- Water minimisation and management (including Sustainable Urban Drainage Systems).
- Minimising pollution.

The main aims of this strategy would be to draw together, promote and support best practice in the industry through developing case studies, best practice guides and showcase events. The strategy would also prospectively envisage areas of collaboration with related supply chain associations to maximise the sustainable supply and production of new housing. In addition we wish to promote collaboration with other stakeholders to maximise the sustainability of the current and future housing stock in the UK.

Besides setting out broad objectives in these areas, the strategy would envisage establishing Key Performance Indicators against which the industry could judge its progress in future.

Given the Federation's commitment to taking forward such a strategy, we have qualified for membership of WWF's One Million Sustainable Homes Task Force and are participating actively in that group.

In the field of planning, the HBF has supported the development of the "South East Sustainability Checklist" developed by the Building Research Establishment for SEERA. The checklist is a tool that gives a score for proposed developments covering sustainability in terms of their environmental impact, the local economy and community. It can usefully show areas where builders perform relatively well and not so well

by breaking down performance into key areas. Using the checklist a firm may find that while performing relatively well overall it can still focus in discussion with the planning authorities on improving aspects of a proposed development where the survey shows it not doing so well.

The SE checklist is currently being used as a model for rolling out similar checklists across the English regions over the next two years. HBF is fully supporting this initiative as a means of promoting a consistent and practical approach to achieving sustainable development.

Evidence shows that the industry has adapted well to recent planning requirements relating to sustainability. NHBC data shows that the proportion of new registrations that are detached houses has fallen sharply since the start of 2000 (from 53% to 31%), while the number of new registrations that are flats has doubled for 19% to 38%. Concurrently, the take-up of previously developed land for new developments has risen sharply. ODPM data shows that the proportion of new dwellings built on brownfield sites has risen from 51% in 1994 to 63% in 2002, and a provisional 66% in 2003.

Another important field within which the Federation actively promotes best practice is design. In association with CABE and the Civic Trust, HBF is one of the founding partners in the “Building for Life” (BfL) initiative whose overall objective is to promote design excellence in new housing.

HBF has adopted a “Manifesto” commitment to good design principles under BfL that we promote to our members.

The BfL partners have also adopted a BfL “standard” that is awarded to projects demonstrating high quality design. The standard is based on 20 criteria covering the main aspects of good design including the economic, social and environmental aspects of sustainability.

The criteria include whether the development has features that reduce its environmental impact, whether it promotes security, whether the scheme has made uses of advances in construction/technology, how positively it uses the existing topography and site features and knits with surrounding areas, the promotion of flexible use and a range of tenures and types of accommodation. A scheme that fulfils 70% of the criteria receives a “Silver Standard” and one that achieves 80% receives a “Gold Standard”. Gold schemes form a shortlist for the annual “Building for Life Platinum Award”, presented to one scheme of outstanding merit. Although the standard was only launched in July 2003, some 21 projects have already been awarded a silver or gold standard.

We believe BfL is an important initiative that is central to the promotion of sustainable development and sustainable housing projects. We are therefore continuing to give priority to this initiative and are actively discussing with our partners how we can further increase its effectiveness for the future. These discussions are also likely to be a significant contribution to the industry response to the conclusions of the Barker Review itself.

HBF is also seeking to promote sustainability in other important areas. We are currently discussing with the ODPM ways in which the new National Centre for Sustainable Community Skills can best work with industry among other stakeholders to achieve the skills capacity required to deliver sustainable development in the future. In addition we are discussing with the Construction Industry Training Board ways in which it can help deliver training and support that is needed to achieve sustainability skills required in the wider house building workforce.

Through membership of the Housing Forum (part of Constructing Excellence) we are promoting best practice to the industry—for example, via case studies of best practice and guides for the industry, including one due to be published in the near future on managing apprenticeships.

Following our evidence to the Committee we have also taken the initiative to be involved directly in the group that will be developing the Code for Sustainable Building the Government has agreed to establish following the recommendations of the Sustainable Buildings Task Group this spring.

*The Committee would also be very interested in receiving a copy of your response to the consultation on the Building Regulations that is due shortly.*

Due to the need to engage in extensive consultation with our members we have not yet completed our response to the current consultation on proposed changes to Part L of the Building Regulations (energy efficiency). We would, however, be pleased to send this to the Committee when it is available—probably in the second half of October consistent with the public consultation timetable.

The Committee may meanwhile be interested to hear of the independent study by Elmhurst Energy that has shown that new homes are up to six times or more efficient in terms of energy use compared to a home built in 1900. The table at Annex B shows the results of the study for the cost of space and water heating, comparing a 1900 built home with one built in 2002, with different scenarios in terms of heating methods and insulation. Even with insulation improvements and condensing gas and central heating, the 1900 built home is less energy efficient than the most basic model of a 2002 built home.

Otherwise in terms of the performance of new housing we would wish to point out that the industry is pro-active in developing ways of achieving greater sustainability. In some cases these efforts are themselves hindered by the regulatory framework and HBF and its members are in such instances pressing Government to remove barriers to better performance. A good example, of such circumstances concerns drainage where

the industry is seeking to use SUDS—Sustainable Urban Drainage Systems. SUDS are drainage systems that use a mixture of drainage components that are integrated throughout the scheme to mimic the natural drainage of greenfield sites by using soft landscaped drainage techniques instead of hard engineering solutions. The aim is to reduce flows to existing sewers, reduce the impact on water courses, reduce surface run-off, reduce the environmental impact and reduce diffuse pollution (treats first flush from storms). Maximising the opportunities for the use of SUDS will, however, require changes to the regulations governing connection to sewerage systems and we are seeking greater progress in this area from the Government.

Elsewhere the industry is also investing in solutions to achieve greater flood resilience and to advance Modern Methods of Construction. There is also scope to make greater use of recycling opportunities for aggregates arising from brownfield remediation. In this latter case too, however, maximising such opportunities will be dependent on getting the regulatory climate right and we are therefore actively discussing with Government the need for suitable thinking to inform the new waste management and landfill regulations. These regulations will impact more generally on the costs and practicality of brownfield remediation, including developing best practice, and we have current concerns that their impending revision has yet to fully take account of what is required to promote both the volume of remediation and future advances in its sustainability.

*September 2004*

## Annex A

### OVERVIEW OF PRIVATE HOUSE BUILDING

According to ODPM figures, there has been a fall in the number of housing completions in Great Britain in recent years. In 1994–95 there were 190,400 total Great Britain completions, a figure that had fallen to 175,300 by 2003–04, a decline of 8%. It was actually the drop in completions by Registered Social Landlords and Local Authorities that was behind the overall fall, with private house builders picking up some of the slack and producing slightly more dwellings (151,200 in 1994–95 to 157,300 in 2003–04).

There has been a dramatic change in the types of new homes being built across the country. At the start of 2000, NHBC report that over 53% of private registrations in Great Britain were for detached homes, with flats making up just under 19% of the total. By the second quarter of 2004 detached homes' share of Great Britain registrations had fallen to under 32% while flats' share had doubled to around 38%. There was very little change in the proportion of semi-detached housing (around 14%) and a very slight increase in the share of terraced housing (from 14% to around 17%) over the period.

The same broad trend has been seen across all parts of Great Britain. Unsurprisingly, London has the largest share of flats in new registrations, having exceeded 80% over recent quarters, but has actually seen the smallest proportionate shift as it started from the highest base. The data for Q1 and Q2 2004 shows that over 38% of new registrations are flats for GB as a whole, up from 19% at the start of 2000, with London registering 78%, the East 37% and the South East 49%. Three English regions, the West Midlands, the East Midlands and Eastern and Wales have seen the share of flats' more than triple. The North East (48%), Wales (59%) and Scotland (47%) are the regions with the largest share of detached houses, but it is recognised that they have an insufficient stock of such housing at present.

There is a timelag between the developments measured by NHBC's registrations statistics and data measuring housing completions. ODPM data for housing completions in England nevertheless show a similar move away from the building of larger houses to more flats. These figures show that in 1997–98 88% of homes built by the private sector were houses and 12% flats. By 2003–04 this mix is estimated to have changed to 33% flats and 67% houses. The proportion of large (four or more bedroom houses) being built by the private sector has also fallen over the last few years. In 2001–02 they accounted for 39% of completions by the private sector, a share that had fallen to 31% by 2003–04.

In terms of the type of land being used for these new developments, there has been a significant shift in favour of using more previously developed land (PDL) over the last decade. In the mid 1990s between 51 and 54% of all new dwellings in England were built on brownfield sites, a figure that had risen to 60% in 2001 and 63% in 2002, exceeding the Government's target of 60%. London (91%), the West Midlands (67%) and the South East (65%) have witnessed the highest proportions of new dwellings on PDL with the South West the lowest at 49% (all figures 2002).

The density of new dwellings has also increased. Figures for England show that density has risen from 24 dwellings per hectare in 1994 to a provisional figure of 30 in 2003. (PPG3 sets a target of 30–50 per hectare.) On previously developed land the average density is 33 dwellings per hectare. Unsurprisingly London (at around 50 per hectare over recent years) has the highest density of dwellings, while the South East registered 30 and the South West 34.

Key changes over recent years are summarised in the tables below comparing the latest available figures with appropriate base dates.

Table 1

## THE RECENT PAST

	<i>% private registrations flats (NHBC) (Q1 2000)</i>	<i>% private registrations detached (NHBC) (Q1 2000)</i>	<i>Total Completions (000s) (ODPM) (1994–95)</i>	<i>% new dwellings on PDL (ODPM) (1994)</i>	<i>Density- dwellings per ha (ODPM) (1994)</i>	<i>% private completions flats (ODPM) (1997–98)</i>	<i>% private completions houses (ODPM) (1997–98)</i>
NE	10	61	7	45	24	8	92
NW	15	55	21	52	25	10	90
Y&H	14	64	15	42	22	6	94
EM	5	72	17	35	23	4	96
WM	11	61	17	42	26	7	93
East	10	58	22	46	23	8	92
London	70	7	15	76	43	58	42
SE	24	48	27	45	22	13	87
SW	14	54	17	28	25	8	92
Wales	5	70	10	Na	Na	Na	Na
Scot	23	46	26	Na	Na	Na	Na
GB	19	53	190	Na	Na	Na	Na
Eng	19	53	158	43	24	12	88

Table 2

## LATEST POSITION

	<i>% private registrations flats (NHBC) (Q2 04)</i>	<i>% private registrations detached (NHBC) (Q2 04)</i>	<i>Total Completions (000s) (ODPM) (2003–04)</i>	<i>% new dwellings on PDL (ODPM) (2002)</i>	<i>Density- dwellings per ha (ODPM) (2003)</i>	<i>% private completions flats (ODPM) (2003–04)</i>	<i>% private completions houses (ODPM) (2003–04)</i>
NE	22	48	6	57	28	17	83
NW	38	26	17	73	31	27	73
Y&H	25	36	14	62	31	29	71
EM	18	41	14	53	25	14	86
WM	48	23	14	67	32	29	71
East	37	30	18	58	27	21	79
London	76	8	19	91	52	81	19
SE	47	21	24	65	30	37	63
SW	35	28	16	49	34	26	74
Wales	15	59	10	Na	Na	Na	Na
Scot	36	47	27	Na	Na	Na	Na
GB	38	32	175	Na	Na	Na	Na
Eng	39	28	143	63	30	33	67

## Annex B

## ELMHURST ENERGY TABLE

<i>Property Type</i>	<i>SAP</i>	<i>CI</i>	<i>CO<sub>2</sub> (Tonnes per annum)</i>	<i>Space Heating Cost</i>	<i>Water Heating Cost</i>	<i>Space and Water Heating Costs (£/per annum)</i>
1900 Property as constructed with no central heating, coal open fires	10	0.0	23.4	£1,013	£187	£1,200
1900 Property as constructed with gas central heating fitted 20 years ago	27	1.6	10.4	£690	£140	£830
1900 Property with insulation improvements but no central heating, coal open fires	43	1.5	11.3	£459	£141	£600

<i>Property Type</i>	<i>SAP</i>	<i>C I</i>	<i>CO<sub>2</sub></i> <i>(Tonnes</i> <i>per</i> <i>annum)</i>	<i>Space</i> <i>Heating</i> <i>Cost</i>	<i>Water</i> <i>Heating</i> <i>Cost</i>	<i>Space and</i> <i>Water Heating</i> <i>Costs</i> <i>(£/per annum)</i>
1900 Property with insulation improvements and standard gas central heating	57	4.2	5.2	£333	£107	£440
1900 Property with insulation improvements and condensing gas central heating	70	5.45	3.8	£251	£87	£338
Newbuild pre April 2002 With standard gas central heating	76	5.9	3.4	£206	£92	£300
Newbuild pre April 2002 With condensing gas central heating	82	6.5	2.9	£183	£82	£265
Newbuild post April 2002 With standard gas central heating	90	7.2	2.4	£144	£86	£230
Newbuild post April 2002 With condensing gas central heating	96	7.85	2.1	£125	£75	£200

The table shows energy efficiency details for a 1900s property with various improvement also shown are the figures for a newbuild property pre and post the amendments to Part L, April 2002.

The figures below are based on a detached house with an area of 120 square metres and with the same area of openings.

Insulation improvements used in the calculations were:

Loft	200 mm quilt
Walls	50mm insulation
Glazing	100% double glazed 6mm air gap
Draught proofing	100%
Cylinder Insulation	100 mm Jacket
Heating and controls	Modern gas heating with programmer, roomstat and thermostatic valves

Note: The 1900 property was assumed to have solid walls while these can be insulated the cost of doing so may be prohibitive.

Please note the figures quoted are indicative and should only be used for comparison purposes.

#### ENFORCEMENT ACTION AT SELLAFIELD

The Environment Agency served an enforcement notice on BNFL's Sellafield nuclear facility on 17 June over its failure to properly maintain pipelines used to discharge low-level radioactive waste into the Irish Sea.

The enforcement notice, issued under the 1993 Radioactive Substances Act, follows an incident earlier this year when two pieces of rubber gasket contaminated with radioactivity were found on local beaches. The gaskets had become detached from the seaward end of one of the discharge pipelines.

Tests confirmed that the radiation levels of both items were low, but they were confirmed as being above agreed reporting levels. The notice was issued because of BNFL's failure to comply with an authorisation condition requiring it to keep in good repair systems used for the discharge of radioactive waste.

June 2004

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**Wednesday 21 July 2004**

Members present:

Mr Peter Ainsworth, in the Chair

Mr Colin Challen  
Mrs Helen Clark

Sue Doughty  
Paul Flynn

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**Memorandum from the Department for Environment, Food and Rural Affairs**

1. This memorandum is in addition to that submitted by ODPM, which explains the wider Government policies on Sustainable Communities. This note focuses on the environmental aspects of housing growth.

**SUSTAINABLE COMMUNITIES**

2. Defra supports the five strategic priorities for creating Sustainable Communities:

- Delivering a better balance between housing supply and demand.
- Ensuring people have decent places to live.
- Tackling disadvantage by reviving deprived neighbourhoods and tackling social exclusion.
- Providing better public services.
- Promoting development of English Regions by improving their economic performance so that all reach their full potential.

3. The Government will shortly be publishing a refreshed Rural Strategy which will set out how the vision of Sustainable Rural Communities set out in the 2000 Rural White Paper will be delivered in the next three to five years. The Strategy will set out action that will support the creation of sustainable rural communities, including in relation to sustaining economic development, ensuring fair access to public services and affordable housing, and valuing the countryside as an asset. The Strategy will include the Government's response to Lord Haskins report on Modernising Rural Delivery.

4. Defra also works to increase the supply of affordable housing in rural areas through supporting ODPM and the Housing Corporation in rural proofing their policy and programmes. This includes agreement of the Housing Corporation's rural target for settlements below 3,000 which over 2004–05 to 2005–06 is set to approve a total of 3,500 homes. At a local level we fund the Countryside Agency to deliver the Rural Housing Enabler programme which provides funding for the employment of 40 specialists in 30 counties/unitaries across England to work with local rural communities and identify housing need and ways of meeting that need.

5. Kate Barker's review of housing supply reinforced the evidence of undersupply of housing and the adverse consequences this has on economic and social development, particularly in the supply of housing for key workers. House building in 2001 was at its lowest level since World War II. Defra recognises the need to provide extra housing to resolve these problems. Our aims are: to ensure that new communities are as sustainable as possible, particularly in eco-efficiency terms; to promote sustainable infrastructure; and to minimise the adverse environmental consequences. The Sustainable Communities Plan provides a significant opportunity to develop better standards and practices.

6. Defra strongly supports other elements of the Plan, which promote wider sustainable development, in particular the emphasis on using brownfield land for housing, and increasing density rates. ODPM figures published last month show that 66% of all new building is now on brownfield land (exceeding the target of 60%), and that the density of building has increased to 30 dwellings per hectare compared to 25 in 1996. Green belt has increased by 19,000 hectares since 1997 with a potential for a further increase of around 12,000 hectares proposed in emerging local plans.

**ENTEC REPORT**

7. Defra commissions extensive economic research from external researchers on all areas of its policy interests to provide independent analyses to inform the development of policy. The purpose of the Entec study, "*The Environmental Impacts of Increasing the Supply of Housing in the UK*", was to provide an objective initial assessment, quantified as far as possible, of the environmental impacts of proposals in the Barker Report for increasing housing supply so as to meet a range of housing affordability targets. The study looked at the impact of proposed housing increases on Defra policy concerns, to provide an indication of the nature and potential orders of magnitude of the associated environmental costs and benefits and to provide

recommendations on the ways to take these forward, thus allowing them to be reflected in decision making. The timetable for this work was extremely tight, and the study was conducted as a short desk based exercise, to enable advice to be timely and to contribute to the wider government debate on housing issues.

8. The report was received by Defra on 23 April, and given an initial review by officials including those from other Departments and then placed on the Defra website on 7 May. Entec sent a copy to the Environmental Audit Committee secretariat on 26 May. We regret this delay and have set in hand action to improve our presentation of Defra commissioned research. As the report itself makes clear the work was a scoping study and does not represent a definitive analysis of the problems. The figures included in the report are indicative and require substantial qualification and interpretation. Because of this, it was not published as a Defra document and the report remains the view of Entec, not Defra.

9. The researchers consider a number of possible scenarios in terms of the annual number of dwellings built, average housing densities and occupancies and standards of environmental design. Thus there is a very wide range in their estimates for the aggregate environmental impact—from + £1.6 billion to – £4.3 billion compared with their baseline assumption. The £8.3 billion figure quoted in the press is the highest figure for gross environmental costs in the worst case scenario ie it is effectively a comparison against a scenario of no house building at all for the next 30 years. The increased cost of the extra housing over the baseline of current build rates is just over half this figure at around £4.3 billion. However in a best case scenario which takes account of potential mitigating factors such as improved building standards, the environmental costs can be substantially curtailed in both absolute terms and over the baseline. And not least, it should be pointed out that the figure quoted is a present capitalised value over some 30 years, it is not an annual monetary cost.

10. As the researchers point out, there are large degrees of uncertainty over both the estimation of the scale of the environmental impacts, and in attaching monetary values to them. Only a limited range of impacts were considered in the time available and some appear calculated on a gross basis, ie they do not take account of the fact that the occupants of new housing would be creating environmental impacts in their current housing. Both under and over estimation of some figures is likely and further work may be necessary to explore these issues and refine the estimated environmental impacts.

#### OTHER INITIATIVES

11. In addition to the Entec review, which looked at the broad-brush impacts of housing, Defra is taking forward its extensive work on the detailed policy areas. Defra has contributed to two important initiatives which are relevant to the Committee's enquiry.

12. First the Egan Review on *Skills for Sustainable Communities* which was published in April. Defra welcomes the emphasis on advance and holistic planning of infrastructure alongside housing, and the proposals for improving and broadening the skill base for delivering new developments.

13. Second, Defra strongly supported the establishment of the Sustainable Buildings Task Group and welcomes its report "*Better Buildings- Better lives*" (submitted to Government on 17 May) as a valuable and timely contribution to the sustainable buildings agenda. The report recommends specific improvements in the environmental performance of buildings, for both new buildings and refurbishment, across the country, which industry and Government can look to deliver in partnership in the short and long term. The report recognises the importance and urgency that must be attached to driving up the sustainability of buildings and the ongoing work across Defra to help deliver these improvements. The report reinforces the need for the highest environmental standards (in terms of energy, waste, water, and the sustainable use of timber and other construction materials) to be applied more widely to our new and existing building stock if we are to deliver the Government's vision of a low carbon economy. These issues are brought together in the recommendation for a Code of Sustainable Building which the Group suggests is based on BREEAM and incorporates clearly specified minimum standards in key resource efficiency criteria. Other headline recommendations include "that the Government review the advisory bodies concerned with sustainable buildings to simplify and consolidate them", and "enshrine a 25% saving over average per capita water consumption in regulation by 2005 [and] a 25% energy efficiency improvement under Part L." Defra, Dti and ODPM Ministers are urgently considering the SBTG's recommendations and are looking to respond in due course on the most suitable options for implementation.

14. The Government's *Strategy for Combined Heat and Power to 2010*, published in April 2004, reconfirms the Government's commitment to its 2010 target of 10 gigawatts of installed Good Quality CHP capacity. It sets out a framework to support the growth of this sustainable energy technology and reports on a range of market interventions to help achieve this. Among these interventions is the exploration of ways to encourage the take up of CHP and other low carbon technologies in the Building Regulations revision announced in the Energy White Paper, thereby building on the CHP guidance included in the 2002 edition of the Regulations. The Strategy additionally reports on the Community Energy programme's commitment to promoting community heating and its provision of reduced heating and electricity costs to households and public buildings.

15. As far as energy efficiency is concerned, the Government set out an Action Plan for cutting annual carbon emissions by 12 million tonnes through energy efficiency over the next six years. These savings will need to be made across the whole economy, but a significant proportion will come from the built



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environment. This is reflected in the Action Plan, which contains a number of key policies and measures directed at this sector. Two important examples are the proposals for changes to the Building Regulations, which will raise standards of new and refurbished buildings from 2005; and a doubling in the level of activity under the Energy Efficiency Commitment from 2005 through to 2011, subject to a review in 2007. The combined product of the energy efficiency measures in the Action Plan will contribute roughly half the overall carbon savings in the Climate Change Programme, and save households and businesses over £3 billion per year on their energy bills by 2010.

16. Government is committed to ensuring that the growth areas are equipped with the water and sewerage services and infrastructure necessary to guarantee the long-term health of these communities. To achieve this we recognise the importance of involving the respective water undertakers and environmental regulators at an early stage in the development of proposals

17. Discussions were held with water companies by the consultants who undertook the studies leading to the identification of the growth areas. Further discussions have taken place since publication of the Sustainable Communities Plan and these continue involving the individual water companies concerned, the Environment Agency, relevant growth area delivery vehicles, DEFRA, ODPM, Water UK and OFWAT. ODPM are funding a project by the Environment Agency in the Ashford Growth Area to determine an integrated water management strategy covering water supply, wastewater treatment and flood management and alleviation. The strategy will be a crucial element in putting together the masterplan for future growth in the Ashford area. Water utility companies have just submitted plans for the next 25 years on demand and supply, which are currently being assessed by the Environment Agency, which will report to Defra Ministers in July.

18. In respect of flood risk management, Defra is committed to ensuring that development in the growth areas takes fully into account current and future flood risk. Whilst we recognise that some development in areas of flood risk is unavoidable, such developments have to be designed and sited in such a way as to mitigate as far as possible any potential flood risk, and allow defences to be maintained/replaced in the future. Such an approach is vital if we are to ensure that the new communities are truly sustainable. ODPM's Planning Policy Guidance Note 25 sets out the approach that planning authorities should adopt when considering applications for development in flood risk areas, including where necessary that a flood risk assessment is undertaken. The recent Foresight Flood and Coastal Defence Project highlighted the increased risk of flooding posed by climate change and socio-economic factors, particularly in coastal areas of the South East, and the importance of planning authorities thinking carefully about the longer term risk to developments on the floodplain. Defra and the Environment Agency are closely involved in detailed planning decisions in Thames Gateway to ensure that flood management measures are designed into new developments. ODPM and DEFRA are represented on the steering group for the Environment Agency's "Thames Estuary 2100" study of flood risk management, which will consider which flood defence measures are needed for the next century. All ODPM-funded projects and partnership vehicles in the Thames Gateway are required to produce an appropriate flood risk assessment.

19. Through ODPM the planning system ensures that the need for new facilities is incorporated into waste local plans. Defra is working closely with ODPM to ensure that the growth areas assess the amount of waste likely to arise and plan for the waste facilities needed to deal with that waste.

20. As mentioned above, Defra recognises the importance of the increasing use of brownfield sites for housing developments, the protection of valued open spaces, and increases in the amount of Green Belt which has been achieved through ODPM's land use planning policies. The most important biodiversity sites have statutory protection, but Defra is also working to ensure that new developments respect locally important sites, and take the opportunity to enhance the provision of greenspace for access, recreation and biodiversity. To this end, Defra supports the local biodiversity partnerships which have defined biodiversity priorities within the Growth Areas. In London and the South-East, these partnerships have established schemes to ensure benefits for biodiversity are designed into developments, especially new housing. Defra is also working with ODPM on the revision of Planning Policy Guidance Note 9 which will help to ensure that new developments respect locally important sites for nature conservation.

21. In addition, Defra and ODPM jointly funded the Thames Gateway Greenspace Strategy. This provides overarching guidance to local delivery vehicles on integrating greenspace into development plans, and will be followed up by local implementation plans. Part of this strategy involves the "Greening the Gateway Action Plan" currently being developed by ODPM and Defra, which concentrates on managing the greenspace in the Thames Gateway. One of the main objectives of this plan is to ensure that all recreational green spaces are easily accessible and that the benefits of accessing greenspace to health are promoted.

22. The Forestry Commission supports the development of urban forestry especially through the 12 community forests. The Countryside Agency also worked with ODPM on the allocation of £11.5 million of green space funding for the new growth areas.

CONCLUSION

23. The Sustainable Communities Plan provides an opportunity for realising many benefits, in particular for developing and improving new environmental standards for housing.

June 2004

*Witnesses: Mr Elliot Morley, a Member of the House, Minister and Agri-Minister, Department for Environment, Food and Rural Affairs, and Ms Sheila McCabe, Head of Sustainable Land Use Division, Department for Environment, Food and Rural Affairs, examined.*

**Q356 Chairman:** Good morning, Minister. Welcome back to the Environmental Audit Committee. Unless I am much mistaken, this marks a change in normal procedure because in the past you have tended to make an important announcement relevant to the Committee's work on the day of your visits to us, but it has not happened this time. Would you like to introduce your colleague?

**Mr Morley:** I think it would be better if you introduced yourself.

**Ms McCabe:** Sheila McCabe. I am Head of the Sustainable Land Use Division in Defra and I am a co-ordinating point for housing growth issues.

**Q357 Chairman:** Thank you. You are both very welcome. Minister, you are obviously responsible for sustainable development. What are your responsibilities in relation to housing?

**Mr Morley:** Defra does have a role in the provision of rural housing through the Countryside Agency and the support that we give through the rural housing associations in that sense. We are also consulted in relation to the development of planning strategies, that is PPS1 to PPS25. We also have an involvement in relation to the long-term planning of water resources. We have a responsibility in relation to flood defence strategies and, of course, that links in to planning itself. We have also been a very active partner in the Sustainable Buildings Task Force group and the range of other reviews which the Government has been carrying out in relation to housing policies.

**Q358 Chairman:** I think the thing that worries me a bit is that you have responsibility for sustainable development and environmental issues, the DTI is responsible for construction issues and industry and the Office of the Deputy Prime Minister is responsible for housing and planning. The separation of these responsibilities leads, in some people's view, to an element of confusion. How joined up are you really able to be?

**Mr Morley:** We have developed a much improved joined-up approach in relation to all these strategies and developments. We also commissioned Entec, which looked at the impact of housing in terms of environmental and water issues. It is a huge area, as you have quite rightly said, Chairman. There is quite a legitimate debate to be had about how you try to bring this together in terms of government structures and government departments. The problem is, as you have outlined, it is such a vast area that it is quite challenging to include everything within one government department. I think there is a need to have a coordinating role and there must be

consultation in terms of our responsibilities in relation to sustainability and, of course, our responsibility of embedding sustainability within all departments. We do not see it, as you know, because we have had this discussion before, as Defra being the department for sustainability. We certainly see ourselves as being a champion within Government's sustainability, but we see every government department having sustainability embedded within its strategies and its approach and that is our objective and I think we are developing that successfully. I would not wish to be as complacent as to say that it is as effective as we would like it to be. I think this area is still developing. I think there is still a dynamic here. In terms of the development of long-term housing strategies covering all those points, in terms of resource use, the use of recycled materials for example, that is also of interest to us and an issue for us. We have developed structures within Government, such as MISC22 for example, where we can bring together all government departments and have a more holistic approach. MISC22 is potentially a very good model.

**Q359 Chairman:** You do not feel that it would work better if you were in the driving seat for more of this agenda and not just a consultee? I know you have said it is difficult to have one government department responsible for it all, but that used to be the case. Surely separating these functions out to different departments must have made it harder.

**Mr Morley:** It was never the case before, if you are referring to DETR, flood management was always with the old MAFF for example, so there was always an element of separation within the Government's structures. Obviously we are keen to have an active involvement and to be part of the formulation of the policy. There are structures that can be put in place. MISC22 is a Cabinet Committee; it is a pretty powerful committee. The Better Buildings Task Force was launched by three Secretaries of State, ODPM, DTI and Defra and that has a joint ownership in relation to the report and how it is taken forward and the implementation is also a joint responsibility, so I think that is developing. There is always going to be this dynamic about how you get the structures right and I understand exactly what you are saying, but I suspect that within the structure of Government you are never going to get everything in one place. Therefore I think the challenge for Government is to have an effective co-ordination system so that all the areas are considered properly and the strategy is an integrated strategy in relation to what we want.

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21 July 2004 Mr Elliot Morley MP and Ms Sheila McCabe

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**Q360 Chairman:** In your memorandum you said to us that you had three aims in relation to housing: to ensure that new communities are as sustainable as possible, particularly in eco efficiency terms, I assume you also mean new houses as well.

**Mr Morley:** That is right.

**Q361 Chairman:** To promote sustainable infrastructure and to minimise adverse environmental consequences. How are you setting about achieving those aims?

**Mr Morley:** The new communities is a good term because when you are talking about new developments and new build and if you take as an example the Thames Gateway proposals and the four new communities, the word communities is quite deliberate. If you are developing sustainable housing then you need to look at it again as a whole. You have to take into account the transport links, water, resource management, green spaces, recreation, how you can also get a number of objectives in that. Green spaces can give you buffer zones in relation to flood management, it can be used for sustainable urban drainage, it can be used for cycleways and it can be used for recreation. So you can build all these things in. There is also the issue of schools and medical provision that you have to build within a community. There are a number of government bodies and government committees which are designed to bring together all the various parts of government and our agencies that have an interest in all these areas so that we achieve those three principal objectives.

**Q362 Chairman:** Are you confident that those objectives will be achieved?

**Mr Morley:** I think we should never be over-confident because I think there is always a need to review where you are, I think there is a need to challenge your structures and there is a need to test the delivery. I have been an MP since 1987 and I have seen the Government move away from a silo approach over that period of time towards a much more collegiate approach and I would like to think that has accelerated in recent years because of the recognition that some of the struggles in the past have not really delivered. Indeed, in the past it is certainly fair to say that there was minimal consultation between government departments in terms of the formulation of a strategy and we can see that in some bad planning that has taken place in years gone by. I should emphasise that this is a dynamic process. There are always going to be arguments about the best structures for an integrated delivery, but I have no doubt at all that the need for a change has been accepted within the structure of Government.

**Q363 Chairman:** There is still bound to be nip and tuck and compromise and give and take. I noticed that this first aim of yours, which is “to ensure that new communities are as sustainable as possible”, implies that they might not be very sustainable at all in some circumstances. 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.

**Mr Morley:** That is absolutely right. You are going to get tensions and cost, of course, is one of the key tensions in that there is some nervousness about the kind of standards that you apply to buildings and the impact that will have on the price of the homes.

**Q364 Chairman:** We have had evidence to suggest that you can make a sustainable house at very little extra cost. We will happily pass it on to you.

**Mr Morley:** I do not necessarily accept that is a major problem myself because—and I am sure you have had evidence, indeed I have seen the evidence myself—it does not take into account the fact that there are cost savings to the people who live in those homes and you will recover the extra costs in due course. I am a very strong advocate of raising standards in relation to building standards and design but also in the way that communities are planned and developed. There are some external costs as well, not least issues of transport which are being taken into account in things like the Thames Gateway development.

**Q365 Mr Challen:** What are Defra’s concerns with the implications of the Barker report?

**Mr Morley:** The Barker report advocates a very large expansion of housing and addresses the fact that new build has dropped to historically low levels. The Barker report in my view could perhaps have given a bit more attention to the environmental and sustainable aspects. It is touched upon in relation to the report, but there is no detail within the Barker report. I would have liked to have seen a little bit more of that.

**Q366 Mr Challen:** Defra commissioned its own report from Entec and in their Executive Summary they say that the subject of the study is very broad, but you only gave them six weeks of desk space to do their work. Given that the Office of the Deputy Prime Minister is allowing 12 months for responses to Barker, why was Entec’s remit so short?

**Mr Morley:** Do you want to comment on that, Sheila?

**Ms McCabe:** The reason why it was so short and why it was just an overview was that ministers were going to discuss the follow up at the MISC22 meeting and our ministers needed to be informed of the environmental impact of the Barker proposals for those discussions. We have always said that Entec is just a first step, it is a global assessment. I am talking actively with ODPM and with Treasury about ways in which we can elaborate and refine that research.

**Mr Morley:** It was designed as a scoping study to give you an idea of the on-going debate, but you could not make it too long otherwise you would miss that information as part of the debate on this.

**Q367 Mr Challen:** Was this a case of trying to set the agenda or simply responding to Barker?

**Mr Morley:** It is responding to Barker, but it does help set the agenda because, of course, the Entec Report does quantify the kind of savings that you can get in broader society terms from the higher standards in relation to the buildings. It is very useful to have some quantification of that.

**Q368 Mr Challen:** In your memorandum to us you said that further work may be necessary. Are you now saying that that work will be carried out, and will it be a much more substantive report?

**Mr Morley:** I think it is inevitable there will be further work on this.

**Ms McCabe:** We are discussing with colleagues what work is needed. Some sectors, like energy, are quite advanced; other sectors are not so advanced, such as waste. We will need to consider it and ministers will need to think what their priorities are.

**Mr Morley:** Water is quite vast.

**Q369 Mr Challen:** Is that further report going to be jointly commissioned by yourselves and the ODPM or is it going to be a Defra report?

**Ms McCabe:** It is our wish to have joint research. This is a cross-government project. We want to do it in concert with our colleagues.

**Q370 Mr Challen:** Do you find that there is enthusiasm within the ODPM for such a report?

**Ms McCabe:** Yes, certainly. The Deputy Prime Minister himself has made a reference to better efficiency.

**Q371 Mr Challen:** How has that manifested itself? Could you give us some examples of things that have come out of your joint discussions which bears that out?

**Mr Morley:** I think the Deputy Prime Minister as far back as 1997 launched the water summit which addressed the whole problem of water supply in relation to communities and identified, for example, the unacceptably high level of leakages that there were. There has been a 20% reduction in water leakage since 1997. That is very important in terms of areas like the South and South East because this is a water stressed area and it is important as a way of addressing the issue of sustainability and also setting up such things as the Better Buildings Task Force where that was also an issue from the very beginning. That was a joint initiative and the Deputy Prime Minister was very involved in that.

**Q372 Chairman:** On the question of how joined up the Government is when it approaches these matters, given your responsibility and your personal commitment to environmental consideration which is well known, do you not feel disappointed that the Government was capable of commissioning a report into housing which had clearly enormous implications for the environment and sustainability without asking for the environment to be taken into account?

**Mr Morley:** In the Barker report?

**Q373 Chairman:** Yes.

**Mr Morley:** The Barker report did actually consider the environmental and sustainability challenges, but it is fair to say that the report did not address that particular dimension in detail, that is true.

**Q374 Chairman:** That is disappointing, is it not?

**Mr Morley:** It is disappointing in the sense that that is of particular interest to myself and to Defra. It does considerably widen the scope of the report and that adds to the costs and timescales as well.

**Q375 Chairman:** It is also of considerable importance to millions of people whose communities will be affected by Barker's recommendations if they are adopted by Government.

**Mr Morley:** That is absolutely right. Barker's recommendation was predominantly, although not exclusively, on housing demand and housing supply. In relation to how that is met through the Government's structures, it is absolutely essential and an integral part of the delivery that sustainability factors are built into that. That is a role that we have in terms of being part of that, it is a role we have taken very seriously and it is a role we are very keen to push the boundaries of as well.

**Q376 Chairman:** What role did you have in setting the terms of reference of Barker? It was a report commissioned by the ODPM and the Treasury, was it not?

**Mr Morley:** It was. I think we were consulted on the report, were we not?

**Ms McCabe:** Not on the terms, but we were consulted in the course of it.

**Q377 Chairman:** You were not consulted about the terms of reference of the Barker report?

**Mr Morley:** Apparently not.

**Q378 Paul Flynn:** The report is published as an Entec report rather than a Defra one. Was that your intention when it was first commissioned?

**Mr Morley:** It is an independent body that we finance, so it is their report.

**Q379 Paul Flynn:** What specifically in the report are you unhappy with?

**Mr Morley:** We are not particularly unhappy with the report. It is an independent report.

**Q380 Paul Flynn:** Were you not concerned about the methodology of the report by Entec?

**Mr Morley:** The methodology is for them to decide.

**Q381 Paul Flynn:** In your memorandum you said that the report came up with a very wide range of findings on the environmental impact and, of course, the most pressing one was the one that appeared in the newspapers, but there was a huge range that they put forward.

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21 July 2004 Mr Elliot Morley MP and Ms Sheila McCabe

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*Mr Morley:* There are a number of scenarios, yes.

**Q382 Paul Flynn:** We accept you are unhappy about the variation, that you cannot be more precise. Whichever figures one believes, is it not true that in the future, unless there is a dramatic improvement in the standard of building houses, there is going to be a very significant environmental cost? Would you agree with that?

*Mr Morley:* I do agree with that. You could argue that the Entec Report is limited, but it does give you figures and comparisons in relation to various scenarios, in relation to growth scenarios and it also gives you figures in relation to standards as well. What it clearly demonstrates is that if you raise the building standards then you substantially reduce CO<sub>2</sub>, water consumption and there are enormous potential cost savings with that.

**Q383 Paul Flynn:** If you were not unhappy, you were less than overjoyed with some of the proposals because you say the impacts are already contained in the Sustainable Communities Plan. Had you carried out any work previous to this to determine the environmental impact of the Sustainable Communities Plan?

*Ms McCabe:* As Defra, no, I do not believe we have, although my memory of this only goes back 12 months. Our agencies have been closely involved, the Environment Agency particularly on water and flood defence issues.

**Q384 Paul Flynn:** The building proposed in the plan is going to have an environmental impact. Surely that needs to be determined and quantified.

*Ms McCabe:* The Environment Agency is our prime adviser on the environmental impacts as far as water and flooding are concerned and English Nature on biodiversity and the Countryside Agency on landscape, so we look to our agencies for specific advice.

**Q385 Paul Flynn:** One of the conclusions of the report is that building at higher densities, as set out in the Communities Plan, results in increased environmental costs. What is your view on that?

*Ms McCabe:* It depends what you mean by environmental. Obviously from a land take point of view a higher density is a good thing, it reduces the demand on actual land take, but there may be extra costs for transport and waste and so on.

**Q386 Paul Flynn:** On the CO<sub>2</sub> emissions target of a reduction of 60% by 2050, would you acknowledge that building on the scale proposed by the Sustainable Communities Plan and Barker will have very significant impacts on your ability to meet the target of 60%?

*Ms McCabe:* It also makes clear that if you build to a higher standard then it will have a beneficial effect on emissions.

*Mr Morley:* There are also issues of if you are developing new communities you are also moving people away from existing communities, which can have a beneficial effect in those communities as well, so there is a net effect in all this.

**Q387 Paul Flynn:** Are there many practical examples of building to this high standard successfully?

*Mr Morley:* Yes. There is the Millennium development, for example, at Greenwich which is being built to the eco standards and there are also some other examples of community build to higher standards even beyond that as well.

**Q388 Paul Flynn:** Would you regard them as unqualified successes?

*Mr Morley:* I think that the Millennium development is regarded as a success, yes.

**Q389 Paul Flynn:** What is your view on the conclusions of the Entec Report which found that development in line with Barker's highest estimate would result in an additional 20% of carbon emissions coming from the domestic sector by 2015-16 compared to 2001 levels? That is a substantial increase.

*Ms McCabe:* What the Entec Report was looking at was the global figure, it did not take into account existing occupancy and it is spread over 30 years. So it is actually the worst case scenario in many instances. It does not take account of the impact that would happen anyway if building continued at its current rate. So we have to treat those figures with caution. Obviously the signal that it sends is that Government should do the best they possibly can to reduce the impact.

**Q390 Paul Flynn:** You make a point about the fact that the occupants of new housing would be creating environmental impacts in their current housing as well, which is a fairly elementary point. Surely that was taken into account. Are you saying it was not? Presumably these people are not suddenly going to arrive from Mars.

*Ms McCabe:* It had to be done very quickly. It would have required a lot of analysis on where these houses were, who was going to be in them, the population, demographics, which they did not have time to do. So they are giving us a broad-brush approach. We are going to refine those issues together with other departments.

*Mr Morley:* Work like this has not been done before. It is very useful in relation to giving us an ability to quantify the kind of environmental effects of new build in the scenarios which have been set out within the report. I think it is helpful in terms of giving us some way of quantifying these figures for the first time. You can do this in a more sophisticated way and I am sure that that will come at a later date.

**Q391 Paul Flynn:** You also mention in your memorandum the combined heat and power target of ten gigawatts by 2010 and the work that is being

21 July 2004 Mr Elliot Morley MP and Ms Sheila McCabe

done to achieve this. Most other commentators think this is an unrealistic target and there is very little chance of doing this. Do you think it is realistic?

**Mr Morley:** I think it is achievable. There has been a slowing in the development of combined heat and power, although the main reason for that, Chairman, has been market conditions and the price of gas more than anything else. The market conditions are changing and are probably more encouraging to investment than they were in the past. We are talking to the DTI on this issue to see how we can encourage development and investment so that we can meet our targets.

**Q392 Paul Flynn:** Are you expecting to spend some money on pump priming here to ensure you meet your targets?

**Mr Morley:** There is a range of inducements that are designed to give some benefit to combined heat and power. Our view is that that will provide an incentive, but we will have to keep this thing under review to see if they are achieving their desired effect.

**Q393 Paul Flynn:** But you are confident that the targets are achievable?

**Mr Morley:** They are achievable, yes.

**Q394 Chairman:** We hear what you say about the reliability of that 20% increase in CO<sub>2</sub> emissions from the domestic sector if Barker goes ahead. Clearly you need to satisfy yourselves as to what the likely figure will be. We heard Ms McCabe say that if you build to high standards it can be good for the environment. What is beyond dispute is if you build houses on anything like this scale it will have a significant environmental impact. If the Government is to meet its 2050 target then surely that means that other sectors of the economy will have to take a further cut in the emissions that they are generating.

**Mr Morley:** We are already addressing the issue of emissions and energy in a range of policies, not least the Energy Efficiency Strategy which is aimed at the domestic sector and the Warm Front Programme, the range of measures, the measures on industry for example, the European Emissions Trading Scheme which we are currently in the process of putting in place and there are implications for transport as well. There has to be a strategy to address all forms of emissions within society, that is true and we accept that.

**Q395 Chairman:** It remains the case that the process of building these houses let alone the houses once they are occupied and used will increase CO<sub>2</sub> emissions unless you can tell us today that you are going to build entirely zero carbon homes.

**Mr Morley:** It would be nice to build all zero carbon homes. That is not the intention there, it is true.

**Q396 Chairman:** So it is another bite out of the Government's ability to meet its CO<sub>2</sub> targets.

**Mr Morley:** The long-term impact of domestic CO<sub>2</sub> is factored into the Government's long-term target because, of course, the demand for homes is well

understood. We cannot have zero home building in this country, we have to recognise that there is demand and that there is growth for all sorts of reasons and we do have to address that because if we do not address that then it leads to increased problems in relation to housing supply, the impact on house prices and not least, of course, the pressures on existing communities.

**Q397 Chairman:** Have you looked in this context at the Royal Commission on Environmental Pollution's ideas about widespread use of biomass for the heating of domestic properties?

**Mr Morley:** We have. It is something that I would very much like to see develop. The small scale biomass heat and power systems could well have a role in new developments and I think that is something we should explore. It could also have a role in large scale buildings like hospitals and schools and we are trying to encourage that and there are examples of where that has been installed. I certainly think that bio fuels, combined heat and power, district systems, do have a role in the future.

**Q398 Mrs Clark:** If we look at further work, I understand that ODPM has set up a task force to look at the findings of Barker. Are you actually involved in that?

**Ms McCabe:** Yes. We have met with ODPM and the Treasury and there will be a further MISC22 officials' meeting this afternoon to take that forward.

**Q399 Mrs Clark:** So you are equally engaged with them?

**Ms McCabe:** Yes.

**Q400 Chairman:** You are on the task force?

**Ms McCabe:** No. The task force is only for ODPM and HMT.

**Mrs Clark:** So you are just being consulted again. Oh dear!

**Q401 Chairman:** It seems to me that you are being hung out to dry. This whole area is very disappointing. I would not want to be in your shoes, particularly since you are known to have strong convictions about sustainability. The extent to which you have been marginalised seems extraordinary to me.

**Mr Morley:** I do not accept that we are being marginalised. Departments have different committees and different groups and that also includes ourselves, we have working groups on water which other government departments are not on. That does not mean that they are not involved, nor does it make them any less effective. I would not go as far as what you have done in your last statement, Chairman. What is important are outcomes. We are always going to have an argument about outcomes and I repeat that we are prepared to push this to the limit in relation to change, in relation to sustainability. I do not accept those comments.

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21 July 2004 Mr Elliot Morley MP and Ms Sheila McCabe

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**Q402 Chairman:** It seems to me you have a huge amount of work to do, not least in clawing your way back into this agenda which seems to have been seized by the Treasury and the Office of the Deputy Prime Minister.

**Mr Morley:** I do not accept we have been excluded, Chairman.

**Q403 Chairman:** You are not terribly included in.

**Mr Morley:** We are included in at the very highest level and the very highest level in this delivery is the MISC22 Cabinet Committee. I attend that, as does Margaret Beckett. It is quite wrong for you to suggest that in some way we are isolated in this development because that is not the case. We have had a great deal of influence in the developments at this stage. If you are saying the measurement of this is that every single little committee within Government must have Defra representation, I think that is going a bit far.

**Q404 Chairman:** You were not asked about the terms of reference of the Barker Review and you are not included in the task force that is taking the recommendations forward. I do not know how much more excluded it is possible to be.

**Ms McCabe:** There are only two departments on the task force. Defra is not being singled out here.

**Q405 Chairman:** What certainty do you have that the work you are doing, that you have told us you need to do, is going to be completed to your satisfaction before the Office the Deputy Prime Minister or the Treasury makes a further substantive announcement about the Barker Review?

**Mr Morley:** There will be no substantive announcement about the Barker Review without our investment and consultation with Defra.

**Q406 Chairman:** You do not think they are going to go ahead without you?

**Mr Morley:** Absolutely not, no.

**Q407 Chairman:** They seem to have done when they announced the Barker Review in the first place.

**Mr Morley:** We were consulted in the setting up of the Barker Review and we have been involved in relation to a detailed response from Defra and in terms of our views on Barker.

**Q408 Chairman:** So you can tell us categorically that there will be no further announcement about Barker and progress towards implementation unless you are satisfied about all the environmental issues that we have talked about today?

**Mr Morley:** There will be no announcement without our involvement and our consultation. I am quite sure that your Committee may have something to say about that itself, Chairman.

**Chairman:** We are always keen to support your Department, Minister!

**Q409 Mrs Clark:** Can I look at the Sustainable Buildings Task Group and test your involvement in that. It has put forward proposals for amending the

Buildings Regulations to improve energy and resource efficiency. Are you actually involved in the work to take this forward? Are you a member of the task force or again a consultee?

**Mr Morley:** We are a member of the task force and we are putting forward our ideas in relation to water and energy savings. We believe that there is potential for 30% savings on energy and 30% savings on water with minimal cost in relation to building standards. There are building codes which are being developed by the task force and we are part of that group as well.

**Q410 Mrs Clark:** We have been told that the main aim is to include any proposals in Building Regulations by the year 2010. That seems to me to be rather a long way away. Is this the timetable that the Government is working to? Is it going to be achieved?

**Ms McCabe:** That is a responsibility primarily of ODPM. I am not an expert on Building Regulations, but certainly Building Regulations are being reviewed all the time. Energy is being reviewed by 2005 and water as well. I am not sure where the 2010 figure comes from.

**Q411 Mrs Clark:** Is it going to slip?

**Mr Morley:** 2010 is long enough as it is. I would rather see changes in regulations come in before then.

**Q412 Mrs Clark:** What has been your involvement with the consultation and development on PPS1?

**Mr Morley:** We have been consulted from the beginning in relation to PPS1. Again, there are a lot of implications for us, particularly in relation to the provision of water and the way that planning is put in place. We also have an interest in such things as the special planning which is being brought forward there and PPS1 is also a potential opportunity to review what can be difficulties in putting in place infrastructure for waste management. There have been some considerable delays in relation to infrastructure, even fairly innocuous development such as recycling centres and composting centres.

**Q413 Mrs Clark:** It has been our impression that despite stating that PPS1 puts sustainability "at the heart of development" planners are still going to have limited powers when it comes to requiring sustainability principles to be properly incorporated into housing. Do you agree with that?

**Mr Morley:** There is always an argument about how far you can go in relation to sustainability and the powers that you have. We are looking to improve and increase those powers and PPS1 is an opportunity to do that.

**Q414 Chairman:** Is it not a pity that developers and planners will only have to have regard to PPS1, they do not have to abide by it?

**Mr Morley:** I am not a lawyer. I suspect "regard to" is probably a phrase which they cannot altogether ignore. I think in these issues the tighter the regulations and definitions the better.

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21 July 2004 Mr Elliot Morley MP and Ms Sheila McCabe

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**Q415 Mrs Clark:** I certainly agree with that because in my experience planning departments often go completely out of control and off on their own. Will it be possible in your view, once PPS1 comes into force, for local authorities to refuse planning permission for developments that do not actually comply with sustainable development principles?

**Mr Morley:** 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.

**Q416 Mrs Clark:** Do they not often ignore guidance?

**Mr Morley:** You have got this conflict in that the planning process in this country is devolved to local authorities. The guidance is there for the professional officers who guide the planning committees. The planning committees themselves in the end take the final decisions.

**Q417 Mrs Clark:** The elected councillors?

**Mr Morley:** That is right. They themselves are subject to the appeals process and also the various legal processes of judicial review.

**Q418 Mr Challen:** As a Member representing an urban fringe seat on the urban fringe of Britain's most successful and growing city I hasten to add, that puts enormous pressure on housing and my constituency is almost overwhelmed by new housing. One of the more welcome products of

ODPM was PPG3, which put the emphasis on developing Brownfield before Greenfield sites. Barker seems to adopt as one of her fundamental principles the principle that in future housing supply should be led by market demand, land valuations and so on. Are you concerned by the possibility that that approach could damage or reverse the very beneficial effects of PPG3?

**Mr Morley:** I think the Brownfield development is the right priority and I am very glad to say that the Government's target has been exceeded, it was 60% and it is currently 64% and ahead of schedule on this. It is true that there was some controversy about some of the perceived conclusions of the Barker report. The implementation of it is a matter for Government and that will involve getting the balance right between Brownfield developments and the use of green fields. If I recall, I think it was Barker who talked about green buffers to development as well and I think that is an opportunity for building in the green spaces I was mentioning before, you can get a range of objectives from that.

**Q419 Chairman:** The buffers were a 40% over-provision that she recommends, where development gets triggered by market forces irrespective of the input of local planners. That is a very different type of buffer from the green buffer.

**Mr Morley:** You cannot allow all planning to be driven by market forces. I think you need the special approach which PPS1 argues for.

**Chairman:** Thank you very much indeed.

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#### Supplementary letter from the Department for Environment, Food and Rural Affairs to the Chairman of the Committee

Response to specific questions from the Environmental Committee following DEFRA's oral evidence session, 21 July 2004.

In your letter of 28 July you asked for some supplementary information in connection with the above Inquiry. The questions posed by the Committee and the Department's response to these is set out below.

1. You mention your involvement in the housing debate through MISC22. Can you tell us how often the Committee has met in the last year and who was present?

It is established practice under successive administrations, as reflected in the Ministerial Code and under Exemption 2 of Part II of the Code of Practice on Access to Government Information, not to disclose information relating to the proceedings of the Cabinet and its committees.

2. The remit of MISC22 is stated as:

"To consider how far and on what timescale to seek to develop the Thames Gateway in particular to consider the requirements and the funding implications for transport infrastructure and other key public services."

We are not clear as to how this Committee influences issues of co-ordinating housing and sustainable development policies at a national level, particularly in relation to environmental protection, and would like further clarification.

The Prime Minister decided that MISC22 committee, which he chairs, will take forward the important work on housing growth and the Barker Review. MISC22 has already been very successful at getting work on the Thames Gateway and the other South East Growth Areas underway. Part of this work was to secure the building of 200,000 new homes. Given the experience of this committee in dealing with housing growth issues, the Prime Minister decided that this was the most appropriate committee to oversee the Government's policies on housing growth and sustainable communities across England. The Committee will continue to deal with the South East Growth Areas. The committee's terms of reference are:

"To consider issues arising from delivering an improved housing supply in England within the context of creating sustainable communities."



3. Are there any cross-departmental discussions, through ministers or officials, taking place regarding housing (other than MISC22) which DEFRA is involved in?

ODPM leads on housing policy. The Interdepartmental Working Group on Sustainable Communities, chaired by ODPM, meets regularly. A Technical Group has also been established at official level to address issues related to the Government's response to the Barker Report. Defra is a member of this group which will meet for in September for the first time. Ad Hoc meetings on specific housing-related issues are held from time to time, as and when requested by Defra or other Departments.

4. What work is being considered by yourselves and other Departments, following the Entec Report, to determine the environmental impacts of increasing housing supply? Will this include determining the environmental impacts of the Sustainable Communities Plan as it currently stands? If not, why not? Defra and ODPM are currently considering the terms of reference for a joint research project into the implications of additional housing supply for sustainable communities. The Pilot Study for this research will take place in October 2004.

I hope the Committee finds this further information helpful.

*September 2004*

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### **Memorandum from Kate Barker**

1. I welcome the opportunity provided by this EAC inquiry, both to reflect on the ways in which the Review took account of the considerations of environmental sustainability, and to look ahead to what more needs to be done by Government, industry and others in what is, rightly, an ongoing debate.

2. Housing is a basic human need, fundamental to our economic and social well-being. Good housing makes a vital contribution to our quality of life and our health. Bad housing can accentuate social exclusion, and poor outcomes for health and education. Housing availability determines our transport needs and often our choice of work; it affects our family structures and friendship networks. Housing also affects our national economic well-being: the rate of economic growth and our prosperity. Finally it influences the distribution of resources between regions, individuals and generations.

3. Housing development also creates many externalities—both positive (for example, contributing to the regeneration of an area, or providing the demand to maintain local facilities) and negative (for example, adding to congestion, or using up open land and natural resources). It is therefore not surprising that debate about the scale, type and location of new housing so often proves controversial, provoking strong reactions from individuals and communities across the country.

4. The independent review of housing supply, which I led, pointed out the many tensions involved. It argued that delivering the appropriate supply of housing requires society, national and local government, and communities to strike a balance between the goals of:

- greater economic stability and economic growth;
- adequate and affordable housing for a growing population;
- meeting the aspirations of individuals as to the amount of space, the location and nature of housing to be provided;
- efficient allocation of resources, in particular land; and
- environmental and amenity considerations (Final report: paragraph 1.1).

5. The Review did not attempt a definitive answer as to where this balance should be struck. Indeed, it would be incorrect to expect it to do so; that decision is clearly the responsibility of elected politicians. However, I believe that the Review can make (and I hope already has made) a valuable contribution to improving our understanding of the costs and benefits of a better housing supply, as well as identifying some potential means of addressing the main causes of housing shortages and unresponsiveness.

#### **THE CONTEXT FOR THE REVIEW**

6. First, however, it is important to consider the backdrop against which this Review was commissioned and to explore why it is that housing supply should be of such major concern. Demand for housing in the UK continues to grow, driven primarily by demographic trends and rising incomes. Yet in 2001 the construction of new homes in the UK fell to its lowest level since the second world war. Over the ten years to 2002, the output of new homes was 12.5% lower than for the previous decade.

7. The Review found considerable evidence that a shortage of housing exists in the UK. The nature of this shortage is complex. Simply comparing the number of households and the number of dwellings fails to capture mismatches between the locations of supply and demand, or between the type of housing desired and that which is available. In addition, some existing stock fails to meet the needs and aspirations of today's households. Current housing output is insufficient to meet new demand—household formation is presently estimated at 179,000 households per year in England, compared to 137,000 completions in 2002, and 143,000

in 2003. A further consequence is seen in rising levels of homeless people placed in temporary accommodation, up from 46,000 in 1995 to 97,290 in March 2004—60% of which include dependent children.

8. One consequence of this undersupply is that in the UK the trend rate of real house price growth over the last 30 years has been 2.4%, considerably higher than the European average of 1.1%. Latest evidence suggests that the trend rate of real UK house price growth has increased to 2.7% over the last 20 years.

9. One major reason for this trend is the weak response of housing supply to changes in demand. Higher demand therefore tends to be translated into higher house prices rather than increased output of houses. Poor supply responsiveness is also one of the factors which has resulted in marked volatility in UK house prices. In recent years house prices have risen steeply in almost all parts of the UK, fuelling concerns about affordability with consequent unwelcome effects on individuals and the economy. While demand pressures have played a big role here, the weak supply response has exacerbated the situation.

10. As the Interim Report argued, rising real house prices have unwelcome and unhelpful consequences for our economic well-being:

Lower rates of housebuilding constrain economic growth, reducing standards of living for everyone in the UK. Reduced housing supply damages the flexibility and performance of the UK economy. Regional price differentials reduce labour mobility.

Restricting supply leads to a loss of economic welfare. Constraining supply means that resources which would have been used for housing are instead used for other, potentially less beneficial purposes, leading to an inefficient allocation of resources. In terms of financial flows, however, arguably the same supply constraint encourages too much financial investment in housing, to the detriment of investment in more productive assets.

The housing market also contributes to macroeconomic volatility. House price volatility feeds through into the wider economy, as changes in house prices and housing wealth are linked to trends in private consumption, the largest component of overall demand. The combination of low levels of investment, high levels of owner occupation, high house price volatility and regional divergences together have created a more challenging environment for the conduct of economic policy.

Higher house prices create affordability problems. An increasing number of new households, often young families, cannot afford to buy homes. It is estimated that, in 2002, only 37% of new households could afford to buy a property, compared to 46% in the late 1980s. Declining affordability has wider consequences, restricting labour market flexibility, hampering the delivery of public services and leading to longer commuting times to the detriment of individuals' quality of life and the environment.

An undersupply of houses has distributional consequences that may be regarded as unwelcome. Higher house prices will result in a transfer of resources from those outside the housing market and those entering the housing market to existing homeowners, landowners and, to some extent, housebuilders. The low rate of housebuilding in the UK over the last few years and the trend rate of house price increases suggests that the rate of home ownership (approximately 70% at present) may only increase to around 72% in 2016. I am not necessarily advocating that more home-ownership is appropriate, but this situation will arise not because households choose to rent, but because they are forced to rent. And the distribution of wealth between homeowners and non-homeowners will become increasingly unequal.

11. In the long-term, the shortage of housing and related rising prices has a negative effect on all of us. In any time period, however, the most significant adverse effect of too few homes is on those who end up inadequately housed or homeless.

#### *Estimating housing need*

12. Having considered these very significant costs of housing undersupply, the Review set out three potential scenarios for England's housing requirements in the future, two of which would require policy changes beyond those already being implemented by Government. For private housing, these may well be over-estimates, as greater supply would affect expectations and change the response of prices to additions to the housing stock. Taking as the baseline the level of private sector build in 2002–03 (140,000 gross starts and 125,000 gross completions) it is estimated that:

- Reducing the price trend in real house prices to 1.8% would require an additional 70,000 private sector homes per annum; and
- More ambitiously, reducing the trend in real house prices to 1.1% would require an additional 120,000 private sector homes per annum.

13. The Review did not recommend either of these scenarios be enshrined as a firm target. It is my personal view that new private housing supply will need to exceed the recent annual rate by a considerable margin in order to prevent further deterioration in affordability. However, the Review talks about flexibility in setting targets, and responding to market developments. It would be inconsistent with the whole thrust

of the proposals to have a long-term fixed target for annual new housebuilding. The scenarios were provided to give Government the best available view on one part of the trade-off, that between new supply and future real house price trends. The other side, as the Review states on many occasions, is for Government to balance the economic and social considerations against the environmental implications of adopting different ambitions for the real house price trend. I hope that the range of evidence which has been presented to this Committee will help to inform that decision.

14. Separately an increase in supply of social housing of 17,000 homes each year is required to meet newly arising need. Making inroads into the backlog of the most needy, coupled with the Report's range of future price scenarios, mean that up to 23,000 additional social homes per annum would be required. These scenarios imply additional investment, building up to £1.2 (and £1.6 billion respectively), not all of which should necessarily come from Government. The 2004 Spending Review announcement of a 50% increase in new housebuilding—an extra 10,000 homes per year—represents a significant contribution towards this goal.

#### *The approach to environmental considerations*

15. Creating a more flexible and sustainable housing market is a considerable challenge that will require concerted action by all players: Government at national, regional and local level, the building industry, and those engaged in social housing provision.

16. Government has already taken important steps to integrate its approach to economic, social and environmental issues through the Sustainable Communities Plan, proposals for the four new growth areas and recent reforms to the planning framework and the establishment of the Sustainable Buildings Task Group. My Review makes thirty-six recommendations for additional reforms. The remainder of this memorandum focuses on those recommendations in three key areas for sustainable development: the planning system; infrastructure and design; and the housebuilding industry.

17. I interpreted the reference, in the remit for the Review, to sustainable development 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.

18. But the key point is that a rising population needs to be adequately housed in order to avoid severe economic and social costs. There may also be unintended environmental costs from housing supply constraint, for example, lengthy commuting. Rising population clearly leads to big challenges in terms of meeting environmental targets; in this respect it is important to distinguish the costs of the higher population per se (likely to include pressure on water supplies and congestion) and the additional costs arising from deciding to allow housing supply to respond to these demand pressures.

#### *(i) Sustainable planning*

19. There are real and important concerns about the associated environmental costs of increased development. As a nation we have to decide how to balance the benefits of meeting rising demand for housing against these costs.

20. A sensible debate on this issue will not be assisted by the overuse of emotive phrases such as “concreting over the South East”. To illustrate, suppose that Government chose to allow an additional 120,000 houses per annum to be built over and above existing plans and that all this building were concentrated in the South East (an unlikely and undesirable event). Over the next 10 years, this would mean using an additional 0.75% of the total land area of the South East. This is not the picture some have sought to paint of the implications of increasing supply, and certainly would enable sensitive landscapes to continue to be protected. The real issue raised would probably in fact be about water supply. It is for this reason that the Review urges clear integration of regional economic and housing strategies, with early involvement of the Environment Agency.

21. At the present time in England 36% of land is protected from development. In the South East this figure is even higher with nearly 60% of land protected through greenbelt status, designation as an area of outstanding natural beauty or other designated conservation or protected areas. Across England, 7.1% of land is urbanised. In the South East (excluding London) 7.1% of land is urbanised compared to 9.9% in the North West.

22. The Review makes a number of recommendations to improve the way the planning system assesses the case for development. And it is important to remember that the planning system and locally accountable bodies do and will continue to take these decisions. Underpinning these recommendations is the principle that planning should take greater account of market information, in order to reflect better the demand for housing and its affordability, as well as the values that people attach to different types of land use.

23. This does not mean that prices would become the only factor in any decision. Paragraph 2.9 in the final report argues:

“Prices provide a wealth of information about the nature of demand. For example, prices differentials indicate consumer preferences with regard to housing location and housing attributes. This does not imply these preferences should always be satisfied. Prices are not a substitute for planning. However, using them as part of the decision process can lend itself to better decision making, not just in high demand areas, but also in tackling problems associated with low demand and abandonment.”

24. Assessing the right level of housing supply is ultimately a matter for central, regional and local government. One way to express this choice is through establishing a goal for market affordability, reflected through targets at the regional level. This would aim to improve access to market housing over the housing market cycle.

25. Any increase in housebuilding is likely to mean using more undeveloped land, alongside making better use of previously developed land and existing buildings. But it certainly does not mean the removal of all restraints on land use. On the contrary the Review advocates more attention be given to ensuring the most valuable land is preserved.

26. For example, the Review highlighted academic research that sought to quantify the values that people attach to different types of land use. This suggested that development on accessible open land, such as urban parks and land with rights of access, would impose a considerable cost to society. Conversely, building on intensively farmed land would result in far smaller costs. These alternative land values should be part of the framework (though certainly not the only consideration, as there will be other externalities) within which the costs and benefits of housebuilding are addressed.

27. Land may also be used more efficiently through building at higher densities. Higher densities reduce land take and make services that are important for sustainable communities, such as transport, more viable. However, there is a tension here as we know that as incomes continue to increase it is likely that demand for space will also increase. So the costs and benefits of this trade-off need to be considered carefully in different locations.

28. Brownfield land should play a major role in any expansion of supply. It is typically more difficult and costly to assemble and build on than greenfield land but it often offers greater positive benefits, for example through urban regeneration. Information from the National Land Use Database suggests that there is currently more than 60,000 hectares of brownfield land available in England. However, 70% of this land is currently unsuitable for development.

29. To ensure that a high proportion of development takes place on brownfield land the Government has introduced a requirement that 60% of new housing should be on brownfield land. This target is currently being exceeded, but in order to ensure that brownfield land continues to be developed as the remaining sites become more difficult, the Review recommended additional incentives be introduced.

30. To help incentivise brownfield development I recommended that Government should consider extending the contaminated land tax credit and grant scheme to land that had lain derelict for a certain period of time. Budget 2004 announced that the Government aims to introduce a Derelict Land Tax credit scheme, subject to continued evaluation of the existing Contaminated Land Tax Credit Scheme.

31. The proposed Planning-gain Supplement (which aims to be a simpler and more transparent way of taxing the uplift in land values which accompanies planning permission than a further extension of Section 106 agreements) is intended to be charged at a lower rate on brownfield developments.

32. The Review also paid tribute to the important work carried out by English Partnerships<sup>1</sup> in identifying brownfield sites suitable for development and in working with public bodies, such as local authorities and RDAs, in assembling and masterplanning sites, remediating land, and then servicing it by putting in place the necessary infrastructure.

33. However, we should be careful about putting too much weight on the brownfield/greenfield distinction to drive all policy. Not all brownfield land is of low environmental value, nor is development necessarily the right answer for every piece of derelict land. Equally, not all greenfield land is of equally high value. It is for this reason that local input into allocating sites for different purposes, with account taken of the community value placed on different sites, should continue to play a highly significant role.

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<sup>1</sup> English Partnerships is the Government's regeneration agency for England. Broadly similar roles are played by the Welsh Development Agency, Scottish Enterprise and Communities Scotland in supporting the work of the Welsh Assembly and Scottish Executive respectively.

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*(ii) Sustainable infrastructure and design*

34. Building sustainable housing requires effective partnership between a variety of public bodies and service providers. Agencies involved in infrastructure provision cover both public and private sectors, ranging from those dealing with physical infrastructure (the Highways Agency, Environment Agency and utilities companies), to those agencies that provide equally important social infrastructure (local education authorities, primary care trusts and police authorities).

35. The Review made a number of practical recommendations for ways in which both public service providers and private sector infrastructure suppliers could take better account of planned housing and population growth in making spatial resource allocations, in particular with regard to local authority finance. In addition, at the regional level stress was laid on ensuring that all relevant parties in strategic local and regional planning are involved in the debate about the location of development from the outset, to ensure full account is taken of major social and environmental impacts.<sup>2</sup>

36. Greater co-ordination and partnership between public and private sector bodies will facilitate sustainable development more effectively. However, some developments, such as those on large strategic sites with major infrastructure needs, may require additional forms of government intervention if development is to be brought forward. To help plug these gaps the Review recommended a Community Infrastructure Fund to help bring forward otherwise unviable development. The recent Spending Review announcement of a new £150 million fund by 2007–08 is extremely welcome.

*Better designed communities*

37. In addition to adequate infrastructure, sustainable communities need to be well designed. The emergence of urban design coding offers an attractive mechanism for potentially improving the quality and acceptability of development, addressing some of the legitimate concerns of those in the existing community. Design codes have already been used successfully in the US, Australia and parts of Europe and are beginning to be used in the UK. The Review recommended that ODPM encourage planning authorities and developers to use coding to improve the quality of design in new communities.

*(iii) A sustainable housebuilding industry*

38. As well as contemplating the potential environmental costs of new housebuilding, it is important to note that the Review faced the suppliers of new housebuilding with a number of challenges.

39. In the past, considerations of environmental sustainability, design and innovation and the quality of customer service have been secondary to the industry's need to secure developable land, and the related planning permissions. With house prices predominantly set by the price of land there are limited incentives for builders to compete on design quality, environmental friendliness and customer satisfaction. Only at higher building rates will these issues start to impact. The poor level of performance by the industry is manifest in the following indicators:

- Only 46% of customers surveyed in 2003 would recommend their housebuilder, declining from an already disappointing 52% in 2000.
- Modern methods of construction are not well established in England where housebuilding techniques are very labour intensive—around 50% more than Denmark and 25% more than Scotland. Labour intensity has not changed significantly in England over the last 25 years.
- The housebuilding sector suffers from continuing significant skills shortages, yet international comparisons of apprenticeships within key trades show that Germany trains nearly three times as many apprentices per hundred workers as the UK, while the Netherlands trains twice as many.

40. The Review set out some challenging targets for the industry to improve its performance significantly in the next three years, with the prospect of a wide-ranging OFT review of whether the market for new housing is working well for consumers should little progress be made.

41. These added to the issues raised for the industry by the important work of the Egan Review on Skills for Sustainable Communities and the Sustainable Buildings Task Group. Taken together, I believe that Government has signalled real determination to improve the performance of the housebuilding sector. There are signs that the industry recognises its weaknesses and I believe that many companies are starting to tackle them. This is an area where Government will need to agree some milestones, and then monitor progress carefully.

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<sup>2</sup> See Recommendations 19 & 20.

## CONCLUSION

42. The issues raised by this debate are not easy ones, and the implications will inevitably be controversial. But the key issue is that at present the housing market does not deliver for many vulnerable households, nor, in many regions and “hot spots” for those on modest incomes. There are real social and economic costs, ranging from the health and education issues linked to inadequate social housing, to increased social division, declining standards of public sector delivery in many areas, and the pressures on young couples hoping to move out from parental homes to start their own families. Government has to tackle the difficult issue of how to ensure the inevitable pressures from rising population can be met without jeopardising environmental goals. This discussion should proceed on the basis of that a failure to address this issue, either by dismissing the case for greater new housing supply or by ignoring the environmental implications, would be to the detriment of present and future generations.

43. In the coming months further work will be required to ensure that public policy fully reflects the wider social, environmental and economic considerations at stake. I am aware that much of the work is already underway through a range of government initiatives, welcome the contribution to the ongoing debate that the EAC is making through its current inquiry and am grateful for the opportunity provided to reiterate some of the findings of the Review.

July 2004

*Witness: Ms Kate Barker*, author of the Barker Review on Housing Supply, examined.

**Q420 Chairman:** Good morning, Ms Barker. We have read the report and we have read the newspaper headlines. You have been much in our thoughts and we are grateful to you for sparing the time to be with us.

**Ms Barker:** I know you have had to rearrange some of your timings and I am very sorry. A lot of the meetings I have at the Bank at the moment have prevented me from being more co-operative.

**Q421 Chairman:** Do not worry. We know that you are very busy. We have just heard, much to our surprise, that Defra was not consulted about the terms of reference of the inquiry. Were you?

**Ms Barker:** No. I was asked to undertake the inquiry and given the terms of reference. I was very happy to undertake the inquiry, not least because in quite a lot of the discussions that I have had, not just in my present main job, which is on the Bank of England’s Monetary Policy Committee, but quite often when you are visiting around the country you become involved in discussions about planning. One of the discussions you are often embroiled in is that housing supply is not attracting attention, particularly why are some of the regional planning targets not being met. We sometimes commented on the Committee that it would be quite a good idea if somebody looked into it. In that sense I was quite happy to take on the job on those terms, but I was not consulted on the remit.

**Q422 Chairman:** So you took the remit that was handed to you and ran with it. You did not have a dialogue about the content when you saw what it was.

**Ms Barker:** No, I did not have a dialogue about the content when I saw what it was. I heard the previous evidence, so perhaps I could comment on it. The remit did not exclude discussions of sustainable development. Indeed, in the remit it says that it is important to bear in mind sustainable development. The perfectly sensible question is how I decided to interpret that part of the remit. The way in which I chose to interpret it was as follows: I did not want to

run over work that was being done elsewhere. You are certainly well aware—and many of these things have been referred to already this morning—of the number of other projects that were going ahead at the same time, in particular the work that Sir John Egan was carrying out with reference to sustainable communities and indeed, of course, ODPM themselves have done the most enormous amount of work on sustainable communities and on improving the way in which planning is done to meet that. I had some discussions with John Egan in the course of the review because we were both very keen not only not to tread on each other’s toes but also to make sure that the recommendations we were jointly going to come up with did not conflict with each other. I do not think anything in my review goes against the principles of how you develop sustainable communities. I chose not to talk about how you develop communities because I thought that was being dealt with adequately elsewhere.

**Q423 Chairman:** You also chose, when dealing with the question of sustainable development, to ignore two of the Government’s four main objectives in sustainable development. You dealt with economic growth and social progress. You hardly touched at all on effective protection of the environment and the prudent use of natural resources. You said there were issues around those. You referred to environmental consequences in order to dismiss them and move on. Why did you choose to ignore half of the Government’s sustainable development agenda?

**Ms Barker:** I think I would take issue with the way in which you described that. Perhaps I should have enlarged on how I chose to interpret the remit. As is absolutely clear in the review, I set out a number of potential scenarios for the future rate of house building in the United Kingdom which were based on the achievements of certain economic objectives, that is true. When I said in the review that I thought the Government’s decisions should be influenced by their assessment of the environmental consequences, that is what I meant. As far as my review is

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21 July 2004 Ms Kate Barker

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concerned that is addressing it. As far as the Government's decision making is concerned it certainly was not dismissing it and were Government to do so, I would be among those who would think that was wrong. It is very clear in the review that in deciding among the various scenarios set out for house building, the decision should be in light of the environmental consequences. In the previous evidence I think you put a similar question to the minister as to whether or not I ought to have gone on and done that second step myself and the truth is it could not have been done in the time. That absolutely does not mean I think somebody should have done it. I do have one regret about the review, however, and I will get this out now, which is that in the review I ought to have said more clearly, because it does not emerge very clearly, that there are some things—not about land use, which I am sure we will come back to, which do emerge clearly and demonstrate the review was quite concerned with environmental land use and I hope that is going to come up in this session. But I very much regret that I was not clearer about making the simple point that if we are going to have an increased rate of house building then the issues of energy, water usage and the use of materials in building those houses comes under much more severe scrutiny. I very much regret I did not include a paragraph to that effect. It would not, in my view, change any of the other conclusions I reached, but I regret not including that paragraph because it would have been right to do so.

**Q424 Chairman:** Because by not including a paragraph or, indeed, several paragraphs which you could have included on this whole area you have made your report a lot more controversial and probably decreased its value.

**Ms Barker:** I do not think I would agree with you that I decreased its value because the value of the report was in taking a look at what the long-term impacts were likely to be of continuing at our present rate of house building and what potentially the implications would be in economic terms of having different rates of house building. It also was a very valuable look, I think this has been very widely acknowledged, at how the processes of planning work, whether or not the incentives for the various players are right, whether they are right for local authorities, whether they are right for house builders, whether they are indeed right with regard to the people living in a locality. I would not agree that a failure to include that paragraph devalued all of that analysis. I agree it has made it sound less environmentally aware than I would have wished and that is why I have expressed that regret to you today.

**Q425 Chairman:** It sounds environmentally naive, if I may say so, in that these are issues which matter very greatly to people. Decisions will be taken by Government which may or may not reflect your recommendations and they will have impacts on communities all over the country, particularly perhaps in the South East, but there are major implications elsewhere as well. For you to have

closed out consideration of biodiversity, natural resource use, all those kinds of environmental issues I think has damaged the value of your report.

**Ms Barker:** I have already said that I did not close them out. I did not consider those explicitly within the review, but I was absolutely clear that they ought to be considered in terms of decisions that were taken going ahead. I have said that I regret not putting in a more specific paragraph on energy use, but there is in the review quite a lot of discussion about land usage, not least because that seems to me very relevant in terms of the barriers of supply. These other issues around energy and water usage are, as I am sure the Committee knows, the consequences of rising populations and they raise very substantial challenges. I am saying that I wish I had given explicit recognition to that. But I do not think it undercuts the basic message of the review about the requirement, if we want to respond to people's needs, to increase the rate of house building and the need to make policy changes in order to achieve that.

**Q426 Chairman:** What do you make of the Entec Report?

**Ms Barker:** I would not want to comment on what they have done in terms of evaluating the environmental implications because I do not have the background and ability to make those comments and indeed there were some comments made earlier. There are a couple of points I do feel qualified to comment on that I would like to remark on. One is that the very highest environmental cost scenario has a particularly high rate of occupancy associated with the homes and, as Defra have already said, there needs to be some work done in terms of considering whether or not that is right. In terms of some of the house building numbers themselves, they seem a bit higher than I thought I was recommending. This is perhaps a way of saying that some of these implications in the highest scenario are probably overstated. On the other hand, the Entec Report did not look very clearly at transport implications and I think those would need to be examined. To some extent, of course, the transport implications will come out of decisions about location and to some extent they will come out of decisions about transport policy.

**Q427 Chairman:** You have said that even if you had given greater consideration to environmental issues you would still have come out with the same recommendations and that presumably reflects the core purpose of your report, which was an economic purpose rather than a wider one. Do you accept that it would be very wrong—it is unlikely to happen—if the Government were simply to take your recommendations and proceed on the basis of those recommendations alone?

**Ms Barker:** I take it you are talking about house building numbers, are you?

**Q428 Chairman:** I am talking about numbers and the need to consider not just economic issues but social and environmental issues as well. Presumably

21 July 2004 Ms Kate Barker

you agree that these other factors which you, by your own admission, did not give enough time to should be an important factor of any eventual decisions which are taken?

**Ms Barker:** Not only do I agree with that, that is what the report says. The report—and I am sure you are familiar this point—set out scenarios and I do not come down with a firm recommendation to adopt any one in particular. I am very clear in the report in deciding among those scenarios that the Government should take account of the environment, so I completely agree with you.

**Q429 Sue Doughty:** In one of your recommendations you said that research should be undertaken to improve the evidence base for housing policy. We have a query about the figures because you yourself in your report have looked at different ways of casting the figures to try and get the maximum accuracy you could. How confident are you now in the accuracy of the figures, having looked at them and looked at them again?

**Ms Barker:** Could you be slightly more helpful and tell me which particular figures or are you talking about housing numbers again? Sorry to be tedious.

**Q430 Sue Doughty:** Yes. It is the figures about the number of houses that are needed and also based on the population that you expect to see because it was this whole basis of calculation where you were looking at the census, and obviously we had a query about what the real number of people was, particularly in Westminster and Manchester. You needed to reduce the trend in real house prices and so there were calculations involved in that. You said that research should be undertaken to improve the evidence base for housing policies because obviously what we wanted to come out with was a reasonable reliable figure to say this is what we need to build to house people, to reduce prices and everything else. The question we have there is, given the figures that you did produce at the end of this, how confident were you, given the various bits of information you had to pull together and having said you need more research, with those figures that you have got?

**Ms Barker:** Careful reading of the report would suggest that the confidence based in the absolute figures is not high. It is very clear in the report that when you are looking at what you are going to do in terms of housing in order to achieve different price trends, there are going to be quite big ranges around that. Indeed, the original research which was done for the Review by Professor Geoff Meen produced some ranges around that and it would be quite wrong to claim a greater degree of certainty than appeared in that. That is why the thrust of the report, as I also indicated in the written evidence, is not about setting hard and fast targets. It is not about saying we have to build an extra X houses. It is about trying to say to government, "If you want to achieve this kind of change in house price trends once you have taken into account environmental considerations, this is what you want to go for and that is what you should have in mind". However, it may very well be that you find that the response of

the housing market, partly because the housing market is driven (as most asset markets are) to a large extent by expectations which are exceptionally difficult to model, is such that, as these are the middle of the range, and you might find after two or three years that you had pitched the numbers too high or too low and then you would want to adjust them, in a sense that is what the whole report is about. It is about having greater flexibility in terms of responding to the changes in the market and in terms of responding to the changes in the market that you perceive. It is clear in terms of the report, in terms of what I say to you today, that I am certainly not saying that if you want to achieve this trend in house prices this is exactly the number of houses you want to build and you must not deviate from it by an iota. That would not be what the report says. It is about trying to set off with these goals and then introducing an element of flexibility.

**Q431 Sue Doughty:** I well understand the point you are making and it is an incredibly difficult call because of these different factors. What sort of module though would you say that there is at the moment in the estimates you have produced?

**Ms Barker:** In the estimates I have produced I would have thought the margin of error around them was at least 20,000 on either side annually. I am thinking in terms of figures for England which, as you know, we discussed rather than figures for the UK. I am trying to be clear when I am talking which I am talking about at any one time.

**Q432 Sue Doughty:** In your review you have taken a study of various estimates of how much the private sector needs to build in order to dampen house price inflation. These calculations again show a future need in the private sector that is lower than the number of houses you are proposing we should be building. What is the difference between meeting housing need and reducing house price inflation?

**Ms Barker:** I did not catch the first part. You said that there was an estimate of housing need?

**Q433 Sue Doughty:** How much the private sector needs to build in order to dampen down inflation. We have two issues. We have the house prices. How much do you need to build in order to reduce the rate of inflation? We also have the number of houses we need to build to house people and there is a difference between those two concepts.

**Ms Barker:** Yes, that is right.

**Q434 Sue Doughty:** What we really would like to have is your comments on this, where you see the discrepancies and just fleshing that concept out a bit.

**Ms Barker:** That is a very important issue. I want to say one thing to begin with, which is that the historic rate of housing new supply we have been achieving, both in terms of the private market and the social market, on any basis, whether you are going to assess it by population or by a wish to reduce house price inflation, would not address these issues. Were we to continue with just the basic rate of house building we have had it is my view that we would



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21 July 2004 Ms Kate Barker

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have an increasing rate of house price inflation over the next 10 years, increasing pressure in areas such as homelessness, and increasing problems with affordability. The question is how far do you want to go if you want to go beyond that? What you are suggesting is that there is a lower number which I think is probably going to turn out to be around the kinds of numbers that you get out of the present regional planning guidance targets plus the sustainable communities plan and perhaps a little bit further because we need to allow for demolitions, which will probably leave us with a housing market where the price trend is much the same as it is today. If you push the numbers a little bit beyond that in order to reduce the trend in real house prices, partly because you think that is a desirable economic factor, the reason it would need to be a bit more than that is that there is almost certainly going to be a housing market which would operate with a slightly higher level of transactional vacancies. I stress the word “transactional” because I want to make it clear that this is not the same as vacancies in the low demand areas, which are very different. Indeed, if you look at other European countries, quite a lot of other European countries do have a much higher level of vacancies than we have in the UK.

**Q435 Chairman:** Is there not a risk that in attempting to deal with house price inflation you could end up building more houses than people need?

**Ms Barker:** There is certainly a risk of that. In some sense the point of the review is that you would want to respond very quickly to what was happening in the market. It would be very clear to you from the market. If you say you would end up building a lot more houses than people need, the idea that a lot of houses would stand empty, I suggest that there might be higher levels of transactional vacancies, but in your scenario I think you are not talking about that. You are talking about having a lot of houses standing empty for a long time. In those circumstances house prices would start to fall and your response to that would be consistent with the flavour of the review, which would be that you would say, “We really must not build any more houses”. It is likely that this response would dawn on you as you went through the process. It is not likely that you would suddenly find you had a million empty homes and think, “My goodness. We should have done something about that earlier”. It is a difficult concept to get across but it is about trying to make the rate of supply more responsive to what is happening in the market. Indeed, there are points in the review where I stress very clearly that you might start out with an intention to build X in an area and two years down the line what has happened in the market has suggested to you that X was too big and you should cut the target, and that would be absolutely reflected in this report. I am sometimes talked about as though I always talk about the need to increase building. The report absolutely does not do that.

**Q436 Sue Doughty:** It is very interesting looking at all of this because in the end you have to jump, do you not, either saying, “We are going on prices”, or, “We are going on rates or population”. If you go on population rather than reducing prices, in other words, let us ignore the whole price situation and just say how many houses do we need to go on and ignore that dimension, would you come up with a different figure?

**Ms Barker:** The first thing I should say is that I am rather sceptical, and I think it is clear in the review, about going on population numbers. Population numbers are not particularly certain. They are particularly uncertain when you are looking ahead and, of course, uncertain even if you are reasonably sure about how many people you think you think you are going to have in the country. You are not sure in advance about exactly where they are going to live. There is recent evidence (and I think encouraging evidence) that people are starting to not outward migrate from areas such as the north west in net terms as much as they used to a few years ago, which would mean, of course, that we would have a rather different view as to what was happening. I think there are good reasons for not depending solely on population in terms of reaching this answer. I slightly dispute what you said at the beginning that we have to decide are we just going to use population or are we going to look at prices as well? The flavour of the report is that you should do both. I am certainly not proposing that we move away from a system which in my view puts too much weight on population and too little weight on prices to a system which puts all its weight on prices and none of its weight on population. When you are tackling the issue of what do you want to achieve for an area I suspect you are always going to have to start with the population numbers as your first best guide and then on top of that I am suggesting that you monitor how you are delivering for your population by looking at price trends because you are not going to have sufficient updates in terms of population.

**Q437 Chairman:** You did not take much account of the census data, did you, which actually showed that there were fewer people than we thought?

**Ms Barker:** The census data that was available at the time, the interim census data, certainly suggested that there were fewer people than we first thought but, as you know, there have been subsequent updates to the census data.

**Q438 Chairman:** We have found some more people.

**Ms Barker:** We have apparently found quite a number more people. I included a table on the census in the review. There has been quite a lot of subsequent work done to do better comparisons between the 1991 and 2001 census. The latest outcome of that suggests that in fact the balance of dwellings and households worsened between 1991 and 2001 in England to a small extent. One of the reasons for not using census as a fundamental guide for this is that census is not really designed to address issues of housing; indeed, in some census it does not

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21 July 2004 Ms Kate Barker

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tally very well with other measures of housing that we have around. The number of second homes in the census, for example, is very much different from the number you get out of council tax. I do not know why that is; I am just observing that it is the case. The other thing about the census, although we will have more information on this in 2005 when we get the more detailed breakdown of households, is that it does not tell you what is happening in terms of concealed households. To the extent that people would like to leave home or live separately but are not able to do so because of the way in which the housing market works, the census, because of the way it divides households, is not going to address that matter. There are good reasons for not using the census as the be-all and end-all guide.

**Q439 Chairman:** Just coming back to the question of over-providing in order to get prices down, I accept that it is unlikely that we will end up with loads of empty houses, but what is perhaps a greater possibility is that if the market takes a downturn we could end up with quite a lot of land being subject to planning permission effectively out of local authorities' control because it has already been conceded as development land. That could have environmental and blight consequences, could it not?

**Ms Barker:** There are not very many delays between reaching the final point of getting the go-ahead on a project and building on it and this is essentially about looking ahead. It is certainly possible that you could have a situation where the failure to look ahead was such that this arose. One would hope that the reaction of the house builders to the situation that you have described is such that they would not build the houses. Within the situation you have described you presumably have downward pressures on prices. It is difficult to see that being a situation in which the builders would take the position to go ahead with the building. They are more likely to do what in these circumstances would be a sensible thing, that is, waiting and building the houses at a more auspicious time. It is also very likely, and there are plenty of instances of this, that they will go back and start the whole application again because they have decided that different kinds of houses are what is needed to meet the changes in market demand.

**Q440 Paul Flynn:** I am sure, Ms Barker, that your review will be providing us here with information in this area for a long time to come. Your work is greatly appreciated. You state in your report that "an unrestrained housing market could lead to significant negative externalities". You also state that "decisions made by individual players, without co-ordination, would not reflect the social optimum", and yet are not many of the points that you have just debated with the Chairman in the proposals you have on planning likely to ensure that these things will happen and that negative impacts will take place?

**Ms Barker:** Not surprisingly, my answer to that question would be no, but it might be helpful if you could be more specific and say what leads you to have this concern.

**Q441 Paul Flynn:** You say that the planning system should be more sensitive to market forces. The whole point of the planning system is that it is a long term basis on which to look at prospects. The whole prospect that it would become more sensitive to market forces is very much shorter term and looking at commercial factors.

**Ms Barker:** I have tried very hard, and this again is another point that is very difficult to understand in the review, to draw a distinction—in fact, a difficulty of this in practice is that this will not be an easy thing to do—between the long term trend of prices and the cycle. For example, we have had an extremely rapid house price rise over the last six or seven years. It would not be consistent with the review to say that that should have been resisted because there are certainly very strong cyclical reasons why that has taken place, and indeed reasons in terms of the structure of the economy, the nature of the move to independence of the Bank of England, lower inflation, why you should expect house prices to rise in those circumstances. You are in the difficult position of thinking, "Yes, but they seem to have risen more than that. How far is this due to a long term trend in under-supply?". I do not think it is correct to say that this is about responding to every short term movement in the market. It is about trying to distinguish where you think the long term movement of the market has got out of kilter. My view is that, given the deterioration between this cycle and the last housing cycle and people's ability to access housing and the ability of young families to access housing, the long run message given by that system is that we are not building an adequate amount. That is the way in which I would describe it. I take the opportunity to make this point: I am not trying in the review to move away from a plan-led system. The system you will get out of this review is still be a plan-led system but I am suggesting that the planners themselves should be more informed by market forces than they are today.

**Q442 Paul Flynn:** One of the proposals that has caused the greatest controversy is this requirement for the over-provision of housing land of 20–40%, and I understand that this land would be released automatically following certain market triggers. Some people have argued that this is a regressive step and is a direct threat to local democracy. How do you respond to that?

**Ms Barker:** In the first place it would be the local authority, in conjunction with the regional institutions, which would have been responsible for discussing the original release of land in their area and the local authority, of course, would identify the sites. Also, if you look at the review, it is clear that the only change it would make in terms of whether or not that particular site was released was the argument that the local authority would not be able to use, that they have met their housing targets,

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21 July 2004 Ms Kate Barker

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because you suggest that the evidence of the market implied in those housing targets had not been high enough to meet the outcomes that the local authority was supposed to be committed to. Of course, if there are other things that come along with regard to that particular site, environmental considerations or, of course, if there are other material problems with the proposal that has come forward, they would indeed be able to deal with it. To turn the question on its head, if you are concerned with the adequate provision of housing in an area and you have a number of sites that you have already fulfilled but there is still clear evidence that the housing supply and demand in your area is out of kilter and an application comes forward that meet, your own criteria: design, environmental sustainability, and it is a site you have identified anyway, it is not clear to me that that is a threat to local democracy. You could say, reasonably, why would the local authority turn that down?

**Q443 Paul Flynn:** I am sure there is an answer to that. Under your proposal all the allocated land, as I understand it, including the buffer, will have the same status, and local authorities would not have any control over that on this land which is designated. Can you not see a free-for-all developing on this which would make sure it was not a development that was coherent and desirable?

**Ms Barker:** Yes, I think there is a slight risk of that. The first thing I should say is that the review also says that the opening out of the land should not put a threat on the 60% brownfield target, so that if all the developments that came forward in the first year were on greenfield the local authority would continue to be correct to reject them. The other point is that, given the costs which tend to fall on the developer if he starts suddenly to open up an entirely new area of land, it is unlikely that you are going to get wild applications that are very out of kilter to the sequential approach. It is difficult to get the balance right here and it is one of the difficulties which may be held in this going forward that people will find it desirable to go back towards the sequential approach. However, on odd occasions what can happen is that the very dogged approach about what you want to develop first can sometimes prevent development going ahead altogether and I wanted to try and have a counterbalance to that.

**Q444 Paul Flynn:** In your final report you highlight the fact that people want to live in larger homes with larger gardens, and you also suggest that where there is a demand the policy planning guidelines should allow development of lower density. Is this not completely contrary not only to sustainable development but also to government policy which is aiming to build houses at very much higher densities?

**Ms Barker:** Every development is done in terms of averages, but if you look at some areas, for example, which are being regenerated at the moment, sometimes the sense of what is needed in that area is actually larger housing because the existing stock is not very big. Also the value of land in different areas

is rather different. I simply tried to reflect that. I do not have any feeling against a general proposal that we should try and build at higher densities, nor, as is clear from the review, that we should make the best use of brownfield land.

**Q445 Paul Flynn:** But is this not an example of the dangers of allowing market forces to rampage red in tooth and claw, leading to lower housing densities which are undesirable?

**Ms Barker:** The review certainly does not allow market forces to rampage red in tooth and claw. A lot of the recommendations and policy proposals that were sent to me would, I think, have moved in that direction. I started this off with a very open mind but on the whole it struck me that it did not take much thought—and the sentence you read out earlier reflects that—to realise that that would not be the right way forward for housing. In term of this it would not be the developer who would make the point about density. This would be something that the planning authorities would want to do, for good planning reasons. Perhaps they find that it comes up, after all, in the context of affordable housing where we know that there are big problems with overcrowding in some areas and what is needed is additional larger affordable homes. I am just making the point that there can be good reasons for diverse densities and national policy should not be so dogmatic that it prevents that happening. It will certainly come from the planning authority itself for good planning reasons and not in this be purely market driven. I agree with you, that if you allowed the market to run riot in this area you probably would get too low a density.

**Q446 Chairman:** One of the things that has attracted comment is the difference between your interim report and the final report, and it is particularly striking in your approach to house builders. Your interim report seemed to be very critical of house builders for the way that they operate within their market and on grounds of quality of development as well, so they all held their breath and then your final report came out and you let them off the hook completely, making it much easier for them to build wherever they want. You turned from being a stern critic to being the house builder's friend. What happened in between?

**Ms Barker:** I can truthfully say that I was genuinely surprised by this comment. The analysis of the interim report is that it talked about the house building industry as not delivering for customers, and I have to say again today that I think the house building industry does not deliver as well for its customers as it should and in my report I reiterated some of the points about customer satisfaction that were made. It also pointed out that one of the reasons that the house building industry does not deliver very well for its customers is that it is subject to a great deal of risk. It has to face market risk, the risk of volatility, and this of course in a sense is one of the issues that the review, alongside the David Miles review into corporate finance, is supposed to be addressing, and it also faces a considerable

21 July 2004 Ms Kate Barker

amount of regulatory risk. They are very uncertain about what is going to happen in terms of planning guidance and certainly in terms of the planning regulations that may arise in a particular development. Therefore, house builders are very concentrated on issues of land, getting land through the system. They then have a market which, because it is constrained, is not very difficult to sell new houses in, so they are inadequately focused on the issue of quality of build. They vary; some of them are rather more focused on it than others, and on what the customer needs. The intent of the review is not to make house builders' lives easier. The intent of the review is to make it difficult in a different way, i.e., in a sense when you have a weak supply in this very constrained market—and this is a bit of a caricature—house builders can sell what they like. In a market that was working better that would be harder for them and they would have to look at selling houses which responded much more to people's needs and requirements and I think that is a very important part of the focus. The review also lays down for builders and developers more widely the proposal that they will need to think very much harder about whether or not the development of skills in their industry is sufficient. It draws attention to the low rate of apprentices in house building relative to other countries, and draws attention to the rather poor record on productivity. It is very clear that what the government ought to be hoping for from the building industry is that they come forward with some very concrete proposals to address these issues in order to be able to go forward. I do not think in that sense the industry has been let off the hook.

**Q447 Mrs Clark:** If I can turn to the much fabled north/south divide, in your report you conclude and indeed advocate that development should be focused on where there is greatest demand, with areas of abandonment being demolished. But in fact would you agree that there are many government policies in place as we speak which are aimed at achieving quite the opposite when it comes to regenerating many areas? Which, if any, of the measures you propose will have a positive impact on housing abandonment?

**Ms Barker:** I think that has described the report rather brutally with regard to that. I think nobody would disagree that there are some areas where demolition is the answer which takes people forward either because—

**Q448 Mrs Clark:** What sort of examples can you give me of that?

**Ms Barker:** I mentioned earlier the example of an area where you want to achieve regeneration and you decide that you will regenerate by demolishing the least desirable housing with the aim of moving the rest of the area up and improving it. There are examples of that—

**Q449 Mrs Clark:** In terms of social problems as well, of course.

**Ms Barker:** Yes, because you are trying to address all those issues. I went a couple of weeks ago to speak at a conference on the Northern Way where I certainly heard examples of that kind of approach being adopted in areas of Manchester, and I think that is absolutely right. Is there anything in my report which encourages it? I offered very significant support for the work of English Partnerships in terms of their ability to assemble land and move it forward and there are also proposals in the report which are supposed to encourage the use of brownfield and in particular contaminated land.

**Q450 Mrs Clark:** In your view is the money and effort being spent by the government in tackling this north/south divide being well used or is it being wasted?

**Ms Barker:** I would frankly find it difficult to answer that question. I have not spent enough time looking at those areas to know whether it is being wasted.

**Q451 Mrs Clark:** Surely it is worth doing that though?

**Ms Barker:** If you are asking me if it is worth doing, yes, absolutely it is worth doing because you would not want to have areas that presently have these difficulties being simply left. The waste of infrastructure would be terrible. The point that I would want to make alongside that is that just to think you can achieve this through changes in the housing market is clearly not right. They have to sit alongside the original economic strategies. That was one of the points that I tried to bring out in the review, that the housing market to some extent will have to follow the regional economic strategies. If you supply lots of houses in areas where there is not very much economic activity I think you would agree that that is not going to achieve the right answers.

**Q452 Mrs Clark:** Yes indeed. If we look at the growth strategy, and I am speaking as somebody whose constituency in Peterborough is part of that, is it really a very sensible idea just to go entirely focusing all our house building in the south east for the next 30 years? Is this not really badly balanced? Will it not be detrimental to the housing market and also to our more general economy?

**Ms Barker:** You will know that my report does not make any particular recommendations about where we should put the weight of development.

**Q453 Mrs Clark:** Where should we put it? You must have formed some views.

**Ms Barker:** There are quite a lot of areas in the review where I wish I had had lots of time to form views. Yes, it would be detrimental. It would not seem to me to be sensible to do all the building in the south east. You are asking me to comment on the policy of the government. I do not sit here as an apologist for the government but I would say two things. One is that the existence of the Northern Way strategy is clearly an attempt to counterbalance the suggestion that everything should be done in the south east, and the second thing is that the recent

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21 July 2004 Ms Kate Barker

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spending review set out proposals to have development elsewhere. These will not all be in the south of the country and that must be absolutely right because it is following what has been quite successfully done (and done to some extent by the RDAs) in terms of attracting greater economic growth to the other parts of the country and the housing market must respond and support that. These strategies must go alongside each other.

**Q454 Mrs Clark:** I certainly take that, but in that case surely government is not getting the holistic message across because if you pick up any national newspaper it is all about heating up in the south east, building in the south east, nothing at all about these wider strategies of the north west or whatever, or indeed what came up in the spending review.

**Ms Barker:** That is a question for government as to why, if those messages exist, it is not getting them out.

**Mrs Clark:** I think we might put that in our report.

**Q455 Mr Challen:** You obviously believe that if the measures in your report were implemented that would reduce house price volatility. That clearly must follow.

**Ms Barker:** Well, I am not—

**Q456 Mr Challen:** How can we be sure that is your view?

**Ms Barker:** There are two things to be said here. The review was trying to do two things. One was to try and achieve a more adequate housing supply in the long term. The key focus of the review was not so much on house price volatility. I did mention house price volatility but I mentioned it alongside the David Miles review because I think the David Miles review was much more an attempt to address house price volatility. My review was really an attempt to address the long-run underlying trend of house prices. In terms of volatility it is absolutely clear that the key drivers of volatility in the short term are the demand side factors and that is why I referred to the David Miles review. I think that more explicitly addresses the demand side matters. How does supply fit into volatility? I think it fits in through this old friend, expectations. Because we have this long term trend in supply there is a culture and belief in this country that investment in housing is a good long term bet. Over recent years, I think rather undesirably, this has been increased by people's lack of faith, rightly or wrongly, in the more general pensions investment system. Consequently, as house prices started to rise, primarily because of demand side factors, this perception about long term supply and the weakness of long term supply and how that affects people's long term expectations of the market has then rather unhelpfully come in on top of the demand side factors and exacerbated the volatility we have had.

**Q457 Mr Challen:** Your report would make more land available. That would be a consequence if these measures were implemented. How would we go about preventing builders developing their land

banks purely for speculative reasons rather than for house building? You cannot force somebody to build on land they have bought with permission for housing developments.

**Ms Barker:** No, that is true. In terms of the house builders having land banks, this was an issue that we looked at in some detail in the interim review, and the conclusion that was reached there was that, in terms of having great banks of permissioned land, builders do not have enormous banks of permissioned land that they are ready to go ahead on. I hasten to add that I do not think there is no instance where they will have a piece of permissioned land that they could be building on that they are not. Although I have to say that no such convincing case has been drawn to my attention, but that does not mean it will not be in the future. Part of the trouble is the way in which builders deal with land and how they speculate, and in the present cycle they have often been accused of holding back. The weight of evidence in the present cycle is that builders have not necessarily been reluctant to build but that the nature of the planning process—and this is not a criticism; it is just a factual comment—has meant that adjusting to PPG3 has been difficult for everybody. It has been difficult for planners and difficult for builders. I am relatively sure that that is one of the reasons why 2001 and 2002 were not easy years. If you look at 2003 you can see rates of applications and permissions picking up again, so to some extent that problem is out of the system. The difficulty is that volatility cuts both ways. Indeed, at the moment, at the top of the cycle you are starting to see, because there is a lot of discussion about what is going to happen to prices over the next few years, that builders rightly will start to become rather more cautious about what they do. This is referred to as a backward bending supply curve. In some sense having a market that is volatile and has this upward trend is more difficult for builders as well. It adds to their risk and that is really the fundamental point about the way in which the market works, adding to builders' risk. What I hope is that if there is a better functioning market, from the review I propose, and the David Miles review if adopted, you will see less volatility and less of a tendency of builders to respond with their land banks in this way because the market itself would be functioning better.

**Q458 Mr Challen:** In my constituency there is some anecdotal evidence that builders are buying land which has not got permission because with their local knowledge they can see where the likely trend is and they can sit on that land for ten, 20 or 30 years just waiting for it to fall into their lap, and at the moment, I suspect, they will be building on whatever they have got permission for because they can derive more profit from that than if they let it sit there. You mentioned the possibility of a windfall tax on land profits. This is something that is very worthwhile looking at but would you also consider perhaps a house builders' profits windfall tax worthy of consideration? Just to expand on that, I have recently looked at the five-year profit summaries of several building companies which show a profit

21 July 2004 Ms Kate Barker

increase in that period of up to 300%. Their executives are getting paid more and more and compared with the FTSE 100 clearly house building has shot up dramatically. Should they not also face, in the absence of any other measures, a windfall tax on their profits as well so that they are prevented from speculating on the future in a way which is to the detriment of customers?

**Ms Barker:** There are a number of questions rolling around in that. It is not inconsistent with the nature of house builders' business for them to acquire land which in the future may get planning permission, and, of course, we all know that sometimes it does and sometimes it does not and they can incur losses on a piece of land. In terms of the question you asked about windfall profits, no, I do not think that would be a sensible way forward. There are certainly windfall profits that are earned in the system and the review is pretty clear about that and draws attention to the very large nature of those profits in terms of certain pieces of land. Sometimes these profits accrue to the house builder or developer, sometimes they accrue directly back to the land owner. The proposal in the review is that these windfall profits should be taxable. My opinion is that that is the best way to do it.

**Q459 Mr Challen:** Could I ask where the proceeds would go from that taxation?

**Ms Barker:** Can I just finish my previous answer and then go on to that, which is another rather difficult question? In terms of house builders' profits themselves, house builders' profits are very cyclical if you look at the last five years. Let us be blunt about the last five years. If you were a house builder and you were not making profits in the last five years your shareholders would have wondered what the devil you were doing. If you look over the longer period house builders have not always made such very large sums of money and if you look at their standing in the market in terms of where they stand in terms of P/E, it tells you that the financial market has worries about what is going to happen to those profits and frankly does not expect them to see such good profits growth as the rest of the market. This is back to the question about risk. There will be years when house builders will make some money and there will be other years when they will not. Clearly, I do not think that windfall profits existing simply on the basis of planning permission should simply rest with the people who own the land. That is clear in the context of the proposal for the planning gain supplement. Where do I think the receipts and planning gain supplement should go? Certainly some of the receipts from planning gain supplement should rest with the local authorities that granted the planning permission. How much they should rest there though is a question that is not answered in detail, because part of the purpose of the planning gain supplement will be to raise money from planning permissions given around the country for infrastructure projects which are large, or run wider than one particular local authority, and which will require central government funding, so to that extent they should go either to central government

or, more probably, to the regions and deal with some of these big infrastructure issues which may be connected with transport or even with water supply.

**Q460 Mr Challen:** We have already read in your report that building companies do not invest in skills, they do not invest in health and safety, they do not invest in customer satisfaction. They certainly do not invest in the environment, in making their houses spectacularly better, which we know is possible from the experience of other countries. Who is going to pay for that investment if we do not have a mechanism which is directly levied on house builders? They have demonstrated that they are not willing to do it themselves. Surely they should be forced to do it?

**Ms Barker:** Let us split this up. In terms of skills, again I am hoping that house builders will come back and demonstrate that they are willing to do it themselves. It should also be clear that if they do not demonstrate that they are willing to do it themselves issues such as the construction industry training levy should be looked at. I do not disagree with you about that.

**Q461 Mr Challen:** What sort of timescale would you look at? How long should they be on probation?

**Ms Barker:** The review gives different probation periods for different things. In terms of the context of the whole process of the review, we know that during next year we are expecting to see government come back in terms of these proposals. The builders themselves also, I think, should be coming back with proposals on how they are going to deal with construction in that time period. There was another question there which I have forgotten.

**Q462 Mr Challen:** I think it was about self-regulation.

**Ms Barker:** You asked a question about why they do not meet the energy requirements. I do not talk about this in the review but I will extend my remit and give you my views. I think it is not fair to say that none of them makes any effort on energy and water supply. Different builders make different plans on energy and water supply. There is some evidence, however, to suggest that the ongoing benefits that customers get when they buy a house which is more energy and water efficient are not very easily gained back in the prices you charge. That suggests to me that the right way forward is in terms of making the regulations stronger so that everybody is forced to meet them, because in that sense the market is unlikely to meet them in a straightforward economic sense where the market does not come up with the right answer. I might be sympathetic to that but, as I say, I am extending widely beyond my review and perhaps I should stop.

**Q463 Mr Challen:** I was thinking earlier on that perhaps we should have a supplementary Barker report on the environmental issues. You have said that you regret not having included more on that. Do you think that would be a good idea? Would it be accepted by the ODPM?

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21 July 2004 Ms Kate Barker

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**Ms Barker:** I certainly think there should be an assessment on the environment and that is what the review says.

**Q464 Chairman:** Beyond the Entec Report, which obviously we already have?

**Ms Barker:** Yes, certainly beyond the Entec Report. It is clear that the Entec Report itself did not think that that was the final word on the issue. I hope that the writers of the report would agree with me.

**Q465 Chairman:** There is an idea. Perhaps we should recommend that DEFRA commissions you to do an environmental report on housing, if they dare.

**Ms Barker:** It is very kind of you to think of that.

**Q466 Mr Challen:** You said in your report and in your memorandum to us that if we were to build at the highest level of an additional 120,000 homes a year that would only involve the use of an additional 0.75% of land in the south east over the next ten years. Can you give us some more detail about how you arrived at that figure of land usage, in terms of housing densities and so on?

**Ms Barker:** I should straightforwardly say that that was on an assumption which I pointed out was unrealistic, that all the development was done in the south east, which, as you will be well aware, I am not recommending. It was not an attempt to try and draw rather emotive comments about concreting over the south east. It was just an attempt to give a perspective to that. On what densities I used, the density I used was 30.

**Q467 Mr Challen:** Your report states that you have made an allowance for related infrastructure. Are you able to give us a bit more detail about the related infrastructure?

**Ms Barker:** I am afraid I cannot give you any more detail on that. I was given an estimate from the ODPM because I asked them a question as to what they would normally allow, when they were thinking about these land use issues, for transport infrastructure.

**Q468 Mr Challen:** So they would provide a standard figure to X number of dwellings?

**Ms Barker:** Yes.

**Q469 Mr Challen:** You did not look at that in any detail?

**Ms Barker:** I did not, no.

**Q470 Mr Challen:** Finally, looking at brownfield land, some house builders clearly think it is too expensive and too difficult, and indeed lots of grants are made towards the regeneration of brownfield land. In looking at the use of brownfield land and the difficulties it poses and, reading your report, the fear that perhaps greenfield land would be more built on, have you perhaps paid too much attention to the view of house builders and the difficulties that they say exist in developing brownfield land?

**Ms Barker:** It is not just builders who think there are difficulties in building on brownfield land and achieving regeneration. If you have to remediate a site because industry has done environmental damage to it in the past, that is a very clear cost. In terms of the review, since I support the continuation of the 60% build on brownfield policy, there is a proposition for a consideration of further tax credit for the use of contaminated land in order to bring that back. Clearly, bringing contaminated land back is a costly business. No, I do not think I did. What I did not want to do in the report was to duck the point that if we are going to increase the rate of house building inevitably we will increase the number of houses built on greenfield land. I think to have asserted that it would be possible to do all this extra on brownfield land, given the evidence we have had from English Partnerships about the work that needs to be done to continue to bring brownfield land forward, would not be right. Equally, that does not mean that I do not think we should continue with the 60% build on brownfield land, which I think is absolutely possible.

**Q471 Mr Challen:** But does your report in any way think there are any tensions in achieving that target? We know where house builders are coming from.

**Ms Barker:** Yes, because if you are talking about doing a greater degree of building it will undoubtedly make it more difficult. That is part of the reason why the tax credit is important. One of the reasons that I would welcome the money that has gone into the Pathfinder projects is that what I think is not right is to say that you could achieve all this on brownfield land without some investment, and this investment is clearly worth making because of the environmental benefits you will get from it.

**Q472 Mr Challen:** Finally, on VAT, there is a perverse incentive to build on greenfield. What are your thoughts on that?

**Ms Barker:** There is quite a discussion about VAT in the report. There was a variety of reasons why finally VAT was not the route chosen, but one of the primary ones was that VAT is meant to be charged on the whole cost of the new house, whereas in some sense what you want to get back is something on the uplift of land values. Because the planning gain supplement is recommended to be charged at a lower rate on brownfield land, that is supposed in some sense to do the job of VAT on greenfield but I hope will do it rather better because the difficulty with charging VAT on the whole house is that it would have more of an impact on housing in the north of the country and less of an impact in the south, which does not strike me as quite the right way forward in terms of what we want to achieve.

**Q473 Chairman:** In relation to your 0.75% land take in the south east, and I appreciate this is illustrative, am I right in thinking that that equates to the 70,000 hectares that has been used elsewhere?

**Ms Barker:** I am afraid I do not have that number absolutely in my mind.

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21 July 2004 Ms Kate Barker

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**Q474 Chairman:** It equates to half the size of Buckinghamshire. Put like that it sounds a bit bigger.

**Ms Barker:** If half the size of Buckinghamshire is the same as that, that would be the right answer, but I am afraid I do not know. I apologise.<sup>1</sup>

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<sup>1</sup> *Note by the witness:* The 0.75% of the South-East figure (cited in the final report, pg 24) refers to the proportion of the present developable, but underdeveloped (essentially greenfield) land in the South-East that would be absorbed over the next 10 years by the higher rate of *additional* private sector building proposed, 120,000 houses per year. This is on the highly unrealistic, and indeed undesirable, scenario that all the additional development occurs in the South-East. It also assumes 60% of development takes place on previously developed (brownfield) land, that development takes place at a density of 30 per hectare, and includes an allowance for related infrastructure. This equates to a little over 10% of Buckinghamshire. ODPM data indicates that the area of Buckinghamshire is 187,000 hectares.

**Q475 Chairman:** There have been a number of points during our conversation when you have said you would like to have done something and did not have time to do it. Would you have liked more time overall to have done your report?

**Ms Barker:** I am sure every reviewer would like more time to do their reports. One of the things I recognised early on was that this report could offer grandiose ideas, and you think, “Fantastic. That will solve every problem to do with housing supply”. I very quickly realised that housing supply is a desperately complex issue. Every answer was not going to be given. I did not make an attempt to provide every answer. What I tried to do was provide an answer for what I felt was the core of my remit.

**Q476 Chairman:** Thank you very much indeed. We may have some further questions for you which, if you do not mind, we will put in writing.

**Ms Barker:** Sure.

**Chairman:** Thank you very much indeed.

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#### Supplementary memorandum from Kate Barker

Response to specific questions from the Environmental Committee following Kate Barker’s oral evidence session, 21 July 2004.

*Q. Do you accept that environmental cost externalities are not adequately reflected in the current economics of house pricing? How would you suggest addressing this problem to ensure a market led approach to reduce house price inflation, as the one you propose, does not result in unacceptable environmental impacts?*

**A.** Before tackling the substance of the question, it seems sensible to think about what the environmental cost externalities of new housing might be. These costs seem to fall into three main categories:

*First:* costs to the environment from building new housing come from the use of materials and energy in the construction process itself, together with the waste created and the noise and nuisance value to those already located in the area. On the last point, the Review suggested that the development industry should consider whether these temporary disruptions should be compensated directly to the households involved. This does not generally occur at present.

On the costs of materials, energy and waste, I would argue that these inputs should be taxed to ensure that their prices reflect the environmental externalities. This would ensure that the right incentives existed to create efficiency in their use. Given that the price of housing is set primarily in the second hand market, any additional building costs would tend to lead to a reduction in residential land prices, in the present context of the land and housing markets. (However, it is important to realise that there are sites where remediation and the costs of building are such that either profit margins, or planning gain, or both, could be reduced.)

*Second:* More complex questions arise from the environmental impact of ongoing existence and occupation of a home. In the case of energy and water usage, much of the growth in usage is likely to result from the rising population (and rising use per head of electrical appliances), rather than from the decision to allow more households to form which is implicit in permitting greater supply. However, some increase in per capita usage might be expected from a trend to smaller households. But again I would tend to suggest that the pricing of energy and water appropriately would be a better approach than trying to tackle this issue indirectly through the mechanism of house prices. The Sustainable Buildings Task Force has put forward recommendations for changes to building regulations to improve the energy and water efficiency of new homes. Although I do not have the necessary expertise to comment on these, the principle of using this mechanism alongside the right unit prices seems the appropriate way to ensure that environmental concerns are met in this area (and in addition there are of course real concerns about the energy and water efficiency of the existing housing stock).

In terms of the transport implications of new development, there is, as the Entec report suggests, great uncertainty about the costs until locational issues are clear. But it seems plausible that the environmental impacts of transport will be affected more by population trends and developments in transport pricing, rather than by new housing supply.



*Third:* The arguments above suggest that for some of the environmental implications from new housing, the prices of the specific inputs/related resource usage are important, not the price of housing itself. Of course, house prices will be affected by the costs of construction, certainly in the situation where residential land prices are not particularly high. And the relative price of a particular house ought to be higher if the energy/water efficiency were greater—although as the developers have argued, it can be difficult in practice to price successfully for this benefit.

However, the key factor which ought to be accounted for in the price of housing is the cost of land usage, perhaps together with the cost of delivery of public services to different locations. There are two aspects to this—the overall balance between housing and land, and the relative price of housing in one area compared with another.

It certainly seems conceptually feasible to estimate the environmental land cost of different rates of new housing supply, and indeed the Entec report carried out for DEFRA represents an initial attempt at doing just that (although as discussed with the Committee, and indeed as the report itself indicates, this was carried out on a timescale which did not enable a full assessment to emerge).

Against these costs, Government would need to set the benefits of lower trend rates of house price growth, as indicated in the report, and what these different trends would deliver in terms of improved affordability over time (together with associated benefits from greater economic efficiency and potentially more equitable distribution of wealth). The key decision, at the level of the whole economy, is where to strike the balance. The two research contracts being tendered by ODPM (see Q4 below) should help to inform this decision.

However, obviously this is not the whole story, because the environmental costs of new building would be higher (or lower) than those assumed in the context of the whole economy decision, if the location and design of the new supply is worse (or better) in environmental terms than the baseline case. Getting this right, while supporting the overall housing supply objective, is the task of the planning system. The decisions will of course be informed by the overall guidance from Government on density (with appropriate flexibility) and by the environmental assessment of particular sites, either identified in local plans or which come forward as windfall sites.

This analysis indicates one of the primary difficulties in managing the housing market, which is that it is not possible to identify a satisfactory price mechanism which would effectively discriminate between sites on an environmental basis. It is for that reason that the proposals in the Review fall far short of what is implied by the phrase “market let system”. It is certainly true that the Review suggests more account should be taken of prices, especially at a regional level. But the location within the region will not be entirely market-led. A higher-priced, attractive small market town would still, rightly, only grant modest quantities of planning permission, probably directed at maintaining a mixed community. However, this will only be consistent with achieving the overall affordability goal if sufficient additional supply within the same region is permitted in areas with lower environmental cost.

*Q. The various attempts in the past to introduce development taxes have resulted in land being held back by landowners hoping for a change in legislation. Do you think there is any realistic chance that such a politically sensitive tax will ever be seen as permanent? Does this problem lend support to the use of VAT which would be seen as a permanent measure?*

*A.* It is certainly true that previous attempts to tax development gains seem to have resulted in a decline in supply of land being brought forward, as the Review itself acknowledges. The contention of the Review, however, is that although an increase in the taxation of development, considered as a standalone measure, could tend to lead to a lower potential supply, in practice the present constraint on housing supply is less a willingness to bring land forward than a reluctance to grant an adequate number of permissions. The proposed tax therefore has to be seen in the context of the changed approach to the volume of permissions recommended elsewhere in the report, and also the greater willingness to use compulsory purchase contained in the recent Planning and Compulsory Purchase Act.

In addition, the present system of extracting planning obligations (primarily under Section 106 agreements) already functions in a similar way to the proposed Planning-gain Supplement. The intention is that S106 agreements should continue to be used to secure affordable housing, and also for the costs of infrastructure directly consequent on the development. This ought to make negotiations over planning obligations simpler, more transparent and more predictable. In addition, the principle of taxing those who benefit from the granting of planning permission (essentially, aiming the increase in value as a windfall) has in the past been supported by most political parties at some time.

Viewed as a simpler way of tackling the question of planning gain, it is difficult to see why it should be described as politically sensitive. Relative to VAT, the main attraction is that it is targeted on the uplift in land value, which means that the tax take relative to the value of the house, will be highest for building on greenfield sites in the South-East. Brownfield sites, where the uplift in land values is often much less, due to the higher construction and site preparation costs, would automatically attract less tax relative to the value of the house. This would be even more the case if, as recommended, a lower rate of tax were charged on brownfield sites.

In theory, VAT could be used to achieve a similar objective in terms of the brownfield/greenfield distinction. However, VAT is a national tax covered by EU legislation, which sets significant constraints on how flexibly it can be levied, and, once introduced, a UK Government might not be able to reverse it. There

is also the disadvantage that a limited range of tax rates would be available. VAT would need to be charged on the value of the house, which, as well as being only indirectly linked to value uplift, also makes the relationship to the environmental costs and benefits of land take less clear. In particular, it is uncertain whether a distinction between brownfield and greenfield sites would be acceptable in the EU context. This means that the introduction of VAT is a risky matter, since the eventual situation could have a number of adverse features, which then proved irreversible.

*Q. In your evidence you stated (Q441) that there would be a need to distinguish between long term house price trends and cycles, and that market triggers for planning permission should only apply in the former and not the later. You also acknowledged the difficulties between trends and cycles. How do you envisage decisions being made about how and when market triggers would be activated? Who would be the body/bodies responsible for setting the triggers?*

A. Both in the oral evidence and in the report it is clear that the setting and operation of market triggers is not straightforward. It is probably worth pointing out, however, that the present methodology of planning for new supply, using projections of household numbers and rates of household formation is itself complicated, and has the added disadvantage that there is no ready adjustment mechanism if the answer is not correct.

The underlying objective here is to get planners to use and respond to market information. In taking this forward, Government should build on current ODPM work to develop guidance for local authorities in carrying out Local Housing Assessments. These will look at the whole market, using information on factors such as demographics, housing need and house prices in order to develop a better evidence base for local plans and policies.

Since the Review's final report was published in March, a considerable amount of work has been undertaken, mainly at the ODPM, to establish the further research and analysis necessary to resolve satisfactorily some of the detailed issues. Government has committed to consulting widely on this recommendation. I understand that there is an intention to consult publicly on draft revisions to PPG3 in Spring 2005, although early consultation with stakeholders, including environmental groups, is ongoing.

*Q. Are there any measures you see as necessary for Government Departments and other bodies to take before your recommendations for improving housing supply can be taken forward?*

A. I am not quite clear what the main thrust of this question is. The 36 recommendations in the final report would require Government departments and indeed other bodies (both public and private) to change and develop their current policies and roles in the provision of new housing supply. Some of these recommendations have already either been brought forward, or consultations are underway or planned. These include the following:

First, the measures announced in the 2004 Spending Review provided for an additional 10,000 homes a year of new social housing, as well as the establishment of a Community Infrastructure Fund of £150 million by 2007-08 to support the transport requirements of new development.

Second, ODPM's accompanying spending review settlement set out a revised PSA target for balancing housing supply and demand, including an explicit reference to affordability. I understand that ODPM will publish a PSA technical note in the autumn, setting out how improvements in affordability will be measured, and Government intends to consult on a national affordability target next summer. To develop the evidence base, I am pleased to note that ODPM are tendering for further research into the relationship between affordability and housing supply, and into the impact of additional housing on sustainable communities. This should inform the Government's response on how ambitious it wishes to be in terms of the trend relationship between house prices and earnings, and what is an appropriate goal given the whole range of social, environmental and economic considerations.

Third, a consultation document is due very shortly on the merger of Regional Housing Boards and Regional Planning Bodies, and on the provision of expert independent advice. These new arrangements, I understand, are expected to be in place by September 2005.

Fourthly, on planning, the Government has already committed to consulting on a number of the reforms set out by the Review, including how to bring forward (or withdraw) land for additional (or reduced) development in response to market triggers. These will be drawn together in the revised draft of PPG3, due for consultation in the Spring.

Finally, the Government is considering the design of the proposed Planning-gain Supplement to ensure that it is effective and workable, and will consult with relevant stakeholders before reporting back in autumn 2005.

These consultations cover the most significant recommendations which apply to Government. In addition, the House-Builders' Federation has established a steering committee to progress recommendations 32, 33, 34, 35 and 36 (which cover issues such as improved customer satisfaction, construction techniques and construction skills). It is equally important that the development industry comes forward with a substantive response to these important recommendations in a timely manner.

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**Wednesday 13 October 2004**

Members present:

Mr Peter Ainsworth, in the Chair

Mr Colin Challen  
Mrs Helen Clark  
Sue Doughty  
Paul Flynn

Mr Mark Francois  
Mr John McWilliam  
Mr Simon Thomas  
Joan Walley

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### Memorandum from the Countryside Agency

1. The Countryside Agency welcomes the opportunity to submit evidence to the Select Committee's Enquiry into the environmental implications of the Barker Review of Housing Supply and Government policy for sustainable housing.

2. The Countryside Agency is the statutory body working to make:
- the quality of life better for people in the countryside;
  - the quality of the countryside better for everyone.

The Countryside Agency helps to achieve the following outcomes:

- empowered, active and inclusive communities;
- high standards of rural services;
- vibrant local economies;
- all countryside managed sustainably;
- recreation opportunities for all;
- realising the potential of the urban fringe.

We summarise our role as:

- statutory champion and watchdog;
- influencing and inspiring solutions through our know how and show how;
- delivering where we are best placed to add value.

3. The Countryside Agency has a statutory duty to advise Ministers and assess the impact of Government policies on the countryside and rural communities. We have a particular duty to advise government on designation of and policies relating to nationally designated landscapes (National Parks and Areas of Outstanding Natural Beauty). We have a great deal of experience in our community forests work and in other ways of working on development and environment issues in the areas around our great cities.

#### SUMMARY OF EVIDENCE

4. The Countryside Agency believes that we should be creating sustainable communities in which people want to live, work and play and which enhance the environment. The need to meet housing requirements and increase housing affordability must be pursued in a way that also improves the environment and enhances local communities. We must grasp the opportunity to meet housing needs in ways that enhance the environment and improve quality of life. We must create locally distinctive and high quality environments that future generations will be proud of. The planning system has an important role to play in delivering high quality sustainable communities and should be given the tools and resources to do the job effectively.

5. The Countryside Agency believes that if additional housing development is to take place, far greater emphasis should be placed on the **quality** of new development and the needs of rural areas. The following measures would greatly assist:

- More vision-led planning policies and supporting guidance on sustainable development that inspires a new approach to development; (see paragraphs 16–19).
- Additional resources and support for local authorities and local communities to fully implement the planning reforms; with a clearer obligation on local authorities to lead developers in coming up with practical ways of delivering the development society needs (see paragraph 17).
- A requirement that the planning system should be used to deliver quality sustainable development that enhances local character with local development documents setting out clear quality criteria (see paragraphs 20–21).

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- The Building Regulations revised to incorporate sustainability considerations including energy and water efficiency and the re-use and recycling of materials (see paragraph 35).
  - Local communities actively involved in planning for the future of their areas and directly shaping development proposals (see paragraph 22).
  - Local communities receiving direct and substantial benefits from development in their areas (e.g. through offsetting environmental and social gains) (see paragraphs 32, 36 and 38).
  - A significant proportion of the value of the planning-gain tax passed directly to local councils to spend on local community benefits (see paragraph 37).
  - A significant new funding programme to deliver community forestry within the countryside close to towns and enhance land in the Green Belt.
  - A significant new funding programme to deliver community renewable energy schemes in development areas.
  - Additional compulsory purchase powers to enable regional and local authorities to acquire derelict land left vacant and unmanaged.

## INTRODUCTION

6. Housing is a basic human right. We support Government policy that everyone should have the opportunity of a decent home and a reasonable choice of location. As a nation, we should plan to meet the housing requirements of the whole community, including those in need of affordable and special needs housing in both urban and rural areas. It should be recognized that simply increasing the level of housebuilding may not improve affordability locally in rural areas and a range of measures will be required. Securing a mix of housing types and tenures is a key part of achieving sustainable balanced communities; so all new housing development should include an appropriate balance of owner occupied and rented housing. Our evidence focuses on the environmental aspects of a sustainable housing policy but it is vital that issues of social cohesion and economic prosperity are also addressed.

7. We welcome the main conclusion of the Barker report that there is a significant shortage of affordable housing. Indeed, the shortage of affordable housing is one of the most critical issues affecting the future of the countryside and rural communities. The Agency has estimated that there is a need for at least 10,000 new affordable homes per annum in rural districts, just to meet the needs of households who already live in those areas. Without any further increase in the supply of affordable rural housing, many of those in rural communities (especially, but not only, young adults) will find it difficult to remain there. The Countryside Agency therefore welcomes the commitment to create sustainable communities in **rural** as well as urban areas set out in the Sustainable Communities Plan.

8. The Agency supports the development that is necessary to meet housing needs and contribute to economic prosperity. We are keen to help find solutions to the lack of affordable housing and to meet housing needs in ways that are consistent with sustainable development principles. The level of growth set out in the Sustainable Communities Plan presents a significant and timely opportunity to improve the quality of development and ensure it delivers a net gain for the economic, social and environmental interests of the areas identified for growth. Exemplar sustainable communities should be created in the Growth Areas with the lessons learnt applied to development in other parts of the country.

9. The level of housing development proposed in the Sustainable Communities Plan and by the Barker review would have significant and far-reaching environmental implications. These implications must be fully and properly addressed and we welcome the Select Committee's Enquiry and the opportunity to contribute to the debate. Large-scale housing development impacts on all aspects of our natural environment—our landscape, heritage and biodiversity interests and affects the use of natural resources such as energy sources, water, and minerals resources. It affects the character and identity of settlements and quality of life of existing residents. The challenge is to find solutions to our housing needs in ways that minimise environmental impacts, prevent environmental pollution and congestion and enhance the quality of life for new and existing communities. The Countryside Agency's view is that a sustainable housing policy that meet needs for housing in both rural and urban areas can and should be developed in ways that deliver environmental, social and economic benefits to the areas concerned. We expand upon this further in our responses to the questions set out in the Select Committee's invitation to submit evidence below.

*Are the conclusions of the Barker Review compatible with the general principles of sustainable development and the Government's own sustainable development objectives?*

10. The UK strategy for sustainable development—*A better quality of life* (1999) sets out four objectives, which should be met at the same time:

- Social progress which recognises the needs of everyone;
- Effective protection of the environment;
- Prudent use of natural resources;
- Maintenance of high and stable levels of economic growth and employment.

11. Other principles set out in the 1999 strategy include the need to take a long term perspective to protect the interests of future generations, the need to respect environmental limits to avoid serious or irreversible damage and the application of the precautionary and polluter pays principles. The Government is currently consulting on a new strategy for sustainable development. It should reaffirm these key principles and the need for all Government policies to uphold them. These principles should form the basis of a sustainable housing policy.

12. The planning system has an important role to play in delivering sustainable development. This is reflected in the Planning and Compulsory Purchase Act, which requires regional and local plans to be prepared with a view to contributing to the achievement of sustainable development. Draft Planning Policy Statement 1 sets out how this should be done, stating that the four aims of sustainable development should be tackled in an integrated way. We welcome the emphasis on an integrated approach to sustainable development although we consider that the wording of draft PPS1 could be strengthened.

13. The Barker Review report makes various references to the need to “balance” economic, social and environmental objectives and make “trade offs” between them. Sustainable development requires that economic, social and environmental objectives should be met together and we reject the assumption that economic imperatives should over-rule environmental objectives. We should recognise that the environment is an asset that contributes significantly to the economic and social well being of the UK. Protection and enhancement of our environment and wise use of our natural resources is therefore fundamental to the future prosperity of Britain.

14. The Countryside Agency believes that to be sustainable, all development should deliver a net gain (or at least a neutral effect) for the social, economic and environmental interests of the area, with no significant losses to any of them. This means protecting our precious natural assets—our finest landscapes and important heritage and biodiversity interests from development that would adversely affect them. It means mitigating or compensating those losses that will not be significant through the use of planning conditions and obligations, for instance, by providing new landscape features or recreation facilities offering equivalent or greater benefits to those lost. In addition, it means delivering community and environmental benefits to the people affected by development. In short it means, securing the types of development that the Countryside Agency terms “good enough to approve”.

*In view of the Barker review is there a need for an overarching national strategy to ensure that the environment is at the heart of any building programme?*

15. The Countryside Agency agrees that environmental objectives are integral to a sustainable building programme. The Government is currently reviewing its sustainable development strategy. This should form the starting point of all Government policies and underpin a sustainable housing policy. If the environmental aspects are properly addressed in the review of this strategy, then there should be no need for a further national strategy to ensure that the environment is fully considered in any future building programme. Forthcoming Government guidance on strategic environmental assessment and sustainability appraisal together with guidance on the process and content of the new planning system should ensure that environmental issues are properly incorporated in new regional spatial strategies and local development documents. More specific environmental guidance targeted at those involved in the delivery of new housing including developers and financiers might also be useful.

*Is the current planning system robust enough to ensure that the environmental implications of building projects are fully taken into account? How can the planning system be used to increase the building of more sustainable housing? Would the proposed changes to the planning system in the Barker Review have a positive or negative effect on the environment?*

16. We consider the planning system has an important role to play in increasing the supply of housing in ways that are consistent with sustainable development. The Countryside Agency supports the plan-led system and endorses the principles underpinning the reform of the planning system, particularly the need to make the system more visionary, spatially based and inclusive. We have commented in detail on the proposed changes to the planning system and revisions of government planning policy and guidance (particularly PPS1, PPS7 and changes to PPG3 and proposals to amend the system of planning obligations).

17. Significant changes are envisaged to the planning system that will make the system more responsive to meeting housing needs. The emphasis on spatial planning, “front loading” of the system, greater community and stakeholder involvement and the emphasis on the “soundness” of the plan together with speedier plan revisions will help bring forward suitable sites for development and should help reduce resistance to development. It is important to ensure that the desire to speed up the planning system is not pursued at the expense of measures to improve quality. We believe that the significant changes to the planning system arising from the Planning and Compulsory Purchase Act together with the enormous culture change that will be required to bring the changes into effect needs time to be implemented properly. In addition, local planning authorities will need considerable resources, support and further guidance to operate the new system effectively.

18. The Countryside Agency does not support recommendations in the Barker review report that would undermine the plan led system or frustrate the implementation of the planning reforms. Some of the recommendations in the Barker report seem to be leading us back to a “predict and provide” system of planning. In particular, we strongly disagree with the recommendation (recommendation 9) that an additional 20–40 % of land should be allocated as a buffer to improve the plan’s responsiveness to changes in demand. The “plan, monitor and manage” approach together with more frequent plan reviews should be sufficient to ensure that additional housing sites can be brought forward if required to meet identified local housing needs.

19. ODPM is preparing a package of guidance to support the introduction of the new planning system. Guidance on the requirements of Sustainability Appraisal and Strategic Environmental Assessment will be particularly useful in ensuring that the environmental implications of new development are properly considered. We have already advised ODPM that PPS1 should be strengthened in respect of sustainable development requirements; accompanying guidance setting out the standards that development should meet would be useful. The Countryside Agency, English Nature, English Heritage and the Environment Agency will also be publishing guidance on how sustainability interests can best be addressed in Regional Spatial Strategies and Local Development Frameworks.

20. Where the planning system can and should go further is in promoting quality development. One of the Countryside Agency’s key planning principles<sup>1</sup> is that we should consider what development is needed as well as where it should go with plans considering not just the traditional location of development but the nature of that development too. We believe that development proposals should be determined on the basis of are they “*good enough to approve*” rather than are they “*bad enough to refuse*”.

21. Our definition of high quality is about more than building design. The quality of development includes its scale, its location, its mix of uses, its energy and resource efficiency and its long –term flexibility to adapt to changing needs and circumstances. The Countryside Agency promotes 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 accept and enhance local character.<sup>2</sup> The planning system has an important role in setting out the standards that development should meet. Local Development Documents should set out the criteria that a development must meet in the locality if it is to be good enough to approve. These criteria will vary, reflecting the differing needs and characteristics of different parts of the plan area, with more stringent criteria applied to development in designated areas.

22. There are various tools and techniques that can be used as part of the planning process to improve and promote quality development. Development briefs, master plans, design guides and design codes can all have a role to play in setting out the detailed requirements and standards that development should meet. New style area action plans and supplementary planning documents will set out proposals for particular areas. All local stakeholders including developers and local communities should be involved in the preparation of these documents to ensure they reflect local needs and circumstances and are realistic and deliverable. Developers will welcome the certainty that a strong planning framework provides, and will be able to incorporate requirements into development proposals from the outset and reflect them in the price they pay for the land. Local residents are more likely to accept development in their areas if they are involved in the process and are confident of valuable, substantial community benefits as a result. We should be planning developments that residents will enthusiastically welcome rather than oppose.

23. Some examples of the tools and techniques promoted by the Countryside Agency to improve the quality of development are set out in Annex 2. The Government should emphasise the importance of quality development and local distinctiveness in planning guidance and refer to the range of tools and techniques that can be used and the bodies that can offer advice to achieve this.

24. There are currently few examples of genuinely high quality sustainable communities being built. The Millennium Communities, National Trust and Joseph Rowntree Foundation are leading the way in creating exemplar developments but more needs to be done to mainstream these types of developments and encourage the private sector to adopt innovative approaches. New initiatives such as the strategic green infrastructure approach being taken in the Milton Keynes and South Midlands sub-region, which proposes a network of multifunctional greenspace as an integral part of the planned growth, should be adopted more widely. We should learn and apply the lessons from these new initiatives together with those from the Garden Cities and the best of the new towns.

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<sup>1</sup> See our planning statement, Planning Tomorrow’s Countryside CA 60, 2000, copy attached.

<sup>2</sup> See Towards a new vernacular, a report to the Countryside Agency, Architype 2003.

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*Where will the proposed new housing be built? What are the implications for land-use and flood risk of the large-scale proposed building projects?*

25. The Barker Review takes a macro-economic perspective and does not take into account the regional and local variations in housing needs and differences in housing markets across the UK. Indeed, a spatial perspective is entirely lacking from the report. It is important that account is taken not only of the differences in regional housing markets and levels and type of housing needs but also of regional and local geographies (including settlement patterns), environmental conditions and constraints. The spatial implications of the proposals will, therefore, need to be rigorously assessed at the regional, sub-regional and local levels.

26. There should be no “one size fits all” approach to determining the amount or location of development and it is important that simplistic assumptions about settlement hierarchies and appropriate locations for development are avoided. Policies should be based on a robust local evidence base that identifies local needs and fully considers the spatial implications of locating development in particular areas.<sup>3</sup> If we are serious about creating truly sustainable new communities rather than dormitory settlements (with residents commuting long distances to larger urban areas to meet their employment and service needs) we should encourage development in those locations where demonstrable local sustainability benefits will result. This approach is equally applicable to the inner city and rural settlements.

27. The Countryside Agency broadly supports the sequential approach to the allocation of land for housing development set out in Planning Policy Guidance Note 3 (PPG3). We agree that the majority of new housing development should take place within existing urban areas (including market towns), maximising the use of appropriate previously developed land and buildings and increasing housing densities in order to support the urban renaissance and reduce pressure on the countryside for new development. Government should redouble its efforts to promote the urban renaissance, applying the lessons of successful regeneration in cities like Leeds and Birmingham elsewhere.

28. Sustainable urban extensions will be needed in many areas once brownfield sites are built out or where little previously developed land exists. We accept that this might involve minor revisions to Green Belt boundaries where this would result in the most sustainable option for development in a particular locality. Any boundary changes should go hand in hand with significant environmental enhancement of the land in the rest of the green belt. There may also be opportunities to create new high quality self-contained settlements in areas with little environmental interest and excellent public transport potential.

29. Much of our future housing (and other) development needs will have to be met within the rural urban fringe as sites within urban areas are built out. The Countryside Agency, in association with Groundwork, recently published for consultation its vision for the rural urban fringe entitled *Unlocking the potential of the rural urban fringe* (2004) (copy attached). This sets out our view of a rural urban fringe that is attractive, accessible, diverse and multi-functional. It serves the needs of both urban and rural communities, strengthens the links between town and country and contributes fully towards sustainable development. We consider there is considerable potential to create exemplar developments within these areas, genuinely sustainable communities that retain the qualities of the countryside on which they are built, enhance their rural setting and provide their residents with a well-planned environmental infrastructure, green spaces and links to their surrounding countryside. We are working within the Growth Areas to demonstrate how quality sustainable development can be achieved in practice.

30. We must also ensure that the housing needs of rural areas, which often lack brownfield sites, are met. Development should be promoted in market towns where this would support local sustainable development objectives (for example reinforcing a town’s role as a local service centre or bringing tangible regeneration benefits). A substantial level of increased housing development may be appropriate in some market towns where clear local benefits can result. An appropriate scale and type of development should also be permitted within and adjacent to villages in order to meet local needs, especially for affordable housing and to help stem the decline of local services. We welcome the Government’s proposal (set out in proposed amendments to PPG3 Housing) to enable local planning authorities to allocate sites for affordable housing.

31. The protection and enhancement of our finest landscapes as an environmental asset for future generations is an important element of sustainable development. In considering appropriate locations for new housing development, proper account must be taken of our nationally designated landscapes- our National Parks and Areas of Outstanding Natural Beauty. It is Government policy that the conservation of the natural beauty of the countryside in these areas should be given the highest level of protection (PPG7, paragraph 4.2) and that major development should only take place in exceptional circumstances (PPG7, paragraph 4.5). Within the regions proposed for significant growth in the Sustainable Communities Plan (South East, Eastern and Eastern Regions) there are fourteen Areas of Outstanding Natural Beauty

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<sup>3</sup> Recent research for the Countryside Agency (Land Use Consultants/SERRL/Emma Delow- *The role of rural settlements as service centres* (January 2004) challenges simplistic assumptions about locating development in larger settlements in order to help retain local services and facilities, underlining the importance of basing policies for development on a detailed local evidence base and understanding of how settlements function.

(AONBS) and two proposed National Parks (New Forest and South Downs). Any development affecting these areas should be of the highest possible quality with stringent quality criteria set out in Local Development Documents. Opportunities should also be taken to ensure that development in the Growth Areas brings benefits to communities within protected areas and that local needs, especially for affordable housing, are met.

32. It is important that the rural impacts of the Barker review and the Sustainable Communities Plan are fully considered and that all policies and proposals are “rural proofed”. We have highlighted above the opportunities for accommodating appropriate growth within the rural urban fringe alongside significant environmental enhancement and the need to ensure rural housing requirements are met. In addition we will need to consider the effects on those rural communities lying beyond the areas planned for growth and the opportunities for those communities to share in the benefits of growth, rather than suffer the adverse consequences of pollution and congestion. We are currently studying the impacts of the proposed Ashford Growth Areas on the surrounding rural communities. Some rural impacts of the proposed growth are identified in Annex A.

33. Transport policies also have a fundamental role in creating sustainable communities. Planning and transport policies should work together in a way that contributes to improved accessibility rather than increased mobility.<sup>4</sup> New housing developments should be located in places with good public transport links (or where such links can be provided), and walking and cycling access should be strengthened. The most sustainable transport options should be available from the earliest stages of new developments as it is harder to encourage change once car-dependent lifestyles have been established. The provision of adequate local facilities and attractive, easily accessible open spaces should be incorporated into the design of all new developments to reduce the need to travel for everyday services and recreational activities. Transport should be planned as a network, where various modes provide access to a range of local services and facilities. Innovative solutions such as demand responsive transport and mobile services should be included as part of the package.

34. Large-scale proposed building projects would have considerable flood risk and water resources implications. We commend the evidence of the Environment Agency on these issues to the Select Committee.

*Are the building regulations as they stand capable of ensuring that new housing is truly sustainable in the long term? How could they be improved? Could greater use be made of existing environmental standards for housing?*

35. The Building Regulations have the potential to considerably improve the sustainability of individual buildings, supporting and complementing the planning system’s role in influencing the overall design and layout of developments. The current Building Regulations already deliver some sustainability objectives, such as energy conservation although this could be strengthened. Sustainability considerations should be explicitly brought within the scope of the Building Regulations with the regulations broadened to address issues such as water efficiency and the re-use and recycling of materials. The use of environmental standards such as the BRE “ecohomes” is becoming more common and should be adopted more widely. For instance, the Housing Corporation requires that all social housing schemes it funds use a sustainability indicators toolkit and achieve a “good” ecohomes rating. Development in the Growth Areas should set an example with all development meeting the ecohomes “very good” or “excellent” rating. We commend the recent report of the Sustainable Buildings Task Group “*Better buildings-better lives*” to the Select Committee and urge Government to strongly consider its recommendations on improving the environmental performance of buildings and introducing a national Code for Sustainable Building.

*How will it be possible to ensure a sustainable infrastructure, including transport and water supply, which will be necessary to support any extensive housebuilding, is put in place?*

36. It is vital that transport and other infrastructure is delivered as an integral part of new development and provided at the same time as the housing development. Infrastructure will need to be delivered via a combination of public and private sector funding. The proposals set out in the Barker Review, such as the Community Infrastructure Fund, will need further exploration. Much stronger and more productive mechanisms should be developed to pass significant infrastructure contributions direct to local communities, eg via parish and town councils, to spend on transport and other improvements that the community wants. The new ‘spatial planning’ approach should be used ensure that there is greater partnership working and policy co-ordination amongst the various infrastructure providers and that investment decisions support spatial strategies. Regional Development Agencies have an important role to play here.

37. The Barker review recommends the introduction of a Planning-gain supplement (recommendation 26) to extract some of the windfall gain that accrues to landowners from the sale of their land for residential development together with the scaling back of Section 106 agreements to cover direct impact mitigation and affordable housing (recommendation 24). We strongly support the principle that the community should share in the benefits of development. The benefit of this proposed tax should be mainly received by the local community affected by the development, rather than disappear into Treasury general funds.

<sup>4</sup> The Countryside Agency’s transport policies are set out in *Transport in Tomorrow’s Countryside 2003*.



38. We consider that planning obligations have considerable potential to be used as a more effective and positive planning tool that secures both the sustainable elements of a scheme and off-site compensatory provision. They should be used to deliver significant local community and environmental benefits to help encourage local communities to accept, or even welcome, development in their areas. Community Forests, such as the Forest of Marston Vale, for example, are using developer contributions to secure substantial environmental regeneration benefits. This should be the norm. We are opposed to standard tariffs that will do little to deliver local benefits or increase the sustainability of development proposals. We await further Government consultation on reforms to the system of planning obligations.

*Do those involved in housing supply, both in the public and private sector, have the necessary skills and training to ensure new housing meets environmental objectives? If not, how can the knowledge base of those involved in the planning and building process be improved?*

39. No. Emphasis should be placed on ensuring all those involved in delivering housing development have the necessary skills, training and expertise. There is a need to broaden the skills base and connect up the various professionals involved in the process. The skills and resources needed by local communities to get more involved in planning for the future of their areas should also be considered. Current initiatives, such as the Egan Review, the RTPI's education initiative and the Government's drive to recruit more planners should assist. It is especially important that environmental education and awareness is increased so that the environment is seen as an asset rather than a constraint to development.

May 2004

## Annex A

### IMPLICATIONS OF MAJOR GROWTH ON RURAL AREAS AND OPPORTUNITIES FOR ENHANCEMENT

- Encroachment- encroachment into the countryside will occur and proximity of some rural settlements to the main urban areas will increase. Policies to prevent coalescence and maintain the separation, character and identity of settlements should be used to address any negative effects.
- Countryside character- impacts on local character areas will result and local distinctiveness may be eroded. Policies and management decisions should ensure that character is maintained and enhanced. There is potential for significant environmental enhancement eg restored landscapes and habitat creation and opportunities to create locally distinctive places.
- Visitor pressure-increased visitor and recreation pressure on attractive and accessible landscapes is likely to increase as a result of the additional population. Strategies to manage and disperse recreational pressures will be required.
- Displaced urban fringe uses—uses such as equestrian developments, playing fields and utility developments may need re-siting further into the countryside. Appropriate screening, access and habitat creation should be addressed from the outset.
- Transport- increased congestion and safety issues on local roads, urbanising influence of new transport infrastructure and increased commuting to new employment and facilities in the growth areas likely to result. Investment may be diverted away from necessary rural transport improvements. Opportunities should be sought to increase access of rural dwellers to new services and facilities by sustainable modes of travel.
- Local communities-social balance may be affected as professional social groups gravitate to rural settlements, exacerbating high house prices, young people may move to urban areas in search of affordable housing and investment may be diverted away from rural affordable housing. Support for local services may decline further with the draw of new facilities in expanded urban areas. Opportunities for greater community involvement in planning for future development.
- Rural businesses—increased opportunities with new customers for local businesses and expanded markets for local produce. Possibility of competition with new urban businesses. Policies should ensure complementarity between urban and rural economic development.

## Annex B

### COUNTRYSIDE AGENCY TOOLS AND TECHNIQUES TO IMPROVE THE QUALITY OF DEVELOPMENT

#### COUNTRYSIDE CHARACTER

A core principle of the Countryside Agency's policies is that all new development should respect countryside character. In addition to protecting and enhancing our finest landscapes, we consider that the character of all landscapes should be taken into account when making decisions on future development. We advocate the use of landscape character assessment,<sup>5</sup> as a way of understanding what environmental features

<sup>5</sup> We have prepared guidance on landscape character assessment—Landscape Character Assessment—Guidance for England and Scotland. Countryside Agency and Scottish Natural Heritage. CAX84.2002.

are present, the sensitivity of a location to development and change and guiding and informing the nature and conditions for any development and change. Landscape character assessment is commended by Government in planning policy guidance (PPG7, paragraph 2.15). We consider that robust landscape character assessments should inform and underpin all policies for development and change and should be prepared as part of work on new Regional Spatial Strategies and Local Development Frameworks.

#### VILLAGE AND TOWN DESIGN STATEMENTS

Village and Town Design Statements can be used by local communities to describe local character and set out how development can enhance local character and distinctiveness. Over 400 village design statements have now been adopted as supplementary planning guidance and are guiding decisions on new development in rural areas. More are in preparation.

#### PARISH PLANS AND MARKET TOWN HEALTHCHECKS

Community based plans such as Parish Plans and Market Town Healthchecks and action plans are proving effective in analysing local needs and opportunities and setting out local visions and proposals for environmental enhancement and community facilities. These community-based initiatives can assist in the provision of a local evidence base needed to inform and underpin planning policies.

#### CONCEPT STATEMENTS

We have developed Concept Statements<sup>6</sup> as a technique that combines written analysis, design principles and layout diagrams to show how local economic, social and environmental objectives can be delivered on individual sites. South Hams District Council has piloted this approach, preparing concept statements for all housing sites allocated in the Local Plan. Local opposition to development has been reduced, as local communities are reassured that quality developments are planned and necessary community facilities and environmental benefits will be provided.

#### QUALITY OF LIFE ASSESSMENT

We have developed, jointly with English Nature, Environment Agency and English Heritage, Quality of Life Assessment<sup>7</sup> as a systematic and transparent mechanism that can be used to ensure that development provides social, economic and environmental benefits to the community as a whole. The Quality of Life Assessment technique revolves around understanding which benefits matter to a community and might be affected by a development, and working out the conditions and constraints which would need to be applied to the development to ensure that important benefits are maintained and/or enhanced. The approach can assist the preparation of spatial plans and strategies and their associated sustainability appraisals and can also be used to devise appropriate planning conditions and obligations to ensure that identified benefits are provided as an integral part of development proposals.

*Witnesses: Mr Bob Roberts, Programme Director, Ms Joanna Russell, Senior Planning Adviser, and Mr Terry Robinson, Principal Manager, London and Thames Gateway, Countryside Agency, examined.*

**Q477 Chairman:** Thank you for coming and thank you for your written memorandum. I should like to ask you about one of the issues that often comes up. We know about the balance that needs to be struck in relation to all this housing development, but you seem to take issue with Kate Barker over the extent to which there should be trade-offs between the three of those. Is not the problem that everywhere you look in dealing with environmental issues this issue raises its ugly head, and on all occasions really the economy and the arguments in favour of economic progress win? Are you not being a little unrealistic in rebuking Barker for the position taken on this?

**Mr Roberts:** I hope we are not rebuking it too much, but I do think we should always challenge the claim that it is necessary to lose one thing in order to gain another. It may sound a little idealistic but we should always start off by looking at what is termed the win/win answer, so we should be looking for ways of reconciling and gaining environmental benefit from for instance economic

development, rather than starting off with an assumption that it cannot be done. It is quite right that there are sometimes trade-offs, but increasingly, if we think hard about things, there are opportunities to come out winning on several points. It is that starting assumption that we did not like, that there always has to be a winner and loser.

**Q478 Chairman:** Can you give us some examples?

**Mr Roberts:** I will give you a nice controversial example. We might think of an area of land which is currently undeveloped and a green-field site, and people might say it is undesirable to develop. But if that site is a very sterile, biologically or ecologically a poor piece of land—it might be producing fabulous cabbages but from an environmental point of view it might not be terribly productive—it is not impossible that you could develop that land if there were other benefits in developing it and increase biodiversity. If you were

<sup>6</sup> Concept Statements and Local Development Frameworks—practical guidance for local planning authorities. CA9. 2003.

<sup>7</sup> further information is available at [www.countryside.gov.uk/LivingLandscapes/qualityoflife](http://www.countryside.gov.uk/LivingLandscapes/qualityoflife)

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13 October 2004 Mr Bob Roberts, Ms Joanna Russell and Mr Terry Robinson

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really good at design you might even be able to develop it in such a way that it is a very attractive development. I would say that that could be an example of win/win.

**Q479 Chairman:** How confident are you that that sort of thing can be achieved? Notionally, it is easy to accept what you say, but in practice there is very little evidence that that ever happens. That is probably what worries me.

**Mr Roberts:** It worries us as well, but you start off saying what you want to achieve and the ideal. We have three choices in a sense. The first choice is to be defeatist and say that you cannot get these big multiple wins, so you do not even try to do it—and that must be wrong. The second choice is to be so pessimistic about the chances of achieving it that you adopt the NIMBY approach and say that it can be done, but it is unlikely to be done, and therefore oppose it. The third option is to say, “we want to achieve this; how can we achieve these wins?” I have not seen the report, but I think CABE came out with a statement earlier in the week about the amount of development they thought was winning, in terms of being sustainable, and from memory they said something like 17% or 20% that they thought was good, and the rest was not so good. That was played as a bad headline. When I heard that, I said, “gosh, I did not expect it to be as good as 17 or 20%.” So it can be done.

**Q480 Chairman:** It is a matter of judgment in the end, I suppose.

**Mr Robinson:** I would point you, for real examples, to the two developments the National Trust is sponsoring at Dunham Massey and Cleveland. In those cases they would be able to point you to a lot of people winning, although at the outset the prospect for many National Trust members, being a member of an organisation that then becomes a development agent, was quite strange. However, they have seen that process through, and they have seen it through by applying a tremendous amount of effort to searching for solutions where there are lots of gainers. It is very easy to walk away and think you have got a solution where there is not enough winning going on. A lot of the secret of sustainable development is to go on looking, because there is often a solution that is beyond the one you think you have got, where there are more people winning than there are with the second group solution.

**Q481 Chairman:** Do you see Barker’s proposals as a threat to the countryside?

**Mr Roberts:** They could be. It is like a lot of things; it depends on the extent and how they are taken. We agree that housing needs to become more affordable; it is difficult to disagree with that at the moment. We accept in general terms that part of the solution to affordability is increased supply; although the report does seem to go a long way in terms of treating supply as being the answer when there are a lot of other things, but there is a lot of scepticism about the relationship between supply and affordability. We accept that increasing supply is probably one way of

improving affordability. We also accept that in some circumstances some of that new supply will probably have to go on green-field sites. We strongly support the idea of brown-field development. We applaud the successes that have been achieved, but we understand that that will not always be able to provide what is needed and where it is needed. That leads you to a solution that says that every proposal must be strongly tested, but it must be tested locally not in some sort of universal way. We are very opposed to the 20–40% additional land bank idea because that does not fit in with regional and local sensitivities. It very strongly directs you towards an approach that, where you do develop and have gone through all the tests, you have to have high quality, because for sustainability you have to have high quality in terms of resource use and things that fit the place and improve the place and give quality for the community.

**Q482 Chairman:** None of that, of course, is in Barker at all. I am not asking you how it may transpire eventually into government policy but I am asking you specifically about Barker’s recommendations. Were they to be directly implemented as policy, would that represent a serious threat to the countryside?

**Mr Roberts:** The biggest problem is the implication that the planning system would be by-passed. If there is one thing that we would want to emphasise, it is that we think for all of the problems and stresses, the planning system is the answer to a lot of these problems. It is not the problem itself; it is part of the solution. It is rather worrying that in several places Barker quite directly suggests ways of—sometimes it is called “accelerating” but it sounds and looks very much like going past or over the planning system when phrases like “alternative routes to planning permission” are put in. That is quite worrying, and we would be opposed to anything which did not use the planning system to seek solutions.

**Q483 Chairman:** The basis for that is your concern, I take it, that to go down that route would lead to urban sprawl.

**Mr Roberts:** It could do. There is a flavour in there, which is called “economic benefit”, which seems to boil down to employment benefits and monetary benefits largely. There is a danger that they become predominant and override other values. That has always been a danger when dealing with environmental values because it is so difficult to monetarise them.

**Q484 Mrs Clark:** You are one of the organisations that are very much thinking that a national housing strategy is not required and that the sustainable development strategy, provided it has enough environmental aspects, should be enough to address the situation in order to establish a stable housing policy. Is this really going to occur? Are you hopeful? What I would like to say about a sustainable development strategy is this. I know what it is; members of this Committee know what it is; there are a small, but dare I say select group of

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13 October 2004 Mr Bob Roberts, Ms Joanna Russell and Mr Terry Robinson

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members of parliament of all parties who know what it is; but there is nobody in my constituency who has got any idea what it is, to say nothing about the general public elsewhere. Is this not the strategy that dare not speak its name, that nobody knows anything about; and so why are you putting all your eggs in that rather useless basket?

*Ms Russell:* We feel the sustainable development strategy should be the over-arching strategy that embraces all the others. There is a danger of strategy overload. We have got the new planning system which requires a lot more strategic thinking and regional spatial strategies, local development documents which in themselves—

**Q485 Mrs Clark:** What does that mean? How are you going to engage local authorities? How do you see it engaging local authorities?

*Ms Russell:* The sustainable development strategy?

**Q486 Mrs Clark:** Yes.

*Ms Russell:* That sets the framework for all the strategies that the regional planning bodies and local planning authorities have to prepare so they know what the principles are and they take it forward into their strategies at regional and local levels, which will engage with the public so that the public will get involved with sustainable development issues at their local level. We do not see the need for yet another stand-alone strategy that might not be embraced by all the decision-makers or by the public.

**Q487 Mrs Clark:** I am probably going off the brief here, but I am just going to give you a local example. Peterborough is a growth area. It is not at all apparent to me that the local authority—and I am not talking about officers, you understand but about the administration—has any idea about the sustainable development strategy, or how it might integrate with housing policy. What do you see as your role and government's role in informing them about that—not just my authority but others? They have no idea what it is and how it links in, and so consequently there is a huge protest locally about housing growth.

*Ms Russell:* I think you are right. Government and local authorities have a very important role to play in raising awareness of the public, and the issues and the context within which very difficult decisions locally have to be made. There is a lot of general interest in environmental issues like climate change, and the public are becoming more and more interested and more engaged. It is the job of the professionals in the field to try and do what they can to engage people with those issues in a way the public can understand, so they get on board and can accept the need for necessary development and can have a say in how that development should take place at local level. The new planning system is predicated on far greater community involvement in the system, and we embrace those objectives. We think that is vitally important that everyone should have a say in the future planning of their areas and should engage

with the issues; and that is what is going to help achieve more sustainable communities in the long run.

**Q488 Mrs Clark:** I am not normally an advocate for my neighbouring Member of Parliament Sir Brian Mawhinney, but he has fought a long-standing campaign in terms of his concern about planning committees and the planning process; and he is concerned, as am I, about the fact that planning committees and planning concerns do not seem to be at all tuned in to government policies or whatever. How are you going to see your role as actually informing them about this? Furthermore, how would you look at a housing strategy with specific environmental guidance, actually targeted at all those involved in housing? Do you think that is a role for you? Is it a role for voluntary organisations; is it a role for the Government or ministers—what?

*Ms Russell:* It is a role for all stakeholders. The Countryside Agency has a role because we are a statutory consultee.

**Q489 Mrs Clark:** Is there discussion between any of these?

*Ms Russell:* All the stakeholders get together at the regional and local level, and the new planning system encourages that. It is a much more all-embracing system. Spatial planning is going to embrace all relevant participants at the local level to work together to achieve better quality development and sustainable development.

*Mr Roberts:* I have some sympathy with what you say, which is that it is not easy.

**Q490 Mrs Clark:** It is not transparent.

*Mr Roberts:* No, well it is not transparent enough. It is a bit unreasonable, I think, to write off the existing planning system—it is a damn sight better than an awful lot of other planning systems that are around, or non-planning systems. It is a relative issue. The latest changes are attempting to introduce higher standards and more transparency. I think there are two ways of looking at this. One is the question you have asked, which is to what extent is government going to make known to local authorities the new rules, and help them to implement them—and there are measures going through to do that. The other is to what extent planning authorities are going to be influenced from the bottom up. A great deal of our own work and a great deal of what we have produced and encouraged over the last 10 years or more has been about community involvement. Our theory is that the more you can involve the community, the more you can engage the community; and the more you can give the community benefit from proposed developments, very tangible benefits—and that is something that is very interesting in Barker and what comes out of that—the more likely you are to come out with happier communities, rather than them feeling things are just being landed on them all the while.

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13 October 2004 Mr Bob Roberts, Ms Joanna Russell and Mr Terry Robinson

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**Q491 Mrs Clark:** You are saying it is about sharing and discussion and working together for solutions, rather than top-down imposed.

**Mr Roberts:** Yes.

**Mr Robinson:** I want to go back to your observation that not many people understand sustainable development.

**Q492 Mrs Clark:** They do not.

**Mr Robinson:** Which is very easy to agree on that. What they do understand is better places to live; a more thriving local economy which is based on the local opportunities and builds on local opportunities; services and infrastructure which feed and help build proper community cohesions, so that their quality of life—which is what I quickly find when we talk about sustainable development, that we come to talk about quality of life much more quickly than the rather technical areas of sustainable development; and, on top of that, more prudent use of natural resources, better use of techniques where we are less wasteful and do more recycling. All of that seems to me to be being picked up quite rapidly, both at the political level by local politicians and in a lot of the stakeholders. What the new planning system delivers for those local authorities which can gear up to take advantage of it—and I am tempted to say, “woe betide those that do not”—is the opportunity to use the planning system to broker the sort of improvements people want where development acts as a vehicle to deliver those improvements, rather than the current situation which is a perpetual stand-off between those that want to develop and the rest who see development as some threat that we should all be frightened of.

**Q493 Mrs Clark:** That is very helpful. Speaking from a previous incarnation, as an ex English teacher, and someone involved with the Plain English organisation, the phrase “quality of life issues” or “quality of life commission” would seem to be much more readily understandable to people in constituencies up and down the country, rather than “sustainable development”, which we have even had problems within this Committee in defining—so that is a very valuable comment to make. You have said in your submission that you would like to see the wording of the draft PPS1 to be beefed up. How would you see that exactly?

**Ms Russell:** In the wording on sustainable development it talks about integrating economic and social and environmental objectives, which we welcome, but it is the point the Chairman made earlier about economic objectives perhaps overriding environmental ones. To reiterate the point we made, we think it should be strong. The PPS1 is the over-arching planning statement that all other planning statements are in conformity with, and regional and local plans are in conformity with; so it is really important that we get this one right. I would think the wording should be strong on integration, aiming for the win/win solutions—

**Q494 Mrs Clark:** Can you take me back? Can you explain “integration” a bit more, please—integration in what way?

**Ms Russell:** Economic, social and environmental issues together to achieve improvement in quality of life. That is sustainable development, and that should be strongly stated in the guidance.

**Q495 Mrs Clark:** Again, we have got to put that into plain English, have we not, in terms of people within their constituencies and their daily lives?

**Ms Russell:** The second point I would like to make on PPS1 is that it talks very much about improving the quality of the planning service, and we recognise that that is important; but we would like to see greater emphasis on improved planning outcomes, the quality of development on the ground. That should be in there strongly.

**Q496 Mrs Clark:** What do you mean by “future planning outcomes”?

**Ms Russell:** The development that is delivered. The development itself should be high quality; it is not just the process of getting there, in terms of dealing with the planning application efficiently, it is to do with the quality of the outcome that is delivered on the ground.

**Q497 Mrs Clark:** Finally, do you think that PPS1 will have the effect the Government wants it to have, of putting sustainable development right in the centre of the planning process? Is it going to have that outcome; and, if not, why, and how would you amend it? It is a difficult question.

**Mr Roberts:** We do not have our crystal ball with us today!

**Ms Russell:** It is certainly the starting point, if that is backed up by appropriate guidance and support and training for local authorities to help deliver that, with awareness campaigns and the publication we talked about earlier is all part of a mix that should help ensure sustainability is at the centre of decision-making.

**Mrs Clark:** Thank you very much. I love your phrase “quality of life”.

**Q498 Mr Thomas:** When we are talking about PPS1 or any other government definition of sustainable development—you have already made it clear to the Committee that you are afraid that the economic bottom line is the one that wins over. You said quite rightly that you are looking for integration and win/win situations, but when we cannot achieve that, when we are faced with a choice in which there is a conflict, do you as the Countryside Agency take the view that it is the environmental consideration with sustainable development that should in those cases—not all cases perhaps—be uppermost? If you do not take that view, where does that leave the countryside and the environment?

**Mr Roberts:** We do take that view where the environmental values are very high and very clear. For instance, in designated areas there are some very clearly-stated objectives, very important environmental qualities to protect and preferably

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13 October 2004 Mr Bob Roberts, Ms Joanna Russell and Mr Terry Robinson

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enhance. We do not think that they should be diminished, reduced or got rid of for economic gain. In other areas, the environmental features and qualities might be relatively few—back to the cabbage field I mentioned at the beginning. In those circumstances, the environmental reduction might be relatively modest. There would be a loss of productive capacity, for example, in some ways; but actually it would not be huge relative to some potential local economic and social gains. It is horses for courses. It is not an easy answer, but we must of course protect environmental quality and preferably improve it. The key concept is to use development to make places better. I think we are in a mindset because probably the lifetime experience of most of the people in this room is predominantly that development is bad news; so we have a knee-jerk reaction and when somebody turns up and says they want to change the place in some way we think it is going to be worse. However, if you think about it over a longer period, development has created some of the places that we value most, some very beautiful and attractive places. It sounds very idealistic, but the trick is to use development to begin to recreate places that we think are beautiful and attractive and that we want to live in for the 21<sup>st</sup> century, rather than preserve some sort of mythical 18<sup>th</sup> century idyll.

**Q499 Mr Thomas:** I can see how that approach works quite well in the context of a local environment or specific location, so you can take a monoculture agricultural field and say that in terms of biodiversity it is rubbish anyway, and 20 houses with nice gardens would be better. I can see how it works in context but what about the wider question, for example the effect of flooding in relation to development in a particular area; or the wider question about transport and the additional emissions that might be caused by the fact that a development is here, but the jobs are there, or the village or the markets are there? How can you take that view and apply it on a wider basis? It may work for the particular cabbage field, but how can you make sure it works in the wider context?

**Mr Roberts:** That is precisely the job of the local planning authority, to receive information on those things from the Environment Agency or wherever the expertise lies, to properly take them into account and come to a decision in the light of that information. That is precisely what the planning authority is there for. When you ask how you do it, the answer is, “with difficulty”. Sometimes there are conflicts. We know what the consequences of building on flood plains are now. We are not the Environment Agency, but I guess I know what they will say about it. What you have described is the planning process; it is receiving the multiplicity of information and attempting to resolve it with the maximum possible gain.

**Mr Robinson:** The communities that fare better at this are those which are—and we hope in increasing numbers—using the planning system to prepare for this. You are very poorly equipped to get these sorts of solutions if you sit there waiting for something to

be sprung on you. The planning system has to be steered round to—we advocate a visioning process whereby at community level the community comes together and gives the planning authority the information it needs to say, “this place is not going to be the same in 10 years’ time as it is now; what sort of change do we want; what sort of community do we want to become; and therefore what is on our shopping list, and what of that can we achieve through a development process?” I want to refer to a lot of success we have had in terms of quality, although it has not been adopted in a large number of places yet, with the technique we developed jointly with the Environment Agency and English Heritage and English Nature, called a quality of life assessment, which is a consultative process where basically, because you cannot put economic costs on—

**Chairman:** We are coming on to this. I am anxious to make progress.

**Q500 Joan Walley:** I wanted to follow up Mr Thomas’s question about the relevant planning authorities and how you feel that special delivery vehicles in the planning process fit into that.

**Mr Robinson:** They are obviously going to be most heavily prevalent in the Government’s growth areas, and it is early days to know how successful it will be. We have learnt enough about how not to make them work in the past, and I think if we take on board lessons and make sure they operate on the basis of sustainable development in a proper collaborative way, looking at the right partnerships and alliances, and keeping the right contact with existing stakeholders, they stand a good chance of driving forward the sort of development that will be seen as beneficial in the long term.

**Q501 Mr Francois:** Can I focus some of my points on the Sustainable Communities Plan itself. I declare an interest in that my constituency in Essex is just to the north of the Thames Gateway, so I am just on the northern fringes of that. The Sustainable Communities Plan has very significant implications for the growth areas as you have already intimated, and the countryside around them. You state in your memorandum that you are working in the growth areas to demonstrate how quality sustainable development can be achieved in practice. How are you doing this exactly? Can you give specific examples?

**Mr Robinson:** We have been at work both in the planning arena and in developing greater awareness of the value and the wasted opportunities that exist in the countryside close to towns, which can be seen as the most important countryside we have got because it is the local countryside for those people. It is on the basis of a lot of experience with projects that led to the Groundwork Movement, the 12 community forests, and then individual planning techniques and countryside management techniques. We have got about twenty at the moment, which we put together in, I am afraid, yet another toolkit we are calling the Sustainable Communities’ Cookbook. We are just poised to be

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13 October 2004 Mr Bob Roberts, Ms Joanna Russell and Mr Terry Robinson

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at large in the growth areas with a team of people with a message saying, “we believe everyone is of one mind as to how they want this growth to happen and what legacy we want to leave to future generations”. However, we also understand that sustainable development can be just a high aspiration and not much else; there are simple, straightforward techniques for achieving it. We have the answer to some of them, and we hope others will join in in that process as well, but there is a lot of good practice and a lot of good technique that is not well shared, and we want to help share some of the fairly straightforward ways of making things happen, for example in terms of planning. One of the techniques would be selling a concept statement of planning, whereby you get a community to look not just at where development will take place, but at the quality and the criteria for that development to take place on that site and the other benefits it will bring with it.

**Q502 Mr Francois:** We have certainly not lacked an input of paper into this inquiry so far. You gave some specific examples and you rattled through them rather quickly, but would it be too much of a burden to ask you to provide us with a note?

**Mr Robinson:** We have a sales leaflet which promotes these techniques, and I will certainly let you have some copies. It is very much based on the premise that we are not sending out bits of paper, we are sending out people to go out, because there is a lot of hand-holding needed to give people the confidence to do this.

**Q503 Mr Francois:** Do you have any concerns about how the Communities Plan might be affecting the countryside, in the South East in particular?

**Mr Robinson:** We are embarking on some research, which is remarkably non-existent at the moment, because it is quite hard to predict—we are doing some research that has not got any findings yet, on the impact of urban development on surrounding rural communities. In terms of environmental damage, if we adopt the sort of approach to planning that we have been advocating, we think that towns and cities can expand if it is handled properly in a way which still leaves you a decent hinterland on the edge of the town and good countryside for rural people and others to enjoy.

**Q504 Mr Francois:** On a specific point, what are your views about the current environmental concerns and principles that are being incorporated into the Sustainable Communities Plan? Is that happening?

**Mr Robinson:** Yes. I think the Government has set very high standards and is giving effective leadership in saying that the Sustainable Communities Plan is not just about a step-change in the number of houses being built; it is a step-change in the quality of the environment that people are going to be living in; and it is picking up all the green space issues and a lot of other issues—for instance, in the Prime Minister’s speech a few weeks ago about the quality of the new housing development that will take place in the Thames Gateway. I think it is leading off that very strongly.

**Q505 Mr Francois:** As an MP from the area, I think you have still got some work to do.

**Mr Robinson:** Yes, we are aware of all of that; we have all got work to do.

**Q506 Mr Francois:** One of the results of the Sustainable Communities Plan and Barker’s recommendations, if they were to be implemented, would be that many areas that are currently rural, or at least urban/rural fringe, would effectively become urbanised. What do you see as your role, as the Countryside Agency, in protecting this?

**Mr Robinson:** It is very hard to put a finger on it, but it is quite clear that we can do better than the practice which we see, which our planning system until now has helped deliver, of having town stop and countryside start, and a very hard line between the two. There are ways in which you can get a much better intermingling—green fingers and extensions—having much more sophisticated relationships with the countryside around—more convoluted boundaries, a softer boundary between the two, than having a hard planned edge to a town or city. That is one of the main ways to achieve that.

**Q507 Mr Francois:** There is another way of looking at it. Once that green belt boundary is bridged, once you are in, you are in; and a lot of developers would welcome what you have just said. There is some protection, and once you start to fudge that protection, you are in danger of a free-for-all.

**Mr Robinson:** I do not think we are talking about abandoning the green belt.

**Q508 Mr Francois:** Forgive me, I did not put those words into your mouth, but what I did say is that you have talked of making softer boundaries; and once it becomes a softer boundary, by definition it is more easy to breach it, and there is a risk in that.

**Mr Robinson:** Yes.

**Q509 Mr Francois:** You acknowledge that.

**Ms Russell:** There is a risk but there is also opportunity. We are placing a lot of effort on what we call A New Vision for the Rural/Urban Fringe. We have prepared a consultation document in partnership with Groundwork, and we think it is that area that in the past has been neglected and under-utilised and its potential has not been realised. We want the best quality development we can, but, yes, we want all the other things that Terry has talked about in terms of softer edges, strategic planting, better links with the rural communities. If the rural/urban fringe is treated in an integrated, holistic way, and a strategic approach is taken to it, with all partners signed up to it, you can have a long-term vision for that area of rural/urban fringe, and you have identified exactly where future development might be acceptable if it is needed, and areas where it will not be appropriate to build, and where you will put your efforts into extensive tree-planting, like community forests, or whatever is appropriate in that locality. If you have that vision, and it is signed up and endorsed by stakeholders at a local level, which would involve cross-boundary

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13 October 2004 Mr Bob Roberts, Ms Joanna Russell and Mr Terry Robinson

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working, because it is not usually in the hands of one local authority and there are lots of players involved, if you have that vision and strategy and it is planned effectively, for the long term for that urban/rural fringe you can achieve those—

**Mr Francois:** I am going to recommend you for the most buzzwords in a single response!

**Q510 Mr Challen:** I am slightly alarmed by this soft urban fringe because I represent a seat that is on an urban/rural fringe, and it has been my experience of watching planners that where you have a jagged line on a map of a built-up environment, they want to have straight lines to define that town or area. If you are saying there is a soft urban fringe, that anticipates that it will extend some jagged lines a bit, where at some future date we would have more building because they will want to tidy it up and make it neat, because this is the way they are.

**Mr Roberts:** I think what you are saying is that we are full of theory and no practice. I think practice is not huge, but there are examples of good practice, particularly with community forests, which have been quite effective in some places in England. There is considerable experience of this sort of approach in continental Europe, and if you go to many Danish, Dutch and German cities, you will find exactly this; that they have got a very well-managed urban fringe, often which is highly treed but highly managed and highly invested in, which is a buffer zone, and does allow urban development to go out through it in some places. The difference, and this is from my experience as a student a long time ago—looking at what has happened in this country in the last 20 to 30 years—is that they invest in it. What we have done with our urban fringe and green belt is to have frozen it by preventing development and not done much more, so a lot of it has stagnated and has not been managed or utilised; it has been held for “hope” value. That is part of the problem, the absence of positive management.

**Q511 Chairman:** Mr Robinson said he did not think you were talking about eroding green belt, yet you have just criticised the green belt as something frozen and static, and by inference unattractive.

**Mr Roberts:** The green belt has been very successful in one way, because without it we would have had urban sprawl; but it has not been entirely successful because it has tended to lead to stagnated management and some places ‘horticulture’—which is the phrase that used to be used—and other land simply being held on hope value for long-term development. What seems to have happened in other places in continental Europe is that the land has been taken into positive management for things like recreation, and has been positively managed for those uses. It is seen then to be something of an asset.

**Q512 Mr Francois:** You can move green belt boundaries. You can consult locally and sometimes local authorities, in their plans, do agree to move them. It is one thing to change where the line is; it is another thing to fudge the line. What concerns me is that what you are talking about this afternoon is not

so much moving the lines but fudging them, and in some ways that is more dangerous. You said you want all aspects of the Sustainable Communities Plan to be rural-proofed. Imagine that the Chairman of the Plain English Campaign were sitting behind you; what do you mean by “rural-proofing”?

**Mr Robinson:** Rural-proofing is an exercise introduced in the rural White Paper whereby all Government departments are required to look at the rural impacts of their policies. In regard to the Sustainable Communities Plan we are asking no different to what we ask the Lord Chancellor’s Department or anyone else; that that plan should be examined for any impacts it might have on the quality of life of rural communities.

**Q513 Mr Francois:** Other than *Greening the Gateway*, the Government’s green-space strategy for the Gateway, is there anything specific that the Government is doing to address the environmental issues in the growth areas?

**Mr Robinson:** It has just published a document for the Northern Way, which is a possible extension of the growth area concept there, which has had quite active input from the community forest that we sponsor in that area, so that is one example. In the Milton Keynes/South Midlands area there is a very well-regarded green infrastructure document, which has recently been absorbed and is one of the key documents for the way that development is planned.

**Q514 Mr Francois:** There are lots of documents and lots of strategies; there are innumerable concepts: I think what people require in order to believe any of this is hard evidence. Forgive me, but again we are hearing about multiple concepts and strategies. The one example you have all referred to several times is the community forest, but perhaps what is lacking is real hard evidence as opposed to great theory, if I may say so.

**Mr Robinson:** Maybe plans are the best we can hope for at the moment because the money has only just started to come on-stream—but there is a fair amount of money now coming on-stream. There was £12 million announced a year ago in the summer, and a fair chunk of that is outside the Thames Gateway. I cannot remember the sum in the Thames Gateway. That is the first tranche of money that has been specifically voted for environmental green-space initiatives, and that will buy things on the ground. It will buy real enhancements to make what we call green infrastructure—sorry about the language! It will buy that sort of substrate in which the development can take place; and we believe it will be of a higher quality.

**Mr Roberts:** We do agree with you that the proof of the pudding is going to be in the eating, and we are as keen as anybody else to see this green infrastructure, to see the trees planted and to see the land identified as public open space, to see access improved in these areas, in advance of and during the harder development process. That is critically important. I am a landscape architect by training, although I have not done any for a long time, but one thing I used to get fed up with when I was



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13 October 2004 Mr Bob Roberts, Ms Joanna Russell and Mr Terry Robinson

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practising was the money running out at the end of the scheme, so there was never any money left to do the good bits at the end. We definitely do not want that on a large scale. We want to see this infrastructure being put in place and we want people to be able experience it before and during the building, not a promise for the end of the building.

**Mr Francois:** To give an analogy, Mr Roberts, we have been sitting in the restaurant for quite a few years and we are still waiting for the starters to turn up!

**Q515 Sue Doughty:** We have had a memorandum from the ODPM to say they are in the process of commissioning a research project into the implications of additional housing supply for sustainable communities. What do you think should be in it?

**Mr Robinson:** I do not know.

**Q516 Chairman:** That is an honest answer! Let us move on!

**Mr Robinson:** I do not know about the work.

**Mr Roberts:** I think you have caught us out there; it is an initiative we have not got sight of.

**Q517 Sue Doughty:** It is obviously something we are interested in, and as far as I am concerned it is good news that they are starting to research the implications of this development on sustainable communities. Obviously, it is a matter of trying to find out what they are going to do, and we hope that we are going to see the research. Mr Robinson, you touched on this point earlier, but it is worth revisiting: in the Egan Review of Skills for Sustainable Communities, his definition was this: "Sustainable communities meet the diverse needs of existing and future residents, their children and other users, contribute to a high quality of life and provide opportunity and choice. They achieve this in ways that make effective use of natural resources, enhance the environment, promote social cohesion and inclusion and strengthen economic prosperity." Would you want to make any comments on that definition?

**Mr Robinson:** We looked at the Egan Review definition of sustainable communities. Someone needed to pin down the definition, and by and large we think he has got it right.

**Sue Doughty:** So you are reasonably comfortable now that there has been an improvement on that.

**Q518 Joan Walley:** I remember going to Paris in the early eighties and looking at the Pompidou Centre and thinking, "wow, I have not quite seen new architecture like this in Stoke-on-Trent". It was completely different. I was interested in the evidence you have given, though I have not read the detail, to know what you mean by the "new vernacular" in relation to buildings. I can see Mr Robinson smiling! What do you mean by that? How would you sum it up? How would you describe to the Committee what you are looking for, in terms of the new vernacular?

**Mr Robinson:** It is new development which feeds off the character of the place itself and what exists there while at the same time feeding on modern design practice. There is some success in getting new development that does not fall into the trap of being anywhere, with bog-standard boxes everywhere, but also which does not fall into the opposite trap of being pastiche and just copying "ye olde village street". We have been doing some work on it, and some architects have been helping us with it. It is a concept that we think we are going to be able to make some progress with. It stems from the work we did on village design statements. There are over 600 of those in existence now, where communities have come together and said, "we recognise that there has to be development here; let us characterise it: what is special about this place now, and therefore what features should new development incorporate in order to harmonise with what is here at present?" Not surprisingly, some of the development which took place in those design statements has been criticised for being a bit like pastiche, so we moved quickly on to seeing how we could avoid the pastiche.

**Q519 Chairman:** What is the vernacular in the Thames Gateway on which to build—

**Mr Robinson:** It varies because the Thames Gateway is a jolly big area, and the vernacular down on the Kent Marshes is very different from that nearer London.

**Q520 Chairman:** So you take a particular location and think, "the buildings here are like that, so we will build them a bit like that" and then somewhere else will be a bit different.

**Mr Roberts:** It is character reflecting local materials, traditions and culture.

**Q521 Joan Walley:** What interests me about it is how narrow your definition is, and how much your definition of vernacular includes the concept of sustainable development. This Committee went to Aberdeen and saw an absolutely cutting-edge new build, a house that was built in the local vernacular, but which in terms of not just its outward design but interior had the cutting-edge of technology in terms of energy efficiency standards and insulation. It had water conservation, and local materials were used in the construction that would fit into our definitions of sustainable development. I am interested to know whether your definition of vernacular is not just one where you take something from the dictionary and say, "it is like the black and white houses in Cheshire" or whether it is breaking new ground in some way like the Pompidou Centre, something which is now incorporating an understanding amongst the public of what it means to be building sustainable properties.

**Mr Roberts:** It does embrace those broader values. It should be the modern, the creative, the exciting use of materials to create things of beauty and usefulness; in the same way that there was a vernacular style of Georgian England, there could easily be a vernacular style for the 21<sup>st</sup> century, with

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13 October 2004 Mr Bob Roberts, Ms Joanna Russell and Mr Terry Robinson

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very high-quality, very modern, very exciting use of local materials in a very creative way. I know you are not going to like this but we are about to produce a report on new vernacular design, and we are organising a little conference on it later in the spring. We would love you to come along and see what we are talking about. I absolutely agree with you that the product of new vernacular design should not be a pastiche; it is not old-fashioned, it is very new, and using, as you say, the cutting edge of design and technology to produce things that are very, very appropriate for their location and which are very efficient in terms of energy use and everything else we need to achieve, to get to sustainability.

**Q522 Mr Francois:** Can you send us a copy of that because when you talk about the Essex vernacular people might think you mean something else!

**Mr Roberts:** Yes.

**Q523 Joan Walley:** For the record, can I just say that you suggested I would not like it much, but I would like to know about what you are organising along those lines. Why did you feel the need to get involved in this kind of work at the Countryside Agency?

**Ms Russell:** I think because we have past experience of getting involved in design initiatives in rural areas such as our village and town design statements process. As Terry mentioned earlier, we were concerned that perhaps they were looking backwards always to try and create buildings that were a reflection of the old historic village styles, and not looking forwards to encompass all the environmental performance and sustainability principles you have talked about. It is about moving that agenda forward into the 21<sup>st</sup> century so we can have both high environmental performance but also buildings that are appropriate in terms of their character and distinctiveness, particularly in rural areas, because to put something brand new and innovative and modern next to a traditional Cotswold village core might not be seen to be appropriate; so it is how you can match the two.

**Q524 Joan Walley:** You would not just restrict this to rural areas, or would you, because your remit obviously countryside?

**Mr Roberts:** No, of course not.

**Q525 Joan Walley:** Is it a question of you leading this, or are you responding to some demand from the public that you should be doing this; or is it the architects who have an interest? Who is driving it?

**Ms Russell:** We are leading this because we are looking for a new design initiative to make sure that our design initiatives encompass the sustainability principles we have talked about, so that we can move the agenda forward.

**Q526 Joan Walley:** What kind of response have you had?

**Ms Russell:** It is early days yet; we have only produced this initial report and are hoping to take it forward into a larger programme next year.

**Mr Robinson:** The response to the previous stage of the village design statements, which has now run into town design statements as well, has been extremely healthy and enthusiastic.

**Q527 Joan Walley:** Going back to our earlier discussion about planning, would you see difficulties in terms of getting standards linked into building regulations possibly as well, linked into the planning regime? In my constituency, I am finding a world of difference between avowed intent and willingness of developers coming in to want to do anything other than the bog-standard building.

**Mr Roberts:** The sustainable construction work that Sir John Harman has been involved in and published is pointing exactly in that direction, is it not, of using the building regulations and other existing mechanisms to encourage high-quality sustainable development? I think we have to be optimistic about that and have to encourage and push it.

**Joan Walley:** Perhaps I can use your best practice with the developers interested in my constituency.

**Q528 Sue Doughty:** On the topic of encouraging developers, what we are really seeking is a little bit more about requiring developers, because councils try to oversee these designs with the worthiest of intentions in regard to sustainability, but they too see these things disappearing away, because once somebody comes to test the contract, unless there is a very hard requirement in the local plan and everywhere else, they will challenge when the costs start mounting up, and that is the first plank that goes away. How do you see this problem between aspiration and clear requirement?

**Ms Russell:** It is absolutely essential that the planning system is used to set out not only a framework for development but the requirements that developers must meet, the conditions that a development has to meet to be sustainable to fill all the community's aspirations in terms of what it can provide. We think it is absolutely essential that the new plans are setting out in no uncertain terms all those requirements—but that is provided developers and local communities have been engaged in the planning system at the outset so that there is a consensus about what should be provided so you are signed up to that vision of what that development will look like. Once you have got that vision and that participation, and people are signed up to it, the planners should set out what is required from development. Tools such as the concept statements we talked about are a way of doing that; it is a way of setting out what this development on this particular site should look like, what facilities it should provide, what the standard of building should be and all the requirements to ensure high-quality development.

**Mr Roberts:** You lock that into the deal with the permission. It is going a step further than saying "build on this land". You are locking into the deal some quite specific conditions about the nature of the development. After that, it is down to the local planning authority to enforce it.

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13 October 2004 Mr Bob Roberts, Ms Joanna Russell and Mr Terry Robinson

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**Mr Robinson:** The development industry, when we tested these ideas among them several years ago, before we came out with our planning policy, said, “that is fine by us so long as we are all on a level playing-field, and so long as this is made clear early enough on so that we do not pay a price for land which means we cannot afford it in our budget.” It might be a bit late to set this hare running, but when the Barker Review makes a proposal for some sort of way of extracting money for the public good from the uplift that occurs when land gets designated as development land, it is something that has got something going for it and is worth thinking about.

**Q529 Mr Challen:** I have one question about the new vernacular. It strikes me that part of the old vernacular of the English countryside are places like Ferrybridge and Drax, the fossil-fuelled power stations, leading to all sorts of pylons and other rather ugly features stretched across fields and so on. In terms of new vernacular, are you integrating things like micro-power generation into building design and the development of housing estates so that from the very beginning that is integrated into that a community power scheme, rather than saying, “that is not for us; that is for some old industrial area where they have a power station”?

**Mr Roberts:** The answer is “yes”. One of the things we are closely involved in is the Community Renewables Initiative, which is very much aimed at very directly helping local communities to come up with their own proposals for the use of renewable energy, for their own benefit and also of course for the wider benefit to society. It is trying to leapfrog straight into the community and get them to think about what they would like, what would be good for them, rather than having things done to them and rather than somebody else deciding that the best way they can get their power is from whatever it is—a generating station 50 miles away. They can think themselves about what the choices and alternatives are, and can be given direct help with the very detailed technical issues that they come up against when they want to use local power generation; so we are very much into that.

**Q530 Mr Challen:** How advanced is that work and what kind of reception has it had?

**Mr Roberts:** It has been running for a couple of years now and it has had quite a good reception. We can send you details about the schemes—and we are into reality here—that have been created on the ground using various varieties of technology. It is real. Like everything else, it comes under constant pressure because there is lots of competition and, at the moment, we are thinking about whether or not or how we can actually keep it going in the future, but it has been very successful.

**Q531 Mr Challen:** What do you mean, whether or not you can keep it going? Surely this is something that has to be kept going. Is it a question of money or resources?

**Mr Roberts:** It is a question of money.

**Q532 Mr Challen:** So, the builders are not saying, “Here you are, here is some cash from our vast profits, so let us do more of this work”?

**Mr Roberts:** The scheme is being funded by DTI at the moment; the money that we are spending on it actually comes to us from DTI which is a nice change.

**Q533 Mr Challen:** How much is that?

**Mr Roberts:** I would need to write to you on that but it is the in order of a couple of million pounds a year I think. I would need to write to you on that to get it right and I will do that.<sup>1</sup>

**Q534 Mr Challen:** Can we turn to the quality of life assessments that you have developed with English Heritage, English Nature and the Environment Agency. In what way is that different to what the Government approach is, if it is indeed different at all?

**Mr Robinson:** I do not know of anything the Government have come forward with which is similar to it. It is really a framework for a community brokerage to go on where the community does do things. It says, “What is special about living here?” and that is not just environmental, it is whether it has a good dinner party circuit or something. It is really free for all. You get catalogued what is special to the people there and they go through a much more difficult process of saying, “What of that is tradable? What is actually sacrosanct?” So, what is capital and what is tradable? On the basis of that, they then take forward what is tradable on what circuit, and what are the terms that we would extract if we were prepared to give up some of this and what would we expect back, and it actually results in a framework through which you can take much more informed and much more confident decisions about the sort of integration of benefits that we were talking about earlier.

**Q535 Mr Challen:** Would it be possible for you to characterise, if you like, how, say, one place in a town which did not have this part of this development as part of the process against and another part that did? Would you be moving from some sort of bland, horrible and bleak area to some sort of Prince Charles-like arcadia? What actual difference would you notice on the ground as a result of using this assessment?

**Mr Robinson:** You would notice development and decisions about change being taken which were far better controlled and there would be far better buying by the community because they had made up their own minds about what they were not going to give up under any circumstances and the terms under which they were prepared to see other things alter.

**Mr Roberts:** I think the critical point was made at the beginning. This is not just about environment, it is about what people want. So, you might not actually see, visually, a big difference between one place and

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<sup>1</sup> Note by the witness: The total expenditure is about £1.5 million, over three years.

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13 October 2004 Mr Bob Roberts, Ms Joanna Russell and Mr Terry Robinson

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another but hopefully, where this exercise has been gone through, you would be getting things which people have actually said they want and they will themselves have prioritised that they want. That might not be visible but it might be tangible in other ways in terms of community satisfaction.

**Q536 Mr Challen:** Is this what used to be known as popular planning back in the late '70s and early '80s?  
**Mr Roberts:** I do not know, I am not familiar with that.

**Q537 Mr Challen:** It is a more democratic approach.  
**Mr Roberts:** Yes, it is involving people and asking them what they want rather than telling them what they want.

**Mr Robinson:** It is more than that. It is driving people towards marshalling their ideas around the idea of change and then stating the terms under which that change can be broken.

**Q538 Chairman:** Well, I wish someone would tell the developers in my constituency! Thank you very much indeed for your evidence. Is there anything more that you would like to say?

**Mr Roberts:** I would just like to make a couple of points to leave you with. I get the impression that you think a lot of what we say is a bit sort of soft and cuddly and that it is idealistic. Yes, we are idealistic actually, because, if we are not, if we do not start off, as I said earlier, aiming at something which is good, then we are doomed. Because if we start off saying, "This is not doable, development will always be bad", then you are definitely doomed. You have to

start off with some ideals and we have some ideals and we have set them out in the paper. We also have some quite hard-edged things that we have said as well. We have said that we are not into 'predict and supply' which is what we think Barker is moving back towards. We think that is wrong. It has all the hallmarks of transport policy which says, "If only we could build enough roads, we would get rid of the traffic jams." It sounds the same. We thought we had got rid of that and we do not want to go back to that. We do not want the planning system to be bypassed, superseded or overridden by anything. We want the planning system to be given the chance to work and given the resources to work and that is pretty hard edged, that is quite real. We think there is something quite interesting in Barker about returning financial benefit from development to the community, this business of actively pursuing measures to share windfall gains. Unfortunately, it is then spoilt by talking about them disappearing into the Treasury as a funding stream for other policies, which we do not like. We think it is really interesting about harnessing the significant uplift in values. We really are looking for definite results on the ground and we are not going to be fobbed off with promises—in relation to this business about new growth areas. We want to see this new infrastructure appearing, as it did around Amsterdam after the war and as it did around a lot of German cities which have been rebuilt after the Second World War. They actually did it. They planted those forests first and then they did the development. So, we are quite serious about all that.

**Chairman:** Thank you very much indeed.

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### Memorandum from the Royal Town Planning Institute

#### INTRODUCTION

1. The report of the Barker Review of Housing Supply, published by HM Treasury in March 2004, concluded that a very substantial increase in annual new house completions in England was required if Treasury objectives were to be met. The Environmental Audit Select Committee is concerned by the environmental implications of an annual increase in house completions of almost 100%—from 125,000 to 245,000—and has decided to hold this inquiry to consider how future building programmes can be made truly sustainable and take full account of environmental objectives.

2. The inquiry will look into the environmental implications of the Barker Review in particular, and Government policy for sustainable housing in general. The Committee is concerned about the Review's suggestion that economic considerations (with regard to new housing) may have to overrule environmental objectives. The issues of specific concern to the Committee are:

- are the conclusions of the Barker Review compatible with the general principles of sustainable development and the Government's own sustainable development objectives?
- in view of the Barker Review, is there a need for an overarching national strategy to ensure that the environment is at the heart of any building programme?
- is the current planning system robust enough to ensure that the environmental implications of building projects are fully taken into account? How can the planning system be used to increase the building of more sustainable housing? Would the proposed changes in the planning system in the Barker Review have a positive or a negative effect on the environment?
- where will the proposed new housing be built? What are the implications for land use and flood risk of the large scale proposed building projects?
- is it possible to ensure materials and resources used, and waste produced, during building do not have a harmful impact on the environment?

- are the building regulations, as they stand, capable of ensuring that new housing is truly sustainable in the long term? How could they be improved? Could greater use be made of existing environmental standards for housing?
- how will it be possible to ensure a sustainable infrastructure, including transport and water supply, which will be necessary to support any extensive house building, is put in place?
- do those involved in housing supply, both in the public and private sector, have the necessary skills and training to ensure new housing meets environmental objectives? If not, how can the knowledge base of those involved in the planning and building process be improved?

#### GENERAL COMMENTS

3. This submission takes the form of introductory comments followed by brief answers to each of the above eight questions where these are within the professional competence of the Institute. As much of this inquiry is centred on the outcome of the Barker Review, the Institute's evidence to that review is attached as Appendix 1. We would be happy to amplify the points made in the current submission, in oral evidence, if this would be helpful to the Committee's inquiry.

4. The Institute is generally supportive of the outcome of the Barker Review, particularly its recognition that more housing—and especially affordable housing—is required. While the Barker Review approached the problem from a different direction, there is nothing new in this conclusion. For the past ten years, successive Governments have been aware of the challenge of a substantial growth in the number of households in the UK (as distinct from growth in the population as a whole), but have failed to meet this by delivery of sufficient new housing. Figures have varied in different studies and projections, but an “average” requirement of, say, 5 million new houses, over a 20–25 year period, produces the same order of annual programme as that envisaged by Barker.

5. While supporting Barker's main conclusions, the Institute can also identify with the Committee's environmental concerns. The issues here are not new either, and it has to be acknowledged that the Government has brought forward a number of policies designed to address environmental issues. For example—the requirement for 60% of all new housing development to be on brownfield sites; higher densities; and maximum rather than minimum car parking standards—are intended to reduce the total amount of land, and especially greenfield land, required to accommodate the necessary new housing. Meanwhile, the effective prohibition of new development in floodplains recognises the impacts if floodplains are not allowed to maintain their natural capacity to ameliorate the effects of flooding.

6. Local planning authorities have generally pursued these policies with enthusiasm, and, alongside them, have sought to drive up design and environmental standards in new housing. In the new system of development plans, introduced by the 2004 Planning and Compulsory Purchase Act, sustainability appraisals are mandatory. Combined with the strategic environmental assessment of plans and programmes, necessary under the EU Directive from July 2004, we can look to future new housing allocations to be much more sustainable than some might have been in the past. What we cannot be so certain about is that new housing sites will be delivered any more quickly than in the past.

7. This is clearly another tension within the planning system. Few could disagree that the greater emphasis on environmental assessment and sustainability appraisal will lead to development proposals that are more sustainable environmentally, economically and socially, but the price of greater community involvement, and a plan-making process that is more considered, will be seen in some quarters as unacceptable delay in implementing development—the criticism that the planning system is slowing the delivery of housing. We would repudiate such criticisms.

8. What remains lacking under the new development planning arrangements is a robust overall strategy at the national level to shape regional and local housing distribution and provision. Such a national housing strategy should be an integral part of a UK Spatial Development Framework (UKSDF)—something for which the Institute has argued the case with Government for some years, but so far without success. Such a strategy might have been at the centre of the Barker Review, than the rather narrower focus on economic objectives. Logically, housing figures should cascade from a national distribution to regional spatial strategies and on to local development frameworks taking into account local needs and capacity. Under past arrangements, this cascade has become disjointed as a result of debates on housing numbers and distribution being re-opened at each successive level in the plan hierarchy. Revised testing arrangements and binding recommendations should make the new development planning arrangements more effective in this respect, but the continuing absence of a national framework is to be regretted.

#### DETAILED COMMENTS

*Are the conclusions of the Barker Review compatible with the general principles of sustainable development and the Government's own sustainable development objectives?*

9. Yes, in general terms. The Barker Review suggests nothing new in terms of the size of the necessary housebuilding programme (see paragraph 4, above). The figures are broadly comparable with the projections of the last 10 years or so, but do represent a scale of programme that we have not yet been able to deliver in recent times.

10. In the Committee's terms of reference for this inquiry, "sustainable development" and "environment"/"environmental implications" seem to be used almost as though they are interchangeable. There is a need to clarify whether the Committee's concerns are with the narrower environmental implications of the increase in housebuilding recommended in the Barker Review, or with its impact on the broader concept of sustainable development. In *A Better Quality of Life: A Strategy for Sustainable Development in the UK*, the Government identifies four strands of sustainable development. These are listed in the consultation draft of PPS 1: Creating Sustainable Communities as:

- maintenance of high and stable levels of economic growth and employment;
- social progress which recognises the needs of everyone;
- effective protection of the environment; and
- the prudent use of natural resources.

While the Institute has always taken issue with the Government over the implication that priority should be given to "high and stable levels of economic growth", Draft PPS 1 does state that "Planning for sustainable development should ensure that these four aims are tackled in an integrated way . . ." In other words, we have to remember that sustainable development is about more than protection and enhancement of the environment, and that, in the context of this inquiry, providing a decent home for everyone that needs one can rightly be regarded as a central objective of sustainable development.

*In view of the Barker Review, is there a need for an overarching national strategy to ensure that the environment is at the heart of any building programme?*

11. In view of the foregoing, it could be argued that this question takes too narrow a view of sustainable development—the issues are wider than just "environment". The Institute sees a clear need for "an overarching national strategy", but with the wider brief of addressing issues of regional imbalance, and laying down a framework for the development of sustainable communities, transport and infrastructure across the country. This would be the role of the UKSDF (referred to in paragraph 8, above).

*Is the current planning system robust enough to ensure that the environmental implications of building projects are fully taken into account? How can the planning system be used to increase the building of more sustainable housing? Would the proposed changes in the planning system in the Barker Review have a positive or a negative effect on the environment?*

12. The Institute would argue that the new planning system embodied in the 2004 Planning and Compulsory Purchase Act, should be well-equipped to ensure that the environmental implications of future house building are fully addressed (see paragraphs 5 and 6, above). However, while the mandatory sustainability appraisals should ensure that the most sustainable locations are selected for new and expanded communities, they will not be able, specifically, to address issues of sustainable construction, greater use of secondary materials, or energy efficiency. These are matters for other regimes, particularly the Building Regulations (see paragraph 17, below).

13. We believe that the Barker recommendations for changes to the planning system—many of which the Institute can readily support—would be fairly neutral in terms of their effect on the environment and on the sustainability of new housing in general. The recommendations are wide-ranging. Some are procedural or administrative, such as the proposal to combine regional planning and housing boards, which can only be seen to be sensible in terms of better integration. Others are concerned with the provision of better technical advice to local planning authorities (LPAs), such as those about mechanisms for incorporating market conditions into assessments of housing requirements. The recommendation that LPAs should allocate a "buffer of land to improve their plan's responsiveness to changes in demand" might be seen as anti-sustainable. It should be remembered, however, that LPAs have long been required to ensure that there is a five year supply of housing land beyond the plan period, and that land allocated as Barker's "buffer" will itself have to be included in the development options that are subjected to sustainability appraisal. On the other side of the coin, the suggestion that "planning guidance should be amended to advise regional and local planning authorities on assessing the value of land to society" can be seen as positively pro-sustainability.

*Where will the proposed new housing be built? What are the implications for land use and flood risk of the large scale proposed building projects?*

14. Clearly, a number of significant allocations of land for housing are already "in the pipeline", and development of these sites will proceed as planning permissions are granted. New allocations will be handled through the development planning system introduced by the Planning and Compulsory Purchase Act (with commencement of the relevant provisions of the Act expected within the next two months). Broad locations for new housing, but not site-specific allocations, will be established through regional spatial strategies (RSSs), following consultation with regional stakeholders and local communities. It will then be the role of local development frameworks (LDFs) to detail sites and their boundaries, in conformity with the RSS proposals. This, again, must be done with the ongoing involvement of local communities.

15. Sustainable communities require variety in house types, sizes and tenures, and a full range of community and social facilities, employment, transport and other infrastructure. These can only be provided through sound planning at the local level. However, outside the major growth areas in the South East of England already identified by the Government—Thames Gateway, Milton Keynes/South Midlands, Ashford and the M11 Corridor—it is improbable that very large new communities will need to be developed. Much of the new housing elsewhere will be provided on smaller scale, infill or brownfield sites. Nevertheless, local planning in these areas will be similarly challenging. It will involve extensive dialogue with existing communities, often on complex issues, and will need to ensure that while maximum use is made of existing facilities and infrastructure, gaps in provision are identified and filled.

16. Current Government policy, set out in PPG 25: Development and Flood Risk, generally discourages development in flood plains. However, there is an increasing understanding of the dynamics of floods and flooding, and the “downstream” effects of developing in floodplains are now a prominent consideration. Undeveloped, the floodplain provides a natural reservoir for flood water, allowing it to be released downstream slowly as floods subside. Where flood defences (themselves built to protect development in the floodplain) prevent this natural process, flood water proceeds downstream more rapidly, increasing the risks of inundation.

*Is it possible to ensure materials and resources used, and waste produced, during building do not have a harmful impact on the environment?*

17. This brings in the “prudent use of natural resources” strand of sustainable development. It is not an issue that can be directly influenced by the operation of the planning system, but clearly is one that has the potential to affect society as a whole. The object must be to maximise the use of recycled materials and so reduce the need for “new” aggregates and other building materials. In the longer term, market forces will determine outcomes. In the meantime financial incentives may be required to encourage recycling and the re-use of materials.

*Are the building regulations, as they stand, capable of ensuring that new housing is truly sustainable in the long term? How could they be improved? Could greater use be made of existing environmental standards for housing?*

18. The Institute would not wish to make detailed comments on Building Regulations. However, there have been a number of changes in recent years that can be regarded as steps in the right direction in terms of increasing the sustainability of new development. We have in mind the raising of standards of insulation, or the encouragement given to the adoption of sustainable drainage solutions, though this stops short of a mandatory requirement. In many areas, however, the Regulations stop well short of the requirements in other parts of northern Europe. This seems to be an area where a significant contribution to greater sustainability could be made relatively quickly.

*How will it be possible to ensure a sustainable infrastructure, including transport and water supply, which will be necessary to support any extensive house building, is put in place?*

19. This has always been somewhat problematic because of the number of players involved in the planning and delivery of infrastructure for major developments, each with their own programmes and priorities. The Planning and Compulsory Purchase Act marks a move away from traditional land-use planning to broader, more inclusive spatial planning with greater emphases on delivery and monitoring than before. This should help bring the players together, and make it more likely that they will all “sing from the same hymn sheet”.

*Do those involved in housing supply, both in the public and private sector, have the necessary skills and training to ensure new housing meets environmental objectives? If not, how can the knowledge base of those involved in the planning and building process be improved?*

20. The Egan Review—Skills for Sustainable Communities—had much to say about culture change and the development of “generic skill sets, including leadership, teamwork, communication, project management and partnership working” in order to create sustainable communities. As the body responsible for the accreditation of training for planners, the Institute has welcomed and endorsed the call for collaboration between the built environment professions and other stakeholders—these accord well with our own New Vision and the work of our Education Commission, which reported last year—and indicated a willingness to work with Government and other stakeholders in bringing the Egan recommendations to fruition.

21. This, however, is likely to take some time. In the meantime, the reality is that most LPAs are severely under-resourced as well as under-skilled. The shortage of resources and skills affects performance across the whole of plan-making and development control and is far from limited to ensuring that “new housing meets environmental objectives”.

## THE ROYAL TOWN PLANNING INSTITUTE'S EVIDENCE TO THE BARKER REVIEW OF HOUSING SUPPLY

### INTRODUCTION

This evidence to the Barker Review of Housing Supply prepared by the Royal Town Planning Institute (RTPI) is underpinned by a clear recognition of the importance of housing in this country and of the crisis that we face if adequate, decent housing is not provided. The Royal Town Planning Institute (RTPI) is a learned and learning society representing over 18,000 chartered town planners. It has recently adopted a New Vision for Planning and, as part of this, merged with ROOM, the National Council for Housing and Planning in order to create a more inclusive, outward looking, informed and interventionist body. As part of this radical evolution the Institute and ROOM@RTPI are taking a more direct interest in housing issues and, in particular, the relationships between policies and practice in housing with those in planning and regeneration.

The work of the RTPI and of ROOM@RTPI displays both a clear understanding of the role that planning plays in aiding the supply of housing and a commitment to play our role in improving the ways in which we provide decent housing for all those need it. Our recent joint report—Planning for Housing: The role of planning in delivering Sustainable Communities<sup>1</sup> sums this up by stating that:

The provision of adequate, decent, high quality housing that is accessible to all those who need it is a fundamental part of any national and local economic, social and environmental strategy. Well planned, good, accessible and affordable housing contributes directly to the range of key tasks that face this country—improving the health of the nation, raising educational standards, reducing social exclusion, contributing to sustainable economic development, and reducing the need to travel, as well as fulfilling a basic need for shelter. It is the role of both planning and housing policy and practice to ensure that this happens. It is not the role of either system to block the delivery of such housing through an over narrow view of environmental protection, through a lack of understanding as to how housing markets really work or through an inflated view of the degree to which public policy can influence them.

The RTPI suggests that this evidence is read in conjunction with that report and the evidence is drafted to minimise the overlap with that statement. A copy of the summary report has been provided to the Review and the full report is available on <http://www.rtpi.org.uk/resources/publications/p8.html>

This evidence to the Barker Review of Housing Supply raises five key overall points before addressing some of the specific questions posed. These key points, which are examined below, all relate to the relationship between planning and the market and are:

- that planning for housing is a highly contentious issue and that, in places, the statutory planning system becomes the forum through which political issues are expressed and a resolution sought;
- that plan making at the local level cannot succeed without a credible coherent regional—and, indeed, national—framework;
- that the role and importance of planning must be seen within the context of all the other national and local factors that influence the supply of housing land;
- that the planning obligations system will not deliver the affordable housing we need; and
- that national housing policy and planning policy and practice need to encourage a far wider range of tenures and providers

### KEY ARGUMENTS

#### *The political nature of the process*

It is clear that planning is a process which involves political decision making and a need to reconcile differing demands and values. This process is clearly informed and guided by technical and professional knowledge and skills, and by community involvement, but it needs to be borne in mind throughout this Review not only that planning decision making and policy development in local government is inextricably linked to the democratic process but that planning issues are amongst the most contentious and complex faced by elected members. This is nowhere more true than for planning for housing. This point is an important one as any recommendations that are based on a view of planning as being a value free technical exercise will not succeed.

To take one example, as the regional planning guidance which is now embodied in RPG9 went through various stages of drafts and inquiries the housing targets changed significantly—with the total for the region ranging from 33,300 pa to 51,925 pa (see table at end<sup>2</sup>). The changes in allocation cannot be said to all reflect a changing technical view of housing need but do reflect, in part, an expressed political resistance to development. It can be seen that whilst, in some counties this process has raised the targets for housing, in others the existing RPG targets are lower than the building rates actually achieved in previous years. This underachievement is compounded by an apparent inability to reach these targets—although, as stated



below, the RTPI would query the extent of this “undershooting”. The RTPI welcomes the fact that, currently, SEERA is taking a much more robust approach to defining need and encouraging provision of housing in its preparatory work for the South East regional spatial strategy.

Applying this general point to this review, an answer to the question, for example, of whether supply is “overly constrained” will depend on the standpoint of different stakeholders in the housing supply process—whether developers, countryside lobbyists or those in housing need. This is illustrated, for example, by a survey reported in the Sustainable Communities document for the South East<sup>3</sup>. Respondents were asked to identify the major weaknesses of the South east. 31% said high house prices, 16% said a lack of affordable housing but 9% said that there was too much housing. There must be concern that, in some areas, the politics of the planning process are such that it is the latter 9% whose views are heeded.

Similarly, the fact that in the South East, 11% of the land area is urbanised, 50% of the land area has international or national designations including 24% of the land area which is greenbelt, and in total 80% of the non-urban land area has environmental and landscape designations will be viewed very differently by, for example, a member of the HBF to a member of the CPRE.

It is the role of planning to seek to reconcile such competing priorities and to advise a political process on the real needs of a local and wider economy. The need to create sustainable communities requires planning policy needs to be unequivocal in meeting real needs—whether for housing, employment or environmental protection—and addressing well founded concerns. All those involved in planning need to play their role in engendering a major change in culture in the attitudes towards housing development.

#### *The need for credible, coherent regional and national frameworks*

There are three aspects of this issue. First that national policy is not, in itself, coherent; secondly that there is no way of planning to guide housing demand on an inter-regional basis and, third, that the new generation of regional plans need to be integrated and spatial.

At national level, two of the ODPM’s SR2002 performance targets are to:

*make sustainable improvements in the economic performance of all English regions and over the long term reduce the persistent gap in growth rates between the regions, defining measures to improve performance and reporting progress against these measures by 2006. (Joint with HM Treasury and DTI) and achieve a better balance between housing availability and the demand for housing in all English regions while protecting valuable countryside around our towns, cities and in the greenbelt—and the sustainability of existing towns and cities—through specific measures to be set out in the Service Delivery Agreement.*

Both the need to define methods of achieving the targets and the conflicts inherent in them are clear. In relation to housing, there is an internal conflict between increasing housing availability and the protection of open land leading to the lack of a clear unequivocal national policy message, leaving planning at the local level to resolve the inherent conflict. This is complicated by a policy framework which requires the system to gain benefits from housing development to fund affordable housing and yet seeks to restrict development on those greenfield sites where such benefits will be most usually maximized.

At the inter-regional level, there is the need to put into place mechanisms whereby the opportunities presented by the existence of underused infrastructure, including housing and differential growth rates are examined to establish whether housing markets can be restructured in any way. The RTPI recognises that it is not possible simply to move demand around the country. Restrictions on new building do not limit household formation or lead to migration to areas of lower demand. However, the RTPI does believe that a co-ordinated approach to infrastructure investment and the bringing forward of strategic sites can improve inter-regional balances, including in housing supply<sup>4</sup>. The RTPI believes that this can only be done effectively if the whole of the United Kingdom has a Spatial Development Framework and has consistently campaigned for such a document to be prepared<sup>5</sup>. The RTPI urges the Barker Review to consider the role of such a mechanism in achieving more balanced housing markets.

At regional level, there are now or are proposed a wide range of strategies; including the proposed regional spatial strategy, housing strategy, transport strategy, economic strategy, cultural strategy and the sustainable development framework. These are prepared by a number of bodies—the regional planning body, housing board and development agency. There is the clear need for integration between these interrelated strands of policy making and for integration between strategy development and resource allocation. There is also the need to have more robust and transparent methods of monitoring. In the case of housing, we query whether it is correct that new housing completions are falling behind RPG targets? ODPM has quoted interim figures because the new Housing Flow Statistics are not yet generally available. In the South West, ODPM’s estimate of completions<sup>6</sup> was 16,300 pa since 1996, compared with RPG target of 20,200—a 19% shortfall—whereas RPG monitoring suggests 20,265.

*The wider contexts in the study of supply*

It is very clear from the terms of reference of this review and from the Chancellor of the Exchequer's statements on this matter<sup>7</sup> that the role of the planning system is seen as crucial to the land supply. The RTPI agrees with that but is very concerned that an over-emphasis on planning runs the risk that equally important contributors to the current problems of housing supply will go unaddressed and that the ability of the planning system not only to aid in the supply of housing but to reduce risk and increase quality in doing so will be undermined.

This key point is borne first by taking into account all the other factors that affect demand and supply of housing. These include such factors as mortgage rates and the range of mortgage products, stamp duty, salary levels, patterns of public investment<sup>8</sup>, demographic and migration factors; interest rates; the attractiveness of housing for institutional investments; public investment in housing; the availability of personnel and skills in the construction and related industries. Secondly, it should be noted that new housing forms a very low proportion of total housing turnover. In 2001, there were 1,458,000 transactions in the housing market and, yet, only 123,451 new homes were completed. In the former "Avon" area around Bristol, for example, annual gross additions to the housing stock average at about 0.8% and total sales of new properties account, on average, for some 14% of all property transactions.

It is, however, also worth noting in this context that the price of new housing is more expensive than prices within the existing stock. In 2002 the median price of new housing in the UK was £133,500 and that of other housing was £100,000. Only 6.0% of new housing was priced at less than £60,000 whilst 23.6% of other housing came into this band.

Thirdly, there is the need to look at the relationship between the release of land through planning policy and control and price elasticity. The note on the scope of the Review refers to inelasticity explaining that "when demand for houses increases, output of houses tends not to increase quickly enough to satisfy this demand." Past research has shown that inelasticity would also apply should the planning system be somehow 'freed up' and large amounts of land released.

Such research that has been undertaken indicates that it would require an extremely large expansion of the house building programme to reduce house prices to any significant extent. For example, a study published in 1996<sup>9</sup> found that "releasing a lot of extra land has only a moderate impact on prices. For example, a 32% general increase in plan provision might only reduce prices by 8% in the medium term." Earlier studies<sup>10</sup> had found that "increasing plan targets by 75% would raise output by 16% on average over six years and lower prices by 7.5%, so enabling an extra 3–4% of new households to buy a new home." This research does require updating but the underlying messages about the relationship between land release and elasticity must remain the same<sup>11</sup>.

As far as actual prices are concerned, the Government's response to the Select Committee report on Sustainable Communities in the South East has stated, in relation to the announcement of 200,000 more homes in the south east that "we never claimed that our proposals would cause the absolute level of house prices to fall"—merely that they "should help to moderate the growth trend in house prices in the longer-term."

Finally, there is the need for a clearer understanding of the components of housing supply and the relationship between these and the planning system. The areas of significant decline in supply lies in the housing provided previously by local authorities and now by housing associations.<sup>12</sup> A crude analysis of this would indicate that public investment would have a larger part to play in this than a land supply restricted by the planning system. We cannot rely on the planning system, for a variety of reasons, to deliver enough social housing. We have to go back to housing legislation and finance.

An important corollary to these arguments is the fact that, if the Government is inclined to react to imbalanced housing markets by removing elements of planning control, then it runs the risk of removing those benefits of planning control that do contribute to a more effective supply of new housing. These factors are, notably, certainty, with the developer knowing that there will be a planned approach to the quality and scale of development of adjoining areas, integration of the delivery of infrastructure, and an emphasis on the quality of housing built. The RTPI strongly believes that a significant diminution of the management of development that the planning process represents would have the opposite effect in terms of housing markets to that intended.

*Planning obligations and housing*

Planning has a real role in delivering housing for all and in creating mixed and sustainable communities<sup>13</sup>. This is a proper role for planning. The RTPI does not believe that this role should extend to planning acting as the means by which a proportion of the funding for this public good is collected from the private sector. This duality of roles both forces the planning system and those who operate it to take on a role for which they are unsuited and causes delays to the system over and above the current delays arising out of under-resourcing. The planning system has become a tax gathering mechanism. There is the need for this Review of housing supply to examine the other means by which affordable housing can be financed—whether it is through corporation, property, development land or capital gains taxes or through other innovative means such as community development trusts or other land assembly and distribution mechanisms. The RTPI recognises that successive attempts to capture the increase in land and property values created by the

operation of the planning system have not succeeded (these include betterment, the operation of the land commission and development land tax). However, there is the need to understand why this has happened and then to apply the lessons to new means of capturing the uplift in values that the development system creates.

Added weight is given to this argument by the fact that the current system of planning obligations—necessary as it is in the absence of other mechanisms—is not achieving additional affordable housing. A research report<sup>14</sup> published by the JRF last year, which was part funded by the RTPI found that:

*the main result to date is to change the geography of new social housing provision, not to increase the total amount of affordable housing provided. On current evidence, were the Sec. 106 policy to reach its potential, it would use up all and more of the additional SHG made available for new housing. Relatively few homes secured would be additional to those already included in the SHG programme.*

#### *Need for a wider range of tenures and providers*

The RTPI believes that more emphasis needs to be placed in policy on an intermediate market in housing catering for those who are currently unable to compete for market housing but who do not qualify for benefits or support. This type of housing, which includes shared ownership and equity and sub-market private renting<sup>15</sup>, is growing but too much policy, including that of planning, is seen in terms of a split between housing for sale and rented housing provided by a registered social landlord. In order to aid the development of this type of housing, the planning policy needs to be able to specify types of housing more clearly. The joint RTPI/CIH report referred to previously proposes that:

*The three categories of housing suggested below would provide sufficient differentiation:*

- (1) social housing—housing for rent managed, either directly or through contract, by an organisation that is subject to regulation and/or inspection by a government body;
- (2) intermediate-priced housing—that would embrace housing for private renting at below market rents, shared ownership and low cost market for sale; and
- (3) standard market housing—to include all other forms of private housing for sale or rent.

#### SPECIFIC POINTS

In this evidence, the RTPI wishes to focus on those issues on which the review seeks comments on which it has most expertise and over which its members and all those associated with planning have most control. For this reason, we do not address the specific questions posed under the headings of “Industry Constraints” and “Social Housing and the rental sector” but make specific points on each of these.

#### LAND CONSTRAINTS

*Is there a shortage of suitable land for development? Are there any factors which reduce land owners’ willingness to sell?*

The first of these two questions has been the source of dispute for a number of years. An RTPI survey in 1998 commissioned by the Urban Task Force found that, in 1998, there was planning permission outstanding for 262,000 dwellings just on greenfield sites with land allocations but no permissions for a further 240,000 dwellings and a suggested further 156,000 to be allocated in new plans<sup>16</sup>. This figure has been used by some lobby groups to suggest that there is a significant supply of housing land being held back by the housing development industry. This argument disregards the dynamic nature of housing land supply with, for example, some 225,150 dwellings started on greenfield sites between 1998 and 2003<sup>17</sup> while the stock of permissions will have grown in that time. The RTPI suggests that there is the need to examine the scale and nature of land banking by the industry and it is understood that the Joseph Rowntree Foundation has now commissioned work on this.

It needs to be remembered that the planning system is charged with bringing forward sufficient land for its projection of housing need. Planners undertake both local needs assessments and housing capacity studies with guidance from the ODPM on how to undertake these. The proposed revisions to PPG3 suggest that plans should allocate sufficient housing land for a 10 year supply.

The willingness of owners of land to sell is a critical factor that may not be solely a matter of price. Allocations in Local Plans are sometimes not taken up for reasons that are beyond planning control or because they are not good housing sites. The demand for additional benefits, affordable housing, school places, open space, public transport contribution etc all affect one thing, the bottom line price of the land and owners may prefer to await potentially less demanding situations even if those are perceived to be years away. Add-ons are a deterrent to developers and landowners. Easy brownfield sites are rapidly being developed leaving the more difficult ones that the industry will shun and the numbers of houses completed will decline further.

*Are there problems associated with land assembly particularly brownfield land?*

Overall, the RTPI advocates the need to have a much more proactive planning system that brings sites forward for development through allocation, assembly, CPO, planning briefs and masterplans and partnership working. We have urged that the process of development control becomes one of development management.

One of the main problems in land assembly is the difficulties surrounding the Compulsory Purchase process in terms of the stages that a local authority has to undergo to achieve an order, the lack of available resources to pay the costs involved, the loss of skills to undertake the process and a degree of overlapping and confusion between CPO powers in different pieces of legislation—the differences between the Planning and Compulsory Purchase Bill and the draft Housing Bill is a current example. Whilst the Planning and Compulsory Purchase Bill should improve matters by broadening the reasons for allowing a CPO, there is scope for further improvements.

A second problem—that of a traditional requirement that public bodies dispose of land at the best price—is now currently being addressed. The RTPI welcomes the introduction of the General Disposal Consent 2003 which allows local authorities to sell off land, in certain circumstances, for less than its market value.<sup>18</sup> This provision needs to be extended, unequivocally, to all publicly held land.

Finally, a significant number of sites are affected by a ransom (see *Stokes v Cambridge*) and/or a restrictive covenant. In order to remove these restrictions to development it can cost in approximately 1/3 of the site's value as development land—if the ransom/covenant holder is willing to deal.

*Does the practice of optioning land restrict the overall supply of land? Is optioning necessary? If so why?*

Without optioning land would be sold to developers in two main ways—with or without planning permission. Only companies with significant financial reserves would be able to acquire land without the benefit of planning permission and take the risk of not securing consent upon it. Such “developers” could then sell land into the marketplace to the highest bidder.

It could be argued that this would produce a land market distorted by land holders who would seek to withhold land from the marketplace until a local supply shortage develops since they take profit from the increase in land value rather than on unit completions. They can therefore maximise returns by selling into an undersupplied market. Conversely, it is often actual developers (eg house builders) that take out option agreements. This enables them to forward plan on a more secure basis and continue to deliver unit completions (and unless there is a situation of market collapse they will because they take profits from unit completions) on a regular basis rather than when they can secure land.

*Is the land allocated for housing in local development plans sufficient to meet housing need?*

This evidence has already commented that, in some areas, housing targets may be more influenced by a political process which reflects local resistance to development or by a real assessment of a lack of capacity given other constraints, than by a purely technical matching of need with allocations. At the national level, the level of completions implied by Regional Planning Guidance targets for England (some 155,000 per annum or 170,000 per annum with “Communities Plan” figures) implies matching with national projections of household growth (152,000 pa). However, firstly, it is not clear whether this match signifies a national strategy and, secondly, household growth projections do not take into account any backlog of unmet need and other factors.

A recent report by the Joseph Rowntree Foundation<sup>19</sup> concluded that, “to achieve the level of output suggested by an analysis of the need for additional homes would require some 225,000 new homes each year in England alone . . . . To deal with stock renewal would further increase the new build requirement.” On this basis, the land allocated for housing is not sufficient.

*Is the RPG housing shortfall explained by a shortfall in the number of appropriate planning applications?*

One way of measuring this would be to look at the total number of housing units contained in applications and to analyse these by refusals and appeals. This information is not available but it is relevant to look at the overall development control statistics. It can be seen from the table<sup>20</sup> at the end of this report that major housing schemes do have the highest rate of refusal. This rate has increased from 20% in 2000–01 to the 23% shown for 2001–02. In itself, this figure is meaningless as it may be caused by a wide variety of reasons—for example, poor quality applications, by speculative applications in protected areas or by political resistance. However, it would be worth pursuing the reasons for this further.

## INDUSTRY CONSTRAINTS

The RTPI does not wish to contribute answers to the specific questions under this heading. However, we wish to re-inforce the role of planning in creating a more stable market. One of the questions posed in this section is whether attitudes to risk deter investment in land for housing? As mentioned earlier in this evidence, one of the key outcomes of planning is certainty and this framework of knowledge about local policies and the minimisation of the risk of non-conforming development in the locality must contribute to a greater propensity to invest.

Secondly, it is clear that there are other constraints on the industry than any lack of land. The lack of skills is a major problem. There is scope for other industrialised forms of house development eg timber framed and modern methods of construction but even these need a level of on-site skill that historically the UK has been unable to demonstrate.

#### POLICY ENVIRONMENT

*Are there problems with the interpretation of planning guidance by local authorities, if so what are they and why?*

The Review team is advised to refer to two recent studies of the operation of the planning system in relation to housing<sup>21</sup>. Planning guidance can be ambiguous and sets multiple targets (total numbers, brownfield ratio, affordable housing, densities, car parking, etc.) which undoubtedly make it more difficult for local authorities to apply efficiently.

*Are there any particular aspects of planning policy which do not properly reflect the wider social and economic costs and benefits of housing?*

In some areas, the focus of policy needs to reflect a “whole stock” approach to housing provision looking across all forms of tenure and range of provision. The social and economic costs and benefits of housing—including their sensitivity to alternative targets—may not be considered adequately because the methods used to distribute housing targets, derived from household projections, are mechanistic and divorced from a detailed, dynamic analysis of the forces for change and the mechanisms of adjustment.

*Does the planning system provide incentives to develop brownfield land?*

Usually the other way around ie it is assumed that by restricting planning on greenfield sites that development will automatically go to brownfield. The planning system can provide only limited incentives to develop brown field land—eg through lower obligations for other “abnormal” costs of development—but cannot necessarily compensate for an adverse relationship between costs and values, which must depend to a great extent on demand and the resulting property values.

*Is planning guidance applied appropriately?*

Again, the Review team is advised to refer to two recent ODPM studies of the operation of the planning system in relation to housing. There is considerable variation between LPAs and even the Inspectorate.

*Is the current reform programme sufficient to address inefficiencies in the planning system?*

In answering this question, the RTPI does not accept that the planning system can be characterised as being inefficient but takes this question as addressing current acknowledged shortcomings in that system. It is necessary in this context to see the “current reform programme” as encompassing not only the provisions of the Planning and Compulsory Purchase Bill but, also, the moves being taken by the ODPM and others to change the culture of planning; actions on the resourcing of the planning service—notably through Planning Development Grant and planning fees; the development of new approaches to planning education including lifelong learning, through the RTPI’s Education Commission; the review of policy guidance, specifically, in this case, the current consultation on aspects of PPG3 and current thinking both about the purpose of planning and about the nature of practice and the skills required to put into practice the new concept of “spatial” planning. Any one of these elements of change, taken in isolation, would not be sufficient to address recognized shortcomings. Certainly the current Bill in itself only provides a framework within which new forms of planning can operate but its efficacy will rely on improved skills and knowledge and resources.

Taken together, however, all these initiatives have the potential to make real and lasting improvements to planning.

*Are section 106 agreements an effective means for addressing and mitigating the impact of developments?*

This evidence has already referred to the RTPI’s view that the planning system should not be used as a means of financing the development of affordable housing. The same concern applies to the range of impacts that have to be financed through an effective levy on development. These can range from transport infrastructure to the provision of schools and from environmental improvements to community facilities. The RTPI accepts that where a development has a particular impact on local services and infrastructure, then it is right that this should be subject of an agreement to mitigate the effects of that development through supporting investment in infrastructural and other improvements. However, we are concerned that, as funding for some public services is reduced or transferred to the private sector, the planning system is called upon more and more frequently to bridge funding gaps.

This is not simply a philosophical point. As has been stated, the negotiations that surround Section 106 agreements can extend the period for negotiations on a planning application significantly.

The RTPI recognises that its members will have to continue to operate within the existing system in the short term and regrets the fact that the ODPM is yet to bring forward suggestions for improvements to the system of planning obligations following consultation on this over eighteen months ago.

*Do Section 106 agreements create any perverse incentives?*

The RTPI has already referred to the perversity of national policy in requiring the release land for private housing to get affordable housing and the pressures on greenfield sites that this could engender. More generally, it is open to question as to whether planning gain for social housing has reduced the overall supply (by making developers unwilling to develop at all). Whilst there has been significant public discussion over this, focussed on the London Plan's requirement for 50% affordable housing, there is no clear evidence that this policy has had this effect. It remains true, however, that affordable housing is stigmatized and its presence in private development can affect value and sales.

*Do regulations governing "change of use" affect the use of existing buildings for housing? and Are there market failures you can identify affecting the development of environmentally sustainable housing, regeneration of urban areas and protection of the countryside?*

The RTPI is not clear as to the thrust of these questions but would be pleased to discuss them if clarification is provided.

*How does the tax regime influence the use of land? For example the tax treatment of new build homes differs from that for conversions of existing housing stock—does this preclude certain types of development? Does taxation prevent the most efficient and effective use of land?*

The RTPI is pleased that the Review is focussing on the links between taxation regimes, fiscal policy and land supply. The RTPI believes that such factors as a lack of capital gains on realized housing value increases leads to a greater distortion in the market than does the operation of the planning system. One of the main differences to housing in other countries, particularly in comparison with many European countries, is that housing in these countries is seen essentially as a matter of providing a place to live. In Britain much of the housing demand is driven less by need and more by housing being a form of investment (reflecting housing being essentially for owner occupation) either by trading up or contributing to the private rented sector.

The Review will need to consider the extent to which fiscal policy prevents land coming forward for development. For example, does an instability in housing markets lead to developers/speculators taking profits on trading in land banks rather than deriving an income stream from housing development or rental? Some companies are probably more interested in satisfying their share holders/price than meeting any Government or social obligation in respect of housing requirements. It could be argued that there is the need for fiscal controls on land banking—although the extensive use of options rather than ownership may circumvent this.

New development and conversion/modification of existing properties should be treated under the same tax regime. It is often easier to abandon older housing and seek new rather than engage with the refurbishment and upkeep of existing premises. To make better use of existing stock there should be no VAT on essential maintenance and/or enhancement. Finally, there is the need for a taxation system that encourages the use of empty properties.

## SOCIAL HOUSING AND THE RENTAL SECTOR

The RTPI does not wish to address the specific questions posed under this heading in this evidence but draws the Review team's attention to the need for the definitions of affordable housing in planning terms to be changed (see above).

<sup>1</sup> Merron Simpson and Kelvin MacDonald (2003) Planning for Housing: The role of planning in delivering Sustainable Communities, Chartered Institute of Housing and the Royal Town Planning Institute.

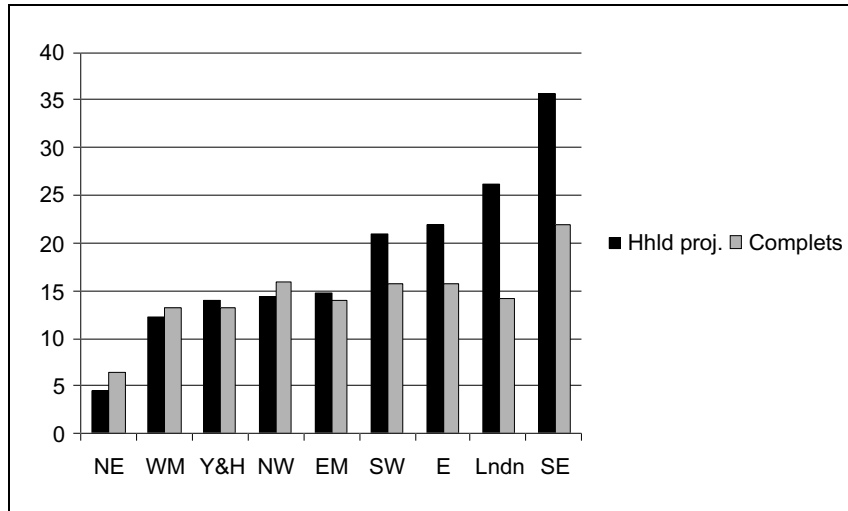
<sup>2</sup> Annual Average Housing Targets for the South East.

	<i>SERPLAN</i> 1996–2016	<i>"CROW"</i> 1996–2016	<i>1st Draft RPG</i> per year	<i>RPG9</i> per year	<i>Actual Ave</i> 1991–98
Bedfordshire	2,154	3,200	2,780	2,430	2,118
Berkshire	2,663	4,150	3,440	2m620	2,754
Buckinghamshire	3,217	4,600	4,150	3,210	3,152
East Sussex	1,813	3,225	2,420	2,290	2,278
Essex	4,195	7,500	5,420	5,240	5,770
Hampshire	5,096	8,450	6,580	6,030	5,845
Hertfordshire	2,546	4,400	3,290	3,280	3,727
Isle of Wight	477	650	620	520	451

	<i>SERPLAN</i> 1996–2016	<i>“CROW”</i> 1996–2016	<i>1st Draft RPG</i> per year	<i>RPG9</i> per year	<i>Actual Ave</i> 1991–98
Kent	4,985	7,500	6,440	5,700	4,983
Oxfordshire	2,078	3,750	2,680	2,430	2,695
Surrey	1,747	2,350	2,250	2,360	2,664
West Sussex	2,270	2,150	2,930	2,890	3,212
Total	33,300	51,925	43,000	39,000	39,209

<sup>3</sup> ODPM (2003) Sustainable Communities in the South East: Building for the Future, ODPM4.

<sup>4</sup> The chart below shows annual average household projections and annual housing completion rates as one means of demonstrating regional imbalance.

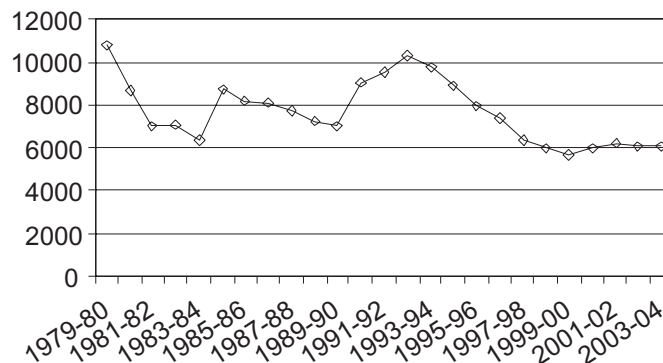


<sup>5</sup> see, for example, Cecilia Wong, Joe Ravetz and Jeff Turner (2000) The United Kingdom Spatial Planning Framework: A Discussion Paper, RTPI and the memorandum the RTPI produced for the Select Committee inquiry into Planning for Sustainable Housing and Communities—HC 77–11 of Session 2002–03 pp 95–99.

<sup>6</sup> Based on returns from building inspectors, which appear to undercount conversions and have other omissions.

<sup>7</sup> As part of the statement to the Commons on the UK’s entry to the Euro on 9 June 2003, the Chancellor stated that, “. . . because Britain has experienced difficulty in balancing housing supply and demand, we propose to build upon and extend the reforms already announced by the Deputy Prime Minister in respect of planning and supply—including simpler planning guidance, speeding up decisions, reserve powers to call in applications, and the case for binding local plans”.

<sup>8</sup> The chart, below, shows the trend in total government spending on housing in real terms since 1979. These figures do not take into account the increase in expenditure announced through the 2002 spending review. However, even given this significant increase, it can be seen that current levels of spending are significantly lower than at points in the past. This is reinforced by the latest TME outturn figures that show that whilst housing expenditure has increased from 0.3% of GDP in 2000–01 to an estimated 0.5% last year, it remains at less than half the proportion of GDP that it was in 1985–86.

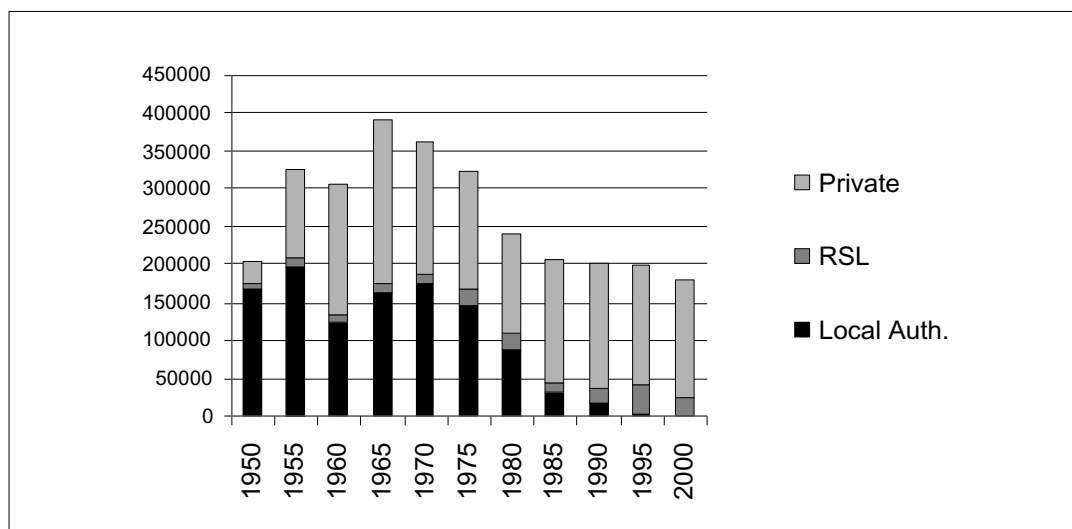


<sup>9</sup> Glen Bramley and Craig Watkins (1996) Steering the Housing Market, Policy Press.

<sup>10</sup> Glen Bramley (1993) “Planning, the Market and Private Housebuilding”, The Planner (January).

<sup>11</sup> See also Gerald Eve and Department of Land Economy, University of Cambridge (1992) Relationship Between House Prices and Land Supply HMSO and Roger Tym & Partners and Three Dragons (1999) Housing in the South East: The Inter-relationship between Supply, Demand and Land Use Policy, DETR.

<sup>12</sup> The chart below shows actual housing completions at five year intervals. This shows the shortfall in the provision of affordable housing provided by the public sector balanced by a degree of consistency in the output of the private sector.



<sup>13</sup> The current PPG3 on Housing (2000) states clearly that “a community’s need for housing is a material planning consideration which should be taken into account in formulating development plan policies and deciding planning applications involving housing.”

<sup>14</sup> JRF (2002) Planning gain and affordable housing, JRF Findings, October.

<sup>15</sup> see Graham Martin (2001) Swamps and alligators: The future for low-cost, home-ownership YPS in association with JRF.

<sup>16</sup> Urban Task Force (1999) Towards an Urban Renaissance, E&FN Spon.

<sup>17</sup> using a combination of ODPM statistical tables on “permanent dwellings started and completed by tenure, England” and “new dwellings and residential land from previously developed land”. See [www.odpm.gov.uk](http://www.odpm.gov.uk)

<sup>18</sup> See ODPM Circular 06/2003. Under the 2003 Consent local authorities will be able to dispose of any interest in land held under the Local Government Act 1972 which they consider will contribute to the promotion or improvement of the economic, social or environmental well-being of the area at less than best consideration providing the undervalue does not exceed £2,000,000.

<sup>19</sup> JRF (2002) *Land for Housing*, JRF.

20

Thousands/per cent

Type of development <sup>2</sup>	Percentage		Applications granted		Percentage of total decisions <sup>2</sup>	
	All decisions	of all decisions	thousands	Per cent	Within 8 weeks	Within 13 weeks
<b>Major Developments</b>						
Dwellings	6.8	1.3	5.2	77	18	35
Offices/research and development/light industry	1.4	0.3	1.3	93	32	52
Heavy industry/storage/warehousing	1.4	0.3	1.3	94	35	59
Retail, distribution and servicing	1.0	0.2	0.9	85	23	42
All other major developments	3.2	0.6	2.8	88	26	48
All major developments	13.8	2.6	11.5	83	23	43
<b>Minor Developments</b>						
Dwellings	50.6	9.5	36.2	72	43	68
Offices/research and development/light industry	6.8	1.3	6.2	91	58	78
Heavy industry/storage/warehousing	5.1	0.9	4.7	93	59	79
Retail, distribution and servicing	12.8	2.4	11.2	88	61	80
All other minor developments	62.3	11.7	55.5	89	59	80
All minor developments	137.5	25.8	113.9	83	54	76
Change of use	37.8	7.1	31.1	82	51	76
Householder developments	261.5	49.0	235.2	90	76	92
Minerals	0.2	—	0.1	86	31	49
Section 70 developments <sup>4</sup>	450.8	84.4	391.8	87	65	84
Advertisement	28.7	5.0	21.4	80	72	88



Type of development <sup>2</sup>	Percentage		Applications granted		Percentage of total decisions <sup>2</sup>	
	All decisions	of all decisions	thousands	Per cent	Within 8 weeks	Within 13 weeks
Listed building consents	31.5	5.9	28.4	90	53	74
Conservation area consents	3.0	0.6	2.6	86	43	64
All developments excluding "Other"	512.0	95.9	444.2	87	65	83
Other (not included above) <sup>5</sup>	22.1	4.1	—	—	67	67
All other development	382.7	71.7	318.9	72	70	88
All Development	534.1	100.00	—	—	65	83

<sup>1</sup> Includes metropolitan and non-metropolitan districts, unitary authorities, London boroughs and national park authorities.

<sup>2</sup> Full definitions of development type are given in the Notes and Definitions.

<sup>3</sup> The percentage in these two are cumulative not additive.

<sup>4</sup> Descriptions under section 70 of the Town and Country Planning Act 1990.

<sup>5</sup> Includes applications which cannot be granted or refused.

<sup>21</sup> ENTEC, Three Dragons, Nottingham Trent University (2002) Delivering Affordable Housing Through Planning Policy HMSO and Nathaniel Lichfield & Ptnrs (2003) Delivering Planning Policy for Housing: PPG3 implementation study, ODPM.

June 2004

*Witnesses:* **Mr Kelvin MacDonald**, Director of Policy and Research, and **Mr David Barraclough**, Planning Policy Manager, Royal Town Planning Institute, examined.

**Q539 Chairman:** Welcome. Thank you very much for coming and thank you very much for your memorandum and your patience in sitting through the previous session. I am hoping that we will be able to wind this up by around 5.20/5.25, just to give you some idea of time. We will see how we go. You have just heard that the Countryside Agency has been pretty critical of the Barker agenda, indeed we have had a lot of evidence that is critical of it, concerns particularly being expressed about the erosion of democratic responsibility for planning and the marketisation of the whole planning process, but these seem to be things that you are pretty relaxed about; is that right?

**Mr MacDonald:** We are not relaxed about them. Clearly, our evidence says that we welcome overall the Barker Review but we welcome it on the basis that, in terms of housing numbers and the facts that it points up with regard to the housing crisis that we face in this country, it is nothing really new. So, in those terms, we do not think it is a step change. That is not to say that every aspect of the Barker Review we welcome equally.

**Q540 Chairman:** I am just going to quiz you on the housing crisis. In your memorandum, you say that there is nothing new about this and that this has been going on for years, governments have been making predictions for years. What kind of crisis is a crisis that goes on for years? A crisis is something different from a state of affairs which has existed for a very long time, is it not?

**Mr MacDonald:** I think in some way it is a growing but hidden crisis. For example, we are approaching the figure of 100,000 households in temporary accommodation. I would see that as being a crisis.

**Q541 Chairman:** So, there is something new about it?

**Mr MacDonald:** It is exponential in its growth; it is reaching the level of a crisis. What we are saying is that the figures are not new. Under the previous

administration, we had 4.4 million I think it was, after that we had 3.8 million, then it was 4.1 million, and we have just had household projections released two weeks ago which put the figure up again. So, the overall figure of the number of new households in this country is not new. That is what we are saying about Barker. I was going to say that that does not mean to say that we welcome every aspect of the Barker Review. We do have serious concerns, for example, not about affordable housing but about this affordability trigger that the planning system is meant to adopt as some sort of local measure of when new housing is needed. It is very clear that the affordability of housing certainly relies on the supply of land and that relies on the planning system, but it also relies on a whole range of other factors that are beyond the control of a land use based planning system. So, to use that as a simple, if not simplistic, indicator of need, we do have our concerns about it. We are not just welcoming Barker point blank and saying that this is all wonderful, we do have our concerns. On the final point you were making about loss of democratic control, some aspects of Barker, as again we mentioned in the evidence, could open the door to a greater public involvement and greater democratic control. When the Barker Review talks about, for example, indicating to communities the real values and the real disbenefits of development in a way that I do not think has been done properly up until now in order that they can make the decision on a sounder basis, I think that can lead to greater democratic control rather than less.

**Q542 Mr Thomas:** I want to look at some of the aspects of the Barker Report now and we may as one start with the one you have just mentioned which is the automatic trigger. You sound a little sceptical now and, in your memorandum to us, you said this was not much different to the fact that there is an inbuilt sort of five-year process already there with

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13 October 2004 Mr Kelvin MacDonald and Mr David Barraclough

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unity development plans, that local authorities are already looking to 2011–12 in what allowance they are making now. What do you see being different in the triggering process to that which we have now?

**Mr MacDonald:** Two things. Clearly, the Barker Review is economically based. The triggers that she uses in the review—

**Q543 Mr Thomas:** They are solely price based.

**Mr MacDonald:** Yes, so that is new and I am sure that the Committee has had a whole range of definitions of planning, but one of the roles of planning is not just to take one single indicator and say that mechanism has been triggered and therefore we need to release more land, there are a whole range of other factors that need to be taken into account: the capacity of the area to take more growth and the external factors that lead to that mechanism being triggered. So, that focus on that trigger is new. The second thing is that policy is moving on and the point we were making in the evidence about the five-year supply was with particular reference to the Barker recommendation that local planning authorities should almost over-allocate 120 or 140% of their land. The point we are making here is that, even as we speak, new mechanisms for environmental assessment and sustainability assessment are coming through the planning process and the point we are making is that, if you over-allocate and you need the environmental assessment of strategies, then that needs to go through that mill as well. So, you are not saying to step outside the planning system with this, you are saying that you cannot just—

**Q544 Mr Thomas:** Will you caution against an automatic trigger? Will you caution against purely price-based trigger for release in a particular area?

**Mr MacDonald:** A purely price-based figure, yes, we would caution against. As a rider, what I do agree with and what the Institute agrees with is that the planning system does need to be perhaps more sensitive than it is to understanding the market and to understanding the effects of their decisions on the market but also how the market is operating. So, we are not again going into our little sort of land use shells. We are saying that we need to understand the market but to just have one trigger is insufficient.

**Q545 Mr Thomas:** It seems to me therefore that we have two really big conflicts here. We have one where you say that the planning system should be more understanding of the market—I am a sceptic; I do not believe that the market is delivering affordable housing particularly in my constituency now for example, so I would be a sceptic there, but let us just think about how that may happen—but also you mentioned earlier about how this whole process, the Barker Review and what flows on from that, could be more democratic. It could empower people in communities to say what they would like to see developed and so forth and we heard from the Countryside Agency earlier about some of the processes about managing change that will be happening in local communities. Where do you, as

an institute, see the process—and I think we have to talk in a sense about control in that process here because, at the moment, it is fairly clear that it is the local planning authority that controls that process—in the future being controlled particularly under the Barker Review and how do you see, what I would suspect is in most communities, conserving inherent conservatism, to keep what they have and not to barter and trade it, actually meets with a market imperative to provide more homes? We know that, with or without Barker, you would want to see the planning process development happen.

**Mr Barraclough:** I think the control, as you put it, remains within the planning authority. Whatever the housing figures that you are providing for in your new local development framework, those figures have cascaded down from some regional spatial strategy and it is for the local planning process to at least deliver the sites for those houses on the ground. Given the Government's very heavy emphasis on frontloading of the new plan-making process—involve the community, involve absolutely everyone at the outside, though you cannot actually make people involved but perhaps that is another matter, and the local planning authority is charged with going out there and discussing its proposals at a very early stage with the whole community, the whole stakeholders, groups and what-have-you—that is the process by which you finish up with X, Y and Z allocated for housing in your development through the normal democratic process.

**Q546 Mr Thomas:** I can accept that you are not challenging the fundamentals of the planning process, you are asking for further consideration to be taken into account if you like, but where does that leave the under-tendency? It seems to me that, within planning at the moment, there are two conflicting tendencies: you have a tendency, perhaps represented by the Countryside Agency, to be very locally based, looking at local needs assessment, visioning, 20/20 vision and all the rest of it, working with local communities in a very intense way to get them to think about what their local community could look like in a few years time and how they might prepare for that, and you have this other process which does not really hold any hostages which simply says, “We need an extra 100 homes here because there is a development coming in there.” How do you marry those two?

**Mr Barraclough:** It is not quite like that.

**Q547 Mr Thomas:** It looks like it sometimes.

**Mr Barraclough:** You might question where the regional housing figure comes from and I would point to things like our notion of a UK spatial development strategy and things of that sort . . .

**Q548 Mr Thomas:** Which you have always been keen on.

**Mr Barraclough:** . . . to provide some overall context for planning at the regional level, but the regional planning process—and there are arguments about democratic deficit and all sorts of things which we need not go into now—

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13 October 2004 Mr Kelvin MacDonald and Mr David Barraclough

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**Q549 Mr Francois:** Why not?

**Mr Barraclough:** I can if you like! . . . finishes up with in effect an allocation of housing numbers and whether it is Barker 120% of the figure you first thought of or whether it is the 100%, it allocates those at local authority county or district council level depending on the structure of planning authorities in the region. So, that has gone through some sort of democratic process in the first place ending up at that regional distribution and it is left to the individual local development plans, forgetting all the acronyms in the new system, to sort out the site specific allocations and whether we are talking about a new settlement or developing this brownfield site here or whatever. That, in theory, goes through the participatory process and it is a democratic decision of the local planning authority at the end of the day. We are all old enough and wise enough to know that it is not always perfect and the system is not ideal and the present system that we are talking about has not even been tested of course, its commencement was only last week, so we will have to wait a month or two before the first plans appear.

**Q550 Mr Thomas:** We will indeed and I think we will probably have to wait for another debate to really think about how all these local plans actually work, but I am grateful that you have clarified about your attitude towards the trigger and the market-based mechanisms. Let us just assume for a second that, in some way, shape or form, Barker or something like it, is implemented and we are seeing these new homes developed. The next consideration must be about the impact of these homes on the local environment and in terms of sustainability in general, and again you said in evidence to the Committee that you thought that the Barker proposals would be fairly neutral in their effect on environmental sustainability. Is that not a disappointing thing to have given in evidence to this Committee?

**Mr Barraclough:** It is in the context of what we said earlier, that the Barker figures are little different than those that have gone before, so Barker *per se* would have a fairly neutral effect on the need for a particular local planning authority area to accommodate a particular amount of new housing.

**Q551 Mr Thomas:** I can appreciate that.

**Mr Barraclough:** In the numerical sense we are saying that—

**Q552 Mr Thomas:** In a numerical sense they are fairly neutral but what about the qualitative sense about having more sustainable homes, better locations, passive solar heating and all the sorts of things that architects must be really fascinated in?

**Mr MacDonald:** What we are saying, just to clarify again and at the risk of repeating ourselves, is that the Barker figures do not bring anything new, but clearly the need or the demand or whatever we want to call it for a very significant amount of new housing in this country can have serious environmental impact and impact on the sustainability of this country. One could look at it positively—and planners always look positively at

everything—and say that this gives us a huge opportunity. Things like Thames Gateway and things like the growth areas give us a wonderful opportunity to say that we understand more about the impact of housing now in terms of drainage, insulation and in terms of all the other things that this Committee is considering. With this huge number of housing—it is not just odd job lots of housing here and there, it is mass numbers of housing—we have a really good opportunity now to say, “Let us build this thinking into the housing.”

**Q553 Mr Thomas:** Specially, Barker does not do that, does she? Her report does not do that. I am not saying that does not happen.

**Mr MacDonald:** She does not bring that out sufficiently. She certainly talks through the land supply question because that is what she was meant to talk about and she certainly talks through the impact on land. One of the interesting figures in Barker is that she has calculated, as you know, that less than 1% of the land area of the south east would be taken if you crammed all the new housing into that, but that of course is a negative side of the issue.

**Q554 Mr Thomas:** It does not take account of the market either, does it?

**Mr MacDonald:** No. It would be a wonderful settlement to see but it does not look at the positive aspect, it is arguing against the NIMBY tendency to say, “Well, it is not a huge land take.” It is not saying, “This is an opportunity to really create something wonderful for the future.”

**Q555 Mr Thomas:** Different sorts of communities. Can I just ask you a final thing about that aspect of Barker. We talked a little about whether there is full consideration of the impact of this housing but it is also about the rates of development because it is not only about the amount that you propose, it is also about the time over which you propose to develop it because it has huge implications for the skills level in the construction industry and for the technology that might be available to come into a home whether it be market tested or we are talking about CHP or net metering or whatever it might be. Those may be a few years down the line, yet we are talking about the here and now. Do you really think that the sort of proposals there which are about density and brownfield construction in particular are going to ameliorate the effect of the rates of these developments in these growth areas? Are they sufficient?

**Mr MacDonald:** I am sorry, you will need to clarify that.

**Q556 Mr Thomas:** What I am thinking is that it seems to me that Barker says, “This is what we need to do.” In fact, it will not be that bad because, as you just said, it is only 1% of the south east and, what is more, we are going to use brownfield and there are all these things that may be happening to ameliorate the effect on the environment of this development. At the same time, if you just stop and think about what this is actually saying, the rate of development

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13 October 2004 Mr Kelvin MacDonald and Mr David Barraclough

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needed for the market to deliver, even under a market-based system, affordable housing down the line—presumably the market starts with the best quality housing and the most expensive housing and only later delivers the really affordable stuff—is going to ride roughshod over any real environmental benefit that comes from brownfield developments or intense development. That is what I am putting to you and I wondered what you thought of that.

**Mr MacDonald:** I can see that argument clearly now. Again, I think there are a number of aspects to this and one is a fairly trite aspect. You mentioned brownfield development and clearly there is a target of 60% brownfield development which means that 40% of the growth must be on greenfield development, which is an aspect of the target that we tend to forget. Secondly, as you say, it appears—and I do not have evidence for this—that the Government are meeting their targets up to whatever it is, 64 or 65%, partly because it is the easier sites that are coming on stream first and we are starting to come up against the sites that need remediation and that have been used for other uses, and I think that the Government do admit that—I am not an apologist for the Government—and they say that is why they are not changing the target because they realise that it is going to be harder to achieve in the future. So, you will not get that rate at the moment unless you look again constructively, if that is not a contradiction in terms, at development on greenfield land and do that again through the planning system in the form of planned settlements, in the form of settlements that take into account sustainability principles, not just in the case of individual houses and how they deal with drainage and all the other things but in terms of density, in terms of the location of work to home and all these things that we know more about. So, you will not meet the rate and it will be an unsustainable programme unless the planning system intervenes in I think a far stronger way than it has up until now.

**Mr Barraclough:** Can I just add to that by saying that, on density, the jury is probably still out to some extent. There is no evidence that there is any real thought given to the figures that appear in PPG3, why those figures rather than any others were chosen, but there are question marks about market acceptability except in the case of probably very expensive town centre/city centre developments and there are also questions as to what is going on about the extent to which it is possible to put sustainable drainage systems and so on into a high density development. There is work currently going on about that. I think there are some question marks about the density question, if not the brownfield. Brownfield seems to be doing pretty nicely, thank you. Density is a different problem.

**Q557 Mr Francois:** Gentlemen, you make the point about the new planning system being very heavy on front-end consultation, about people being consulted about where houses should be built, about the type of housing, what infrastructure they think should accompany it and I have heard all that but, from the point of the RTPI, is the one great

weakness in all of this that the one thing they are not really allowed to be told about is the number of houses that are built in their district because that drives everything else and, under this system, they have no say in it? Does the RTPI agree with that or not?

**Mr MacDonald:** It is a quirk of the system.

**Q558 Mr Francois:** It is more than a quirk.

**Mr MacDonald:** In terms that the regional spatial strategies, these wonderful regionally based things, are meant to set a broad strategy for the whole area in terms of a whole range of things but, when it comes to housing, they allocate the numbers down to the district level, which is what you are referring to. In some ways, can you do it in any other way? What one would hope would happen—and this is a hope, I must admit—is that it would be this sort of circular process. You were talking earlier about things like village design statements and one of the lessons from those, I think, is not necessarily the process itself but, when people talk about their own area and their local area, they also talk about housing need and they know people who are in housing need, they can see the need for housing, and when you talk through other systems like the community strategies that local authorities are producing, people are talking about housing need in a way that they do not through the planning system. So, if you can capture that sort of discussion about housing need and feed that back up through the system. I do not know how this is going to work and, to be honest, I do not imagine that that is how the Government think it is going to work, but you are going to get a very dangerous situation if those figures are just imposed on local areas through a regional spatial strategy. So, we do need to find ways and it may be through front-ending the local development framework system to feed that back up the way.

**Q559 Mr Francois:** Just to make sure that I have understood you, I want to capture that because it is important. We could have, in your words, a very dangerous situation if these numbers are simply imposed on local communities.

**Mr MacDonald:** Simply imposed, yes. I am using my words carefully. Simply imposed, both those words.

**Q560 Paul Flynn:** The question of the availability of land and release of land. You have some very interesting figures talking about what the effect of this is when new land is available and you talk about, I believe, moderate impact on prices, but it would seem to be a significant impact and a widening of the availability to people you see as an extra thing: 4% of households on average would be able to buy a home with the release of land. The amount of land clearly is finite, but it seems to be a demand for land by various people. Most families—and it would depend—have possibly half an acre for their homes and gardens but, if you happen to be the Duke of Buckley or the Duke of Cornwall or the Duke of Westminster, you will have 100,000 acres up to nearly 300,000 acres, which is not only not

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13 October 2004 Mr Kelvin MacDonald and Mr David Barraclough

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productive but has probably a negative effect on the economy, it produces possibly 1% for farming in terms of GDP, but the three people I have mentioned are also entitled to £10 million up to £20 million in subsidies from the taxpayer. Is this kind of inequality and disparity and the under-use of agricultural land generally which could be used more productively for housing or other purposes a factor that you would like to see addressed or is it entirely a matter of planning and making the land available at a price that is attractive to the earls and dukes?

**Mr MacDonald:** To start with the figures, I think what we are saying here, without looking it up again, is that we were quoting research which looked at the release of land and the effect on house prices and trying to say at least it is not as direct as one might think it is. Again, to take a fairly trite example, as we know, in London, house prices may be even falling, certainly the increase is ameliorating. We have not just released a huge tranche of land on to the London housing market. There is a whole range of other factors that affect house prices. Planning is one of them and we are not denying that, we are not stepping outside market forces, but we are saying that if people think that if you release half of the south east, then you are going to bring down house prices very significantly, then that is only half the picture. So, just to clarify that. Land ownership is another factor which I am wary of getting into.

**Q561 Chairman:** I should stay wary if I were you. I am not sure that it is strictly relevant to our inquiry.

**Mr MacDonald:** What planning did in 1947 was to nationalise the right to develop, it did not nationalise land itself, which was a very subtle distinction and I think we are staying on that side of the argument rather than the other side of the argument.

**Q562 Paul Flynn:** The situation is that 70% of the land of the country is in the hands of a tiny number of people and the rest of the population are confined to a minute share of that.

**Mr MacDonald:** I am sure you know that the *New Statesman* is running a campaign on land ownership and housing and it is interesting that a lot of the responses that are coming back is that it is not the land ownership that is to blame, it is the planning system.

**Q563 Paul Flynn:** I am aware of this and there was a very interesting book by Mr Kevin Cahill on this subject a few years ago on how the rich and royal do have an enormous amount of land which is actually under-used. You support the idea of a national housing strategy as part of the UK spatial development framework. Could you give us an outline of what your proposals are as to the framework.

**Mr MacDonald:** Some of it is jargon, so do not worry about the individual words.

**Q564 Paul Flynn:** We will prepare ourselves!

**Mr MacDonald:** What we are calling for is a UK wide, in this case—we need to start with England as a whole as a good start—set of policies which have, apologies for the jargon, a spatial implication related to location. This is one of the starting points. We have a whole tranche of Government policies which impact in different ways in different locations but are not articulated in a way that you can demonstrate those impacts. So, we need to bring those together for a start. We need to look at the infrastructure needs of this country, not just in terms of transport but in terms of deep water facilities and in terms of water catchment, all these things, on a national basis, not even on a regional basis, before we can start. We also need to have a far better overview, coming back to the point of your question, about the distribution of housing in this country. The sustainable communities plan in a way could be accused of being a south-east based plan. We have the northern way but it came much later. If we had a national view of housing and the distribution of housing in national terms, not just in south-east terms in the four growth areas but in national terms, we might find and I am sure we would find that some of that housing growth would benefit other areas of the country far more than it would benefit the south-east, but we do not have a forum within which that view can be put forward. We certainly do not have an official forum and we do not have an official planner. I am not necessarily talking about old-style land use plan where you say, “We will have a motorway here and we will have a port there”, much as I would love to do that, but I am talking about a set of policies that take a national view as opposed to a series of regional or local views.

**Q565 Paul Flynn:** I can remember these land use plans as very great job creation programmes for planners and I am sure this one would keep you going until way past your retirement. I can remember the Monmouthshire land use transfer plan that was published, I believe, in 1974 which forecast a motorway going from Gwent right into the middle of Bristol that never came about. Are the Government receptive to this idea? Do they see it as practical or is it another case of planning upon planning and report upon report that goes on *ad infinitum*?

**Mr MacDonald:** That is a key question. They are not welcomed with open arms at the moment and one of the reasons why they are not is that they do not think it is practical. A short diversion, I hope: one of the ways in which we are trying to prove this wrong is to start the process ourselves of starting to think about the data needs and the policy needs and how you put this on a land-use base in different sorts of ways to try and persuade the ODPM that, yes, it is practical. If this is one of your worries, then the process is perfectly feasible. Having said that, we know that the ODPM is undertaking a project at the moment looking at inter-regional trends saying that if these trends continue on a straight line basis, then what will be the effect on policy? So, they are starting to

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13 October 2004 Mr Kelvin MacDonald and Mr David Barraclough

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have this thinking that crosses regional boundaries and so we always have great hopes that they will see the light.

**Q566 Mr Thomas:** I think I am right in remembering that there is a Wales spatial development plan.  
**Mr MacDonald:** Yes.

**Q567 Mr Thomas:** Is that the sort of thing you are talking about for the UK as a whole?  
**Mr MacDonald:** Absolutely. There is a Wales spatial plan and nowadays a Scottish one as well. Northern Ireland has its regional strategy and the Irish Republic has a national—

**Q568 Mr Thomas:** So, it is not the regions or the nations, it is ODPM.  
**Mr MacDonald:** It is England that does not have one.

**Q569 Paul Flynn:** How does sustainable development including sustainable construction fit into this plan?  
**Mr MacDonald:** In its broadest sense, using the Egan definition and using the ODPM's own definition, in the sustainable community's plan it will be at the heart of this.

**Q570 Paul Flynn:** What is your view of the sustainable communities plan? Do you think it is strong enough to encourage decent and good development?  
**Mr MacDonald:** Not in itself. I think it is a good start, having criticised it a bit for being south-east based. It is a good starting point because it has started this thinking process in a lot of people's minds and it brings a lot of different aspects together. In itself, I suppose one of the difficulties is that, in their definition and indeed in definition, there is almost internal conflict in that definition. Can you achieve these sustainable communities when you are trying to achieve high and stable economic growth and you are trying to achieve the protection of the environment when you are trying to get rid of social exclusion? A lot of things appear mutually contradictory. I think that we need to put it into practice more to see how it is going to work. In itself, it started a process but it is not strong enough in itself to change practice that much.

**Q571 Paul Flynn:** Do you see the role of planners as vital in ensuring that sustainable development in housing within the context of Barker takes place? Is that one of your jobs as a planner?  
**Mr Barraclough:** Yes. Of course, people quibble with the use of the term but there is a sort of statutory purpose in the Planning and Compulsory Purchase Act to promote sustainable development. The new planning system at both regional and local level requires a sustainability appraisal which has never been part of the system previously and that obviously will have to embrace the requirements of the EU Strategic Environmental Assessment

Directive. So, I guess we are really looking very seriously at the planning system to deliver sustainable development

**Q572 Paul Flynn:** Part of the criticism of Government is the claim that they have been focusing too much on building houses too cheaply and too quickly to the detriment of environmental considerations. Is this a criticism with which you would agree?

**Mr Barraclough:** There is no subsidy for proper planning.

**Mr MacDonald:** Yes, it does come back to planning. In a way—and do not take this wrong—it would be good if they had built more houses more cheaply, so maybe they are concentrating on that in policy terms but we have not had the outputs yet. Certainly, the overall agenda does seem to be focused on certain things at certain times. Quite rightly in many ways because of what I was saying earlier about my own view of the housing situation in this country. We are focusing on the moment but perhaps it is going too far. There is a Government consultation and an ODPM consultation at the moment encouraging local planning authorities to look at their employment allocations to see if they can be turned over for housing. In some cases, maybe they can but, if we are looking at truly sustainable communities where people have access to jobs, then you still need land allocated for employment. You cannot just focus like a sort of narrow spotlight on one particular policy issue. Sustainable communities, if it means anything, means that you do not just focus on one particular outcome.

**Chairman:** Could I possibly intervene to get us to move on because I, for one, am going to have to leave in about six minutes' time—I do apologise for that—and there may well be other issues arising from that dialogue which we might like to take up with you in writing, if that is at all possible.

**Q573 Sue Doughty:** I would like to turn to the Egan Skills Review for sustainable development because Barker commented that 90% of companies are experiencing a shortage of skills. Her interim report concluded that a modest growth in output would require 70,000 more workers in the house building industry and a substantial expansion could increase this up to 280,000. When Egan looked at what skills would be required for sustainable communities, he found a big shortage of generic skills amongst both core professionals and amongst sustainable skills and this was in about 100 occupations in total ranging right across the professions, even including town planners and transport planners. So he suggested the national skills centre. You contributed to this report; what did you feel about his conclusions?

**Mr MacDonald:** In some senses, they are totally right. Whether a national skills centre is the right answer is another matter but, with only six minutes, I will not go into that. In some senses he is right, there is a need for different skills to be brought in. Where we thought he was not necessarily right was in recognising the work that was being done already

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13 October 2004 Mr Kelvin MacDonald and Mr David Barraclough

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particularly on generic skills. There are far more cross-professional degrees now and there is far more concentration on the skills that Egan mentions as being generic, project management and all those sorts of things. In many ways, this has been at the heart of planning education. Having been an academic in a previous existence, I know this. I do not think that Egan has recognised this but we are not complacent of course. We, for example, have instituted a one-year fast-track degree for planners, a postgraduate one-year degree for planners, which has come on stream this year with the help of the ODPM who have provided bursaries for students on that. They are all full up. So, we are changing our agenda to meet this and maybe the situation is not as totally bleak as Egan would paint it.

**Q574 Sue Doughty:** That is very interesting because, bearing in mind what you have just said, obviously there are steps that you are putting in place, but realistically how long is it going to take to get not only the depth in the skills but the whole breadth in terms of the number of people we are going to need?

**Mr MacDonald:** In planning terms, I cannot remember the exact figure but I think most recent studies have shown that we are something like 4,000 professionals down on what we need and I can check that if the Committee wish. So, with an output of I am not sure how many, 250 a year, it would take eight years. What we need to do as well is to say, can the job be done by bringing other people in, by not just focusing on the narrow professional agenda but involving communities and involving others in doing this job as well and getting away with these very narrow professional boundaries which I think the RTPI has done already?

**Q575 Sue Doughty:** This worries me, particularly with the skills we need in terms of management and ownerships of sustainable buildings, not only just the design and builds but the long-term ownership. Sustainable buildings seem to be a particular problem and all the buildings have this particular problem in getting over that hump where people feel confident about investing in sustainability because it is not just what we want, it is what developers are prepared to go for and where people owning the buildings want to know that they are doing the right thing. Do you see an impact on that to have actually the confidence to go forward right from the beginning saying, “Yes, we are going to be build sustainably”?

**Mr MacDonald:** I think in a way it is the other way round, that if we have strong enough planning and building regulations and other policies, then the skills will have to follow. Perhaps we are in an interim period where certainly the proponents, the evangelists of new types of building and new schemes and modern methods of construction and all these things, are ready to take the field, but perhaps it is too easy to resort back to the old ways of doing things and the new ways do need, as you say, a whole new set of skills and a whole new set of competences as well, but I think it is not worth waiting until the skills are in place. We do need to

take a lead through the planning system and other ways to set that atmosphere where the skills are going to find a home.

**Q576 Mr Challen:** You say in your memorandum in response to the question about ensuring sustainable infrastructure, transport and water supply, happening in a timely and efficient manner but this has always been somewhat problematic because of the number of players involved in the planning, delivery and infrastructure of the major developments, each with their own programmes and priorities. Which of these players do you want to see removed from the process?

**Mr Barraclough:** I do not think that we were talking about removing anyone, just looking for mechanisms which meant they would get their act together better. Again, it sounds as though I have an awful lot of faith and confidence in this new planning system that they have just embarked on but the very fact that the new development plans are to be spatial plans and the local planning authority is charged with the duty of having regard to or integrating and bringing together the spatial aspects of the programmes over the whole range of players, whether it is the utility companies or the house builders or whoever, I think there is some prospect there that you will actually get to a situation where the services provision, for instance, for a new development is actually coming forward in sympathy with the—

**Q577 Mr Challen:** What about the hierarchy? Is it regional level or Government level? The people earlier talked about quality of life assessments, they are talking about local people being involved and there is clearly a mismatch now, is there not?

**Mr Barraclough:** It is above. What I have just said applies to regional spatial strategies, so the broad strategy and the broad programme for development in the region should be embodied in the regional spatial strategy to which the water companies and Transco and all the other—

**Q578 Mr Challen:** But not local people. How can they become involved at that level?

**Mr Barraclough:** That is a very good question and ODPM expects the regional planning bodies or regional assemblies to involve local people. I think, as Kelvin said earlier, there has to be a combination of bottom-up and top-down in the formation of regional policies. So, to that extent—

**Q579 Mr Challen:** It sounds like a somersault.

**Mr Barraclough:** It is saying, for example, that if it had been at local planning level, there are real problems in achieving a particular . . . The housing capacity, if you like, is way below the figure that would naturally go to that district, then that has to feed into the process, so the regional strategy does not overload that district with a totally impractical number of houses from a physical provision point of view. It is cyclical rather than somersault!

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13 October 2004 Mr Kelvin MacDonald and Mr David Barraclough

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**Q580 Mr Challen:** I hope so!

**Mr MacDonald:** Just to add a couple of points, Kate Barker spoke at our national conference in the summer and she said at the end of her talk that, if she had been starting this report again, it would have focused on infrastructure far more. I suppose where you involve the people is through the planning process. What is happening is that places are getting

planning permission—Kate Barker says 40,000 homes in the south east are held up because of infrastructure problems, not for planning problems. So, if you involve the people in the planning process, then you do not expect the Highways Agency or others then to start imposing conditions after that democratic process has taken place.

**Chairman:** Thank you very much indeed and, as I say, we may be writing to you with a few further questions. You have been most helpful this afternoon and we are grateful to you for coming.

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### Supplementary memorandum from the Royal Town Planning Institute

RESPONSE TO SPECIFIC QUESTIONS FROM THE ENVIRONMENTAL AUDIT COMMITTEE FOLLOWING THE ROYAL TOWN PLANNING INSTITUTE'S ORAL EVIDENCE SESSION, 13 OCTOBER 2004

*Q1: Your proposal for a UK-wide Spatial Development Framework was mentioned briefly during the session. It would be very useful to have some further detail of what you are proposing, together with any work you are doing to determine the feasibility of such a framework, and details of any dialogue you have had with ODPM regarding this*

1. A briefing note on the UK Spatial Development Framework is attached.

*Q2: You have submitted a response to the Countryside Agency's consultation on unlocking the potential of the rural urban fringe. It would be of use to the Committee if you could send us a copy of this*

2. A copy of the Institute's response to the joint Countryside Agency/Groundwork UK consultation, dated 27 April 2004, is attached.

*Q3: You mentioned various times during your evidence session that you expect the new approach to planning to result in a much more participatory and democratic process. What are the changes that you hope will achieve this and how?*

3. This is the very much the Government's ambition for the new planning system introduced by the 2004 Planning and Compulsory Purchase Act. From the outset, the December 2001 Green Paper—*Planning: Delivering a Fundamental Change*—spoke extensively of “community engagement”, and much more effective and extensive participation in the planning process. This related both to preparation of the new style development plans and to consideration of major planning applications. It is reflected in the requirement (in section 18 of the Act) for each local planning authority (LPA) to prepare a Statement of Community Involvement (SCI). The importance of community engagement and the “front loading” of participation in the plan-making process are heavily endorsed in ODPM's “procedural policy” set out in *PPS 12—Local Development Frameworks* and in the recently-published “how to do it” guidance to LPAs—*Creating Local Development Frameworks*. The final check, or balance, is that the public examination of a development plan document is centred on testing its “soundness”, and one of the tests of soundness is whether the requirements for participation in the plan-making process (as set out in the SCI) have been met.

4. Early in the Bill's consideration by Parliament, the Institute proposed an amendment the effect of which would have been to require an SCI from regional planning bodies when preparing their Regional Spatial Strategies (RSSs). This was not accepted by the Government at the time, but what is now section 6 of the Act was added during the Bill's final stages in the House of Commons. The requirement for consultation with a wide range of stakeholders is underlined in *PPS 11—Regional Planning*.

5. Having said that effective community involvement is the Government's ambition, it is one that is fully supported by the Institute. It is, of course, much too early to measure the practical effect of the new requirements as Parts 1 and 2 of the Act only came into effect on 28 September 2004.

6. Relating this back to the discussion with the Committee at the evidence session on 13 October, the context there was very much on the ability of local communities to influence the numbers and distribution of new housing, which would first be established in RSS and then “cascade” down to the LPAs' development plan documents (the new style local plans). We suggested that this must be an iterative process, combining the bottom-up and the top-down, and that given the statutory requirement to involve fully stakeholders and other interested parties at both the regional and local levels, we were optimistic that the process would be more transparent and democratic in the future than perhaps it has been in the past.



Q4: *The Government suggests that PPS 1 will put sustainable development at the heart of planning. Would you agree with this?*

7. It is section 39 of the Planning and Compulsory Purchase Act that puts sustainable development at the heart of planning. We are unable to comment on how effectively *PPS 1* may interpret the primary legislation—simply because the policy statement has yet to be published in its final form! The Institute understands that it is being substantially re-written, following the less than enthusiastic reception received by the consultation draft earlier this year.

8. A copy of the Institute’s response to the consultation draft is attached. While we were supportive of the general thrust of the draft, we were least impressed by the section on sustainable development. It seems that, given the Departmental strapline of *Creating Sustainable Communities* (a phrase, significantly, also used as the title of *PPS 1*), ODPM really is beginning to believe that everything it does is in the name of sustainable development, though it appears to be unable to go the extra mile to get under the skin of what is involved in ensuring that future development is genuinely sustainable. This tends to devalue the concept.

Q5: *You state in your memorandum that materials used in construction is not an issue that can be directly influenced by the operation of the planning system. However, the use of sustainable materials is directly related to ensuring we build sustainable housing and from our understanding is an issue many planning authorities are getting involved with. If it is not to be done through the planning system, how do you suggest we ensure the use of natural resources used in new housing construction is minimised and recycling of materials encouraged?*

9. On reflection, the statement in our memorandum may have dismissed the role of the planning system too readily. It is true that the materials to be used in a development can be specified in conditions attached to a planning permission, but this mechanism is used mainly to ensure that new buildings/extensions fit in with their surroundings, and particularly in conservation areas and other sensitive locations.

10. However, this is not the main issue in the sustainable use of materials. With the exception of the “system” building of the 1960s, there is little evidence that the traditional materials used in housebuilding in the UK—brick, stone, tiles, slates, etc—are not sustainable. The large numbers of 19th century houses that are still in good structural condition show that, with a responsible level of maintenance, the traditional materials are capable of lasting well over 100 years. Where major demolition has taken place—such as inter-war, peripheral council estates—this has been primarily for social reasons rather than a lack of building integrity.

11. On this evidence, the Institute would argue that, as a nation, we are not wantonly using scarce natural resources to needlessly make new building materials. Where we have some distance to go, though, is in the re-use of materials arising from demolition and other activities. The reclamation of bricks and building stone, for re-use on a wide scale, is a resource-intensive process that is probably itself unsustainable. (It does have limited applications in conservation work.) However, the conversion of demolition waste into secondary aggregates is a much more viable process.

12. Present fiscal arrangements—the Aggregates Levy and the Landfill Tax, for example—have some perverse effects, and do not necessarily achieve their intended objectives. They do increase the cost of using primary aggregates or taking inert materials to landfill, but the extra costs are simply passed on to the customer. What is needed is a regime that directly recycles the product of these taxes into subsidising the preparation and use of secondary materials, so that this becomes the first choice for developers. This would have the twin benefits of reducing the reliance on scarce natural resources, and minimising the amount of waste that goes to the rapidly declining supply of landfill sites.

November 2004

Annex

## UNITED KINGDOM SPATIAL DEVELOPMENT FRAMEWORK BRIEFING by the ROYAL TOWN PLANNING INSTITUTE

### INTRODUCTION

This RTPI Briefing Note, prepared for the Environmental Audit Committee’s inquiry into *Housing: Building a Sustainable Future?*, sets out the need for, scope of, and approach to, a spatial development framework for the whole of the United Kingdom (UKSDF). The UK, unlike many other European countries, has never had a national spatial plan.<sup>8</sup> However, all the UK’s devolved administrations now have published or forthcoming spatial plans.<sup>9</sup> The arguments put forward in this briefing note imply the need

<sup>8</sup> In 1964, the then Labour Government produced the “National Plan” but that was an indicative economic plan with no explicit spatial dimension. It was heavily criticised by planners at the time and soon proved unimplementable.

<sup>9</sup> Northern Ireland—Regional Development Strategy; Wales—People, Places, Futures: the Wales Spatial Plan; Scotland—National Planning Framework for Scotland and Irish Republic—National Spatial Strategy 2002–2020.

both for a comprehensive overview of English spatial policy, even taking into account the new system of Regional Spatial Strategies,<sup>10</sup> and for the preparation of a UK wide strategy which demonstrates the links with European strategies and, in particular the national strategy for the Republic of Ireland.

#### THE NEED FOR A UKSDF

There is a range of reasons why a UKSDF is needed. First, it is clear that Government environmental, social and economic priorities cannot be achieved without an understanding of national spatial dynamics, constraints and opportunities. These priorities include the current ODPM/Treasury/DTI joint PSA Target 2 for 2005–08.<sup>11</sup> There is the fear, for example, that the current housing targets for the SE will reinforce the problems that PSA2 seeks to address and will exacerbate environmental degradation in specific areas. It is also true that certain policies with clear spatial impacts require knowledge and decision making at UK wide level. These include airports, ports, and major transport infrastructure investment.

Similarly, decision making on the provision and safeguarding of the future options for key national infrastructure networks in terms of energy, IT and water supplies, whose “terminals”/production points and distribution networks clearly cut across regional boundaries, needs to be a shared responsibility. Moreover, there is already a wide range of national strategies<sup>12</sup> which have spatial impacts but which are neither expressed in spatial terms nor are co-ordinated at a spatial level. The perceived tensions between these strategies require resolution through a national strategy.

The moves to enhance policy and decision making and democratic involvement at regional and devolved nation level demands an integrative framework against which regional decisions can be informed and assessed. This requires an explicit tool for assessing regional needs and the environmental and other impacts of decisions. There is the need to ensure that the effort that is rightly given to a devolved approach to economic and planning policy is sufficient to meet the overall development needs of the UK and does not result in excessive over-bidding—to the detriment of the environment—or under-delivery. Coupled with this, Government spending plans have clear spatial impacts<sup>13</sup> but are not necessarily analysed on that basis.

At a wider level, the current reform of EC Structural Funds requires a national understanding of the current indicators used and of the impacts of various scenarios of reform. Additionally, the EC is, or recently has, reviewed the Common Agricultural Policy and regional development funding and is embarking on a revision of the 1999 European Spatial Development Perspective. If these programmes are to serve the needs of UK economic, social and sustainable development policies, there is the need for UK-wide understanding to feed into the process and to evaluate its emerging outcomes. The need for such action is being increasingly recognised in other countries with whom the UK has to compete.<sup>14</sup>

The Planning and Compulsory Purchase Act brings in a statutory requirement to prepare spatial plans. These are much more broadly based and dirigiste than existing plans and will not be effective without a nation-wide context. Standard regional and other administrative boundaries are increasing inappropriate to use as the basis for analysis because of the increasing interrelationship between regions in terms of markets and networks. It is important to have an integrated perspective within which separate sectoral policies and programmes are prepared.

Finally, those integrated and spatial strategies that do exist, in particular the Sustainable Communities Plan and the Sustainable Development Strategy, will be hampered in their achievement by the lack of an overall national context and direction.

#### HOUSING

Housing policy would benefit from the ability to analyse markets across administrative boundaries; and from the examination of means of guiding demand through other means, such as infrastructure investment and employment policies.<sup>15</sup> There are specific aspects of spatial policy related to housing which could best be dealt with through a UKSDF. First, current policy in terms of housing allocations build into them the net effect of continuing migration to the south eastern regions at the expense of the northern ones. This is contrary to the PSA 2 intentions and produces conflict with the economic agenda of the regions in terms of the level of economic and labour market growth that is being planned for. It causes increasing pressure on

<sup>10</sup> The relevant sections of the Planning and Compulsory Purchase Act 2004 came into force on 28 September 2004.

<sup>11</sup> PSA2: “Make sustainable improvements in the economic performance of all English regions by 2008, and over the long term reduce the persistent gap in growth rates between the regions, demonstrating progress by 2006 [Joint with the Department of Trade and Industry and HM Treasury].”

<sup>12</sup> These range from health service plans to the white paper on skills and from the transport ten year plan to spending review plans.

<sup>13</sup> For example Identifiable public expenditure per head, on housing by region for 2001–02 is:

NE	NW	Y&H	EM	WM	SW	E	Lndn	SE	Total
£68	£71	£56	£19	£34	£38	£3	£197	£28	£62.

<sup>14</sup> Germany, France, the Netherlands, Denmark and most other EU nations have some kind of national spatial framework or strategic planning process, although not necessarily a statutory national plan.

<sup>15</sup> The HoC Select Committee on the ODPM’s report on Planning for Sustainable Housing and Communities stated that “A national spatial strategy could help ensure that the supply of housing is better balanced with demand, reduce the impact on the environment and share out economic opportunities.”

valued environments. It also causes uncertainty for the planning of the housing market renewal areas—whether they are serving a fixed level of economic growth within the region or to create expanded markets within these regions.

Secondly, the current Regions do not relate well to the real housing markets that exist. This is recognised in the Sustainable Communities Plan by its identification of the growth areas which cross local and regional administrative boundaries. There are other key areas of housing market interdependence, including the Swindon Bristol Corridor and the North Wales—North West regional relationships, which require spatial analysis on a systematic basis.

Finally, the need for a better balance in the distribution of housing and the removal of some of the local opposition to housing expansion depends to a large extent upon the delivery of an improved national infrastructure network as well as local improvements. The investment requirements for the Thames Gateway are becoming known<sup>16</sup>. There are equivalent requirements in the other regions. The aggregate demand on resources from all the strategies for a region need to be assessed and, as they are unlikely to be met, a clearer long—term investment strategy is required to give confidence to the housing market.

#### THE SCOPE OF A UKSDF

At the core is the need to address those issues which cannot be dealt with at a local and regional level and ensuring that the collective impact of the action proposed relates to: the overall level of resources available; the aggregate scale of action that is required; consistent objectives; and maximising impacts.

The types of policies that are required cover a broad but inter-related range of issues. These include policies relating to:

- safeguarding or developing national resources;
- making interregional choices;
- identifying the scale of action required where the market is national;
- cross boundary issues of national importance;
- national priorities for Government agencies;
- settlement pattern, land resources and infrastructure capacity;
- population and household change;
- environmental challenges and the role of the planning system; and
- strategic priorities for transport and other infrastructure investment.

From this approach would follow a framework supporting policy decision making rather than a definitive strategy or plan. This framework could provide, *inter alia*, a perspective on the mismatches between trends and aspirations in terms of the pattern of economic development and the implications for action in terms of spatially sensitive targets (eg translating the 60% brown field target into regional sensitised formats).

It would identify the broad location of national “growth poles/technopoles”—which will be supported nationally reflecting the particular role of the separate regions. There would be an identification of those national economic and environmental resources that need safeguarding—in terms of key locations and infrastructure and future network developments.

The locational priorities for the development of industries which have a national “market”—eg energy and minerals—could be identified. The Framework could set out the approaches to achieve a better balance in the pattern of development between regions (north/south issues) and national targets for e.g. housing, renewal, health. It could establish an environmental framework eg ecological footprint, renewable energy, forestry, flooding and an infrastructure framework including international links, eg airports; ports; IT, energy. It would address the broad scales and directions of change at the inter-regional level and social priorities expressed in spatial terms eg Pathfinder Areas. Finally, there would need to be an indication of the phasing and programming required for these elements over a 25–30 year time horizon.

#### THE METHODOLOGY FOR PRODUCING A UKSDF

The methodological approaches needed for the preparation of a UKSDF exist already. One of the strengths of a UKSDF will be derived from the bringing together of a variety of methodologies. These will include:

- Data collection from the growing amount of statistical information that is available on the internet and spatial analyses based on non-standard administrative areas, cross boundary and border areas, as well as on standard areas. Data can be analysed on the basis of trends; scenarios; propensity/willingness to change; forecasts; current policy at UK, European and global levels; political constraints and the available tools of change.

<sup>16</sup> ODPM (2003) Creating sustainable communities: making it happen: Thames Gateway and the Growth Areas.

- Different demonstrations—derived from setting out the spatial implications of stated national policy on planning, transport, housing and regeneration; based on the mismatch of the various regional strategies; based on scenarios without the production of a “preferred” version and a *de facto* UKSDF which can be culled from existing policy statements.
  - Scenario generation and testing from a number of different standpoints. This can be done by evolving scenarios using different drivers of change (eg economic, environmental, governance, technology and community). There is the need to establish early on the degree of shift that is wanted not merely as a descriptive scenario but also in some quantitative form to allow it to be tested in terms of key interactions and policy interventions and resources. The impacts of differing scenarios will be assessed.
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**Wednesday 27 October 2004**

Members present:

Mr Peter Ainsworth, in the Chair

Mr Colin Challen  
Mr David Chaytor  
Sue Doughty

Paul Flynn  
Mr Mark Francois  
Joan Walley

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**Memorandum from Sir John Egan**

*1. Are the conclusions of the Barker Review compatible with the general principles of sustainable development and the Government's own sustainable development objectives?*

It is possible to build an extra 125,000 houses each year within the Government's sustainable development policies. However, the system will have to improve enormously. The performance over the last 40 years has been so poor that large improvements will be required in the planning system, building performance and in the development industry's own performance.

*2. In view of the Barker Review is there a need for an overarching national strategy to ensure that the environment is at the heart of any building programme?*

The sustainable communities agenda is robust and should ensure that the needs of both people and the environment will be put at the heart of the building programme. The concept of what has to be done is clear and the sustainable communities agenda is compatible with the needs of the population. However, much higher standards in the skills of leadership, vision for the future, urban coding, infrastructure planning and much higher standards for house building will be required to make this possible.

*3. Is the current planning system robust enough to ensure that the environmental implications of building projects are fully taken into account? How can the planning system be used to increase the building of more sustainable housing? Would the proposed changes to the planning system in the Barker Review have a positive or negative effect on the environment?*

The current planning system is currently not robust enough but planned changes will allow for improvements. However improvements to the system will only take us so far, and we will require skilled people to deliver sustainable communities. My report on Sustainability Skills found there are currently not enough people with the right skills to build sustainable communities. It also pointed to the need for all people involved in building communities to share a common goal and vision to deliver sustainable communities.

*4. Where will the proposed new housing be built? What are the implications for land-use and flood risk of the large-scale proposed building projects?*

New communities can be rapidly created wherever there is good transport infrastructure into Central London, otherwise most of the increases will be achieved by adding to existing communities. Most communities could be expanded in size if the population trusted the planning system to deliver benefits.

The key issue in relation to flood risk is for the Environment Agency, the Association of British Insurers, planners and builders to work closely together.

*5. Is it possible to ensure materials and resources used, and waste produced, during building do not have a harmful impact on the environment?*

Yes it is possible. However, the supply systems and building methods in place will have to change radically to allow for that to happen. In "Rethinking Construction" we set the target that productivity could be increased by at least 10% per annum and waste reduced by 10% per annum. We also proposed that defects in projects should be reduced by 20% a year.

*6. Are the building regulations as they stand capable of ensuring that new housing is truly sustainable in the long term? How could they be improved? Could greater use be made of existing environmental standards for housing?*

In my Skills report, I recommended the development of a code for sustainable buildings. I invited the Sustainable Buildings Task Group to take this up and I understand the Government is now taking this forward.

7. *How will it be possible to ensure a sustainable infrastructure, including transport and water supply, which will be necessary to support any extensive house building, is put in place?*

The ODPM Sustainable Communities plan sets the core agenda. However, it is necessary to have joined up government at national, regional and local level to enable the infrastructure to be delivered at the right time.

8. *Do those involved in housing supply, both in the public and private sector, have the necessary skills and training to ensure new housing meets environmental objectives? If not, how can the knowledge base of those involved in the planning and building process be improved?*

My report found the need for new skills within the industry, starting with leadership and vision for the future. The new standards will need to be introduced gradually over time in order to allow the industry to respond.

October 2004

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*Witness: Sir John Egan, Chairman, The Egan Review of Skills Task Force, examined.*

**Q581 Chairman:** Welcome, Sir John, and I am sorry that we have kept you waiting. We may be interrupted by a further vote in due course but we hope to make some progress before then. Thank you also for your memorandum. As you know, we are looking at the whole question of housing policy particularly in the light of the Sustainable Communities Plan and the Barker Review and we were very interested therefore in the findings of your report. Can you just tell us by way of introduction why your review and its report were thought to be necessary.

**Sir John Egan:** I think there was a general feeling within the construction and house building community that there were not enough skills to allow the agenda to be delivered. The general view was that it was lack of town planners and things like this. We came to the conclusion that it was not lack of town planners which had created the appalling mess of the last 40 years, it was more to do with not town planning skills but general management skills of achieving some kind of objective. If the end point of the planning system had been just to create wealthy lawyers, then that is what it did, but nobody set out to do that. The planning system was there for another reason and that other reason was never made very clear.

**Q582 Chairman:** To what extent did you set out your own remit and to what extent was it defined by the Office of the Deputy Prime Minister?

**Sir John Egan:** This is the second report I have done for the Government and I have usually found it better to look around the problem and then choose, in a way, my own objectives. What I find is that you have to have a very clear goal if you are going to achieve anything at all and I wanted to make sure that the Government's goal in sustainable communities was correct. I wanted to know who should be trying to carry it out. I wanted to know what processes existed for carrying out the goal. Then I wanted to know what skills therefore were needed. So, I thought that if I just went straight to the skills part, I would not know what the context for the skills agenda was going to be.

Therefore, I looked at it in a sort of process way of goal, who was involved, what the processes were and thus what skills were required.

**Q583 Chairman:** So you delivered your own remit, so to speak. It was not one that was set out for you.

**Sir John Egan:** I developed a wider remit. I think the only interesting thing for us is, as I said the first time I made a public speech on the issue, that it is not often that governments have any good ideas and it is not often that they have any very big ideas, but here they have both a very big and a very good idea in sustainable communities and we discovered that our evidence very clearly demonstrated that the Government were on the right track with their sustainable communities agenda and it was more or less the kind of community that people wanted for themselves.

**Q584 Chairman:** Although you kind of invented your own definition of sustainable community.

**Sir John Egan:** No, we did not. We used the Government's definition and tried to make it more operational. If you are trying to create a goal that a number of people are going to achieve, then you have to be very clear about what it is and there were too many headings and too many trails. We reduced it to about seven major areas of concern. We would have preferred if we had had more time to reduce it to about five. It is difficult to remember seven and if you were to ask me right now what the magnificent seven were, I could probably only remember six.

**Q585 Chairman:** We have a list.

**Sir John Egan:** I would have preferred to get it down to about five. I think this goal concept is very, very important for good management. One of the critical skills I think is the skill of central government to delegate authority to local authorities and I do not think they are satisfactorily doing it today and I do not think any Government have over recent years. If you are going to delegate authority, you need to have a very clear remit and that clear remit is to achieve the goal of sustainable

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27 October 2004 Sir John Egan

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communities. That is why it is very important to operationalise it in order that that is what local government is actually asked to achieve.

**Q586 Chairman:** One of the things that this Committee has come up against time and time again is the balance within the term “sustainable development” between economic and ecological values. We have said in the past and I suspect will say in the future that when there needs to be a trade-off between these two things, almost invariably economic values take priority. Is this something that you wrestled with?

**Sir John Egan:** Yes but I would say that it is slightly more complicated than that. It is not just ecological values that are important, it is actually what the people themselves want. What is the way in which they want to live? When, for example, we looked deeply into various communities that we looked at and they were all pretty well the same, they were very clear as to what they wanted. They wanted first of all a place that was safe; secondly, was clean; thirdly, was friendly; fourthly, had open spaces for their children; and then a wide variety of services. Practically every community wanted these things. If you are going to create safe and clean places, the absolutely most important thing is governance. Who is going to make sure that they remain safe and clean? Who is going to give leadership? We often looked at communities of 10,000 or 15,000 people who have been dumped into a field with absolutely no thought given to the future governance of their lives with architecture which did not lead to friendliness and all kinds of things that absolutely spelt the failure of this particular development. So, ecological is not the only thing. We also should put in the needs of the people which are very clearly spelt out when you ask.

**Q587 Chairman:** I have the list of your magnificent seven here and, at least in this version of the list, economic values come second to the bottom.

**Sir John Egan:** They are in a circle. None of them is any more important than the other.

**Q588 Chairman:** That itself is a very important statement.

**Sir John Egan:** Absolutely.

**Q589 Chairman:** Historically, when push comes to shove, economics has always taken priority.

**Sir John Egan:** Well, can I point to another problem and that is the efficiency with which things are done. Our building industry is not particularly efficient. I wrote a report on this about five or six years ago when we basically pointed to the fact that the world cost of something was probably half of what we could achieve with a reasonable project in the UK. My worry is that everything is costing far more than it need do because of the poor planning and management of the whole system. Much of this has been improved in the private sector amongst repeat clients but not much has yet been done, or the same big strides have not been made in the

public sector nor have they been made in the housing sector. They have made good strides but not as big strides as the big private clients in the construction industry. So, the economics in a way could be very secondary if we could improve the efficiency with which buildings are put up.

**Q590 Chairman:** You said that none of the seven is more important than any of the others.

**Sir John Egan:** No.

**Q591 Chairman:** But where do you think the greatest challenges lie? In which of the seven is the greatest challenge? Is it governance that you have already mentioned?

**Sir John Egan:** I would have said that really the most important one around which to balance the rest is future prosperity and that is economics. That you should be planning for the long-term prosperity of your community is the, as it were, key idea, but that is only that if you do not have prosperity, you cannot have any of the rest but I would not actually say that any one was particularly more important than the others apart from that.

**Q592 Chairman:** I was not really asking that. I was asking where you thought the biggest challenge lay.

**Sir John Egan:** In the northern cities, that is probably the biggest problem. In the southern cities, possibly environmental challenges might be more difficult.

**Q593 Chairman:** Can I just come back to my first question and ask you about the remit again. You have told us helpfully about the way you took the remit and you developed it and you created an agenda, if you like, of your own, but how did that final agenda marry up to the original remit set by the Office of the Deputy Prime Minister?

**Sir John Egan:** We answered the examination question as put, what skills were required and by whom?

**Q594 Chairman:** Was that the only question you were asked?

**Sir John Egan:** Fundamentally, that was the question I was asked, yes.

**Q595 Chairman:** So, you took what was a very narrow remit really and expanded it to something much larger and I have to say as a result much more useful.

**Sir John Egan:** Yes, I thought it was. I thought that it was very important to establish that the Government were right in their sustainable community agenda. It was such a big, bold step for them to make that I thought it was very important that we actually supported that and then the whole debate could move on. I also thought it was important for us to say that local authorities were in the driving seat. A number of people thought, for example, that any time you need a big job doing, you should try and create a special vehicle to do it, but my evidence is that every society in the

27 October 2004 Sir John Egan

whole of the UK has been badly served for the last 30 or 40 years and every community has to be retrofitted if we are going to create communities for people to live in.

**Q596 Joan Walley:** Can I just press you on that a little and ask you how what you have just said squares with the current—I do not know what the word is—fashion of having partnerships for all kinds of new projects and new initiatives, so that in fact much of what was traditionally championed by the local authorities when they were in the driving seat is now dispersed across a whole plethora of different partnerships and then the position between the regional development agencies, the local authorities and various bodies linked to the housing renewal programme. How does that fashion square with what you have said about local authorities in your opinion having to be in the driving seat?

**Sir John Egan:** I think that the local authority has to, as it were, chair the cabinet of interest of national service givers. They, after all, have a remit from the people; they are actually voted into their position. Secondly, they have to give planning permission; it is in their hands. I think they should chair a cabinet of national service givers: obviously health, education, police, highways and so on should also take a common cause. That is why the goal of sustainable community is so important that everybody buys into the common goal of what they are trying to do.

**Q597 Joan Walley:** What about special delivery vehicles that are being put forward as solutions to various problems?

**Sir John Egan:** They are a shortcut. It is all right having big powers but I have noticed that, the bigger the power, the less people listen. What you really do need and I think the most important thing about this planning system is that we learn to engage with the population. We learn how to ask them what they require and we learn to deliver solutions that answer those requirements. If you mention planning or expanding any community to any community in the country, there is immediately a moment of horror as though whatever is going to happen will be not in their interests. We have to learn to listen to communities and find out what it is they want. Very often, those things can be developed through the planning system. For example, most communities of, say, 3,000, 4,000 or 5,000 people think they are very happy and maybe they are. On the other hand, they have a lot of teenage crime, they have a lot of missing services and so on and so on and, if we wanted to give those people the services they required, we would probably have to expand their neighbourhood but, right now, I do not think anybody living in a small village would really want to see their community expanded because they would assume that it would be done badly. Looking at what we have done for the last 30 or 40 years, I would have to agree with them.

**Q598 Mr Francois:** You talked about the principle of asking people in local communities what they want and then trying to respond to that within the planning system and I think all of us around this table would have some sympathy with that. In order for that to be valid and to be real, do you not also need the power for local people to be able to say “no” if they are offered something that they definitely do not want?

**Sir John Egan:** Saying “no” is sometimes something that we cannot accept. There are national reasons sometimes why only “yes” is possible. So, there are national things that will overwhelm that. In the main, I would agree with you that no should mean no, but no should only mean if the issues have been properly described and the people have been listened to and a proper solution has been offered to them. Then, perhaps “no” is a reasonable word. If the national interest overcomes that, my only point then is, let us recompense them for the nuisance that they suffer. The problem with the British system is that it goes into the law, the right thing is done, as it were, according to the law and loser takes all as a general rule. You get the nuisance and, generally speaking, you have to pay for it as well. So that really is a pretty sore wound. That is one of the reasons why people really are frightened of the planning system.

**Q599 Chairman:** Can I explore another angle of this. You said just a while back that economic prosperity was really the key thing and, when you ask people what they want, one of the things they clearly want is more economic prosperity and yet, at the Johannesburg Summit, we signed up to an agenda to do with sustainable consumption. To what extent do you factor sustainable consumption ideas into your thinking about the sustainable communities?

**Sir John Egan:** If we can look at consumption in terms of CO<sub>2</sub> emissions, then it is easier for us to grasp, as it were, what we consider. It is relatively easy to create a low CO<sub>2</sub> emission community. From the engineering point of view, the issues are not so incredibly difficult, they are really relatively straightforward. The problem is that, to deliver such a community, we have to build the new buildings for that community. The supply chains that exist in the UK could not deliver; they could only deliver bricks and mortar, cement and things that are not, as it were, the sustainable products for the future community. We thought that, within eight years they could, and so what we should do with the environmental standards for buildings is slowly tighten the screw to the point where, in eight years' time, only sustainable components would be allowed into the building. For example, I do not know if you know that to make a ton of cement takes a ton-and-a-half of oil to create it. So, in using cement in your building, you are going to be consuming huge amounts of oil. If you are wasting half of it because most of what we build is only built at half the world levels of construction, then you are not sustainable to start with. So, what you have to do is be immensely more efficient and allow



27 October 2004 Sir John Egan

the supply chain to slowly get itself up to, say within eight years, achieving those sustainable standards. The Government have set up a sustainable buildings taskforce and we asked them if they could design the standards that would eventually lead to a low emission community. By the way, all kinds of other things are involved of course. We have tended to zone things in the UK, we have tended to put business parks in one place, we have tended to put houses in another, schools and hospitals we have often tended to put in the green belt and so on and so forth and the only thing that connects them all up, apart from London, is cars, so people drive around them all and it has become a nightmare in many small towns to find that you can only get from one part of this community by car. That is not sustainable either nor is it very friendly. These are points that are really very important and, if we are going to create sustainable communities, they will have to be mixed developments; they will have to be mixed in terms of socio-economic groups but they are also going to have to be mixed in terms of office blocks, shops and so on. When I said that we have to retrofit the communities, we have to start putting houses around retail centres and we have to actually start asking retailers to become leaders of their community and start turning their shops inside out and making them far more part of the community and not just hiding behind barbed wire fences.

**Q600 Sue Doughty:** In your memorandum to us you say it would be possible to build 125,000 houses a year within the Government's sustainable development policies and you also say that the sustainable communities agenda is reversed, but then you went on to qualify that. You emphasised the need to improve planning, house building standards, leadership and a lot more. It is very difficult to see how this is possible under those terms. How realistic is this target of 125,000 houses being built?

**Sir John Egan:** I think it is feasible. If we look at the Thames Gateway, I would see it as a £15 billion project and I would plan it in a certain way. If you were to ask me, "Could we do that?" the answer is, "Yes" and I am actually helping the Deputy Prime Minister on the Thames Gateway. So, the answer is, "Yes, it could be done" but a number of things would have to happen. I cannot say at this point that it cannot be done because we have not got too far into the project yet. I would not say it was impossible. I would say it is difficult but that certainly it can be done. Look at, for example, what has been done in, say, Birmingham or Manchester or Leeds or Coventry. People of great leadership have gone into the job, they have got cracking and they have done a magnificent job on their city centres, absolutely terrific. If we only had to say, "If we had that get-up-and-go in the Thames Gateway and we learned to coordinate all those local authorities together and we all accepted the sustainable community agenda, could we do it?" the answer is, "Yes, we could", but an awful lot of things would have to happen to make that possible.

**Q601 Sue Doughty:** You went on to say that there needed to be enormous improvements in the planning system, building performance and the development industry and you raised a large question in our minds about juggling from what could be done to actually delivering the processes. What do you think is actually needed in these areas?

**Sir John Egan:** For example, going back to what I did earlier on construction, the question I was asked was, how do we improve the performance of the construction industry? The question I actually answered was, how to achieve world-class standards in the UK construction industry and therefore I could set a goal as to what we were trying to achieve. The very good clients like, for example, Tesco, Sainsbury's, Whitbread and BAA, the company I was then running, are achieving the standards that we set and indeed are capable of building world-class buildings today. So, it has been done. Whereas, the Government have not got very far down their own agenda; they have not left lowest-cost tendering in as quick a way as I would have wanted. So, they have not achieved it. On the other hand, it is achievable and companies are doing it. So, I can say what is to be done but I am not quite sure how quickly people will pick up what is very obvious as a plan of action.

**Q602 Sue Doughty:** We are really trying to do these within the short to medium term and you have set out quite a few challenges there and they are very real challenges. So, we are back to the reality of whether or not these targets can be met.

**Sir John Egan:** Can I just say that I do not know how quickly you think it has to be done. It has to be done very quickly. London and the south east is now the most wealthy community in Europe and whether people thought one million people were going to come here by the year 2010 a few years ago, I think many of them are already here. What we do not appreciate is that we have to build or else people will find somewhere to live and they will come. They are on the way. I would have said that this has to be very urgently tackled if we are going to do it well. I sit with the government committee and I can see that joined-up government is occurring at that level. On the other hand, we need joined-up government at local level as well. We also need to be able to have regional planning in order that we do not try to build the same resource in two different places when one will do. We have to have regional planning. We have to have very good urban coding in order that developers will know when they have designed something that will get planning permission. It is very inefficient today; they keep offering plans and they have no idea which ones will work until finally the bell seems to ring and it has worked. We have to be very specific. In the Thames Gateway, the most urgent thing is to get the transport systems established in order that we know which new communities can be developed. You can develop communities very rapidly in the Thames Gateway if you have railway transport. I had asked for that to be completed by midway through this year and we are not there yet. I have to say that if we are going to do this huge

27 October 2004 Sir John Egan

project and do it well, we should not be slipping on timetables, we should get them right. We do not know yet which communities we can develop versus which ones we cannot. We have been promised that it will be done towards the end of the year, but that is not the same thing as getting it done in June—I would say that it is six months late already.

**Q603 Mr Chaytor:** Your comment on transport interested me because it linked in with something in your report that caught my eye. Do you consider the purpose of developing sustainable communities in the south east is to provide more housing for more people to work in Central London and ease the pressures on accommodation in Central London or do you see the purpose as developing stronger more autonomous centres of economic activity on the periphery throughout the region? From what you have said, the implication is that you envisage more and more people commuting in through better transport links with London but more and more people commuting in longer and longer distances and I would be interested to hear what you think about that.

**Sir John Egan:** Let me first of all make two practical points. The first practical point is that the people are on the way, those one million people are coming and many of them are here already. They are not coming to Saffron Waldon, they are actually coming to London. That is where the huge wealth is being created. Incidentally, these are not the poor people of the world who are coming here. These are people with the world-class skills that are needed in things like the financial services industry. They are coming here because they think they can earn far more money here than they can earn anywhere else in the world and that is why they want to come and they are on their way. So, there is a certain speed attached to it. If you start doing your planning for people who are not going to satisfy that need, that need is still there, so I think we have to be very, very practical about that. The second thing we have to be practical about is, if you have rapid transport into Central London, you can develop the community very, very quickly. You do not need to search for jobs. The jobs are there. Fifty per cent of the people can get jobs by getting on to a train. So, you develop the community very well indeed. The third thing I have to point out is that these commuter communities are extremely well liked by the people in them. If you look at the places that got the highest marks for liveability in the south east, they were in the main commuter places. So, it is all very well building up a brilliant place in Saffron Waldon or somewhere, but that is not going to fulfil the immediate need we have which is one million people coming into London. Is it a better or worse product than something which is autonomous locally? I do not know. I do not think it makes all that much difference. On the other hand, 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. So, I think we have to create very high quality communities and we have to do it relatively rapidly.

**Q604 Mr Chaytor:** Do you see the priority of the sustainable communities programme as providing high quality housing for the most highly skilled people?

**Sir John Egan:** Yes.<sup>1</sup>

**Q605 Mr Chaytor:** That is not the way the Government sell it. The Government sell it as providing more affordable housing for people working in the public services who are going to be priced out of the market in Central London.

**Sir John Egan:** I am only making the obvious point that we have to cater for these people who are on their way. By the way, a number of the waiters in restaurants are also coming as well. In fact, I went on a night out recently and I said to my wife, “I wonder if we will meet anybody anywhere who is actually English” and we did not. Apart from the taxi driver who took us home, we did not meet one person. I said that a number of wealthy people are coming and a number of poorer people are coming as well, but that is not quite the point. It is outrageous to me that an average person on an average wage cannot buy a house in the south east because it is too expensive for them and I think we should set the challenge—and in fact I am discussing this one with the Deputy Prime Minister—to the building industry to start coming up with homes that are affordable, to cut out the waste and to cut out the inefficiencies in the building programme and actually start building houses that can be afforded. I think 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. I think the point is a very important point and one upon which we have to focus. I would like to see the £80,000 or £90,000 house sale value actually on offer in order that people with normal salaries can afford it and it is not impossible, I am quite sure that it can be done.

**Q606 Mr Francois:** Can I ask what may be a very appropriate and practical question. You talked about the importance of public transport—I declare an interest: my constituency is Rayleigh and I am right on the northern fringe of the Thames Gateway in South Essex—and, in particular, rail transport and, in principle, I would agree with you. However, in the Gateway, we are coming into two termini in Central London: Fenchurch Street and Liverpool Street. They both have narrow necks. You cannot get any more lines in and out; you can barely get any more trains in and out. A number of the platforms were extended to take 12-carriage trains as opposed to eight-carriage trains to increase capacity and then recently a number of those trains were taken away from the area and given to other train operators in the Midlands because those operators now come under the aegis of bigger companies with larger franchises. So, I am really at a loss to understand what on earth is

<sup>1</sup> *Note by the witness:* For the Thames Gateway—because London is one of the most successful communities in the world, but in reality it must be for all the people.

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27 October 2004 Sir John Egan

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sustainable about any of that. You are nearly at capacity in terms of community in the peak as it is. I will be fascinated to know how you are going to seriously increase rail capacity into Central London given all of those constraints.

**Sir John Egan:** Obviously I think that some very important projects like Crossrail will be required to make London work. By the way, for London to work as a world-class city, there should be an anywhere to anywhere capability in order that couples can live somewhere and both of them can get the jobs they are looking for, which increasingly will be in places like Canary Wharf, the City or in the West End. So, you need to be able to live anywhere and the pair can work anywhere. That is going to be very, very important. I agree with you, there are bottlenecks. Running Stansted Airport as I was, I was quite clear that Liverpool Street and the lines going into it did not have enough capacity and we need more capacity.

**Q607 Mr Francois:** I take your point about Crossrail. Other than Crossrail, how are you going to provide that additional capacity?

**Sir John Egan:** I was not asked to design the railway network for the south east, I was asked to design some principles that would answer the job. I have no immediate answer as to how to overcome the bottlenecks at Liverpool Street.

**Q608 Mr Francois:** If you sit on the Committee and have some influence in these matters, could you possibly suggest—and I am trying to be serious—to those on the Committee that this is a problem that really needs to be looked at. Aspiration will not cut it because people cannot get on aspirations, they need to get on trains.

**Sir John Egan:** You are absolutely right. We have to look at the capacity of these lines moving into Central London if we are going to fuel the requirements of Central London with people to fill the jobs. You are absolutely right. I cannot disagree with you.

**Q609 Chairman:** That was very interesting. That was the first time that I have heard from anyone close to this huge project that the whole Sustainable Communities Plan is designed to house investment bankers rather than meet the needs of the indigenous housing demand.

**Sir John Egan:** I think you have put too many words into my mouth there! I said that we have a very successful series of industries in Central London. Merchant banking is one of them but the whole financial services industry is a vast industry with a huge balance of payments deposited and it does employ a huge number of people and, as such, probably is employing more value added in salaries than any other industry in the UK.

**Chairman:** I think that is beyond dispute.

**Q610 Sue Doughty:** Fascinating as that line is, I think I had better go back to the Barker Report. You did have a dialogue with Kate Barker as your work was developing. Do you see you work overlapping in any way and, if so, in which areas?

**Sir John Egan:** I think she and I were both clear that, if we were going to be able to build another 100,000 houses a year, we are going to have to find places to put those houses and that was not going to be easy. My solution is that the people learn to trust the planning system better because it is delivering benefits to them and that we can go and retrofit many of the communities that have been badly served by the zoning of the past and actually build the houses around the mistakes that we have made in the past.

**Q611 Sue Doughty:** Does that agree with what she would say?

**Sir John Egan:** I am not quite sure which method she had for gaining planning permission for these houses. The Treasury of course normally seem to be able to command everything, so maybe they can snap their fingers and they will get the housing space. I was trying to devise a housing system that would be supported by the people. I think it is utterly essential that any changes to the planning system are supported by the people.

**Q612 Sue Doughty:** Some people said that the Barker Report has let off the building industry in its final conclusions concluding that, to improve prices, all you needed to do was have a significant increase in the housing supply, full stop. In your memorandum, you have made it clear that, for housing construction to be compatible with sustainable development, supply systems and building methods would have to change substantially.

**Sir John Egan:** Yes.

**Q613 Sue Doughty:** Is that going to happen given this push to build?

**Sir John Egan:** I think the Government will have to take a special action to make sure that houses that can be afforded by the average wage earner are created. I do not think the marketplace is going to fix that for them. They are going to have to do it. Luckily, they do have a lot of houses that they subsidise and I would like to see the subsidy effect used to create much lower cost houses which will enable the factories to create the prefabricated parts . . . By the way, we are now using the words that are quite emotive. Mention “prefabricated parts” to a British person and they immediately think of prefabs of 50 years ago and they were not pleasant houses. If we are going to establish much cheaper and much better quality houses, we are going to have to prefabricate much of the buildings in factories and I would like to see the Government taking a lead on this. I do not think that the housing industry will get there rapidly enough on its own.

27 October 2004 Sir John Egan

**Q614 Sue Doughty:** As you say, the housing industry is not very responsive to innovation. Do you think that pressure from the Government, if we were able to get the Government to apply the pressure, particularly at the lower end of the housing market, is going to be the catalyst that is needed to really bring these things in? Is that a realistic aspiration?

**Sir John Egan:** I would like to introduce more builders into the building market. The house builders as a group are into their comfort zone. They find it difficult to get planning permission. They have economic cycles where their product is difficult to sell and we are just moving into one of those probably, according to one or two of the bigger house builders. 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. If we are going to create a much higher quality lower cost product, we have to invite different people into the industry. One or two of the construction companies that have achieved very big improvements in productivity with the key clients like BAA, Tesco and so on, should be invited into the housing industry. I would like to see them cracking into this and actually starting to do the job very well and very efficiently. So, I think that some kind of initiative is needed from the Government and we have to bring new players into the market if we are going to get these much lower costs.

**Q615 Sue Doughty:** This is good stuff but what worries me is, in *Rethinking Construction* six years ago, we set a target for the construction industry that productivity would be increased by 10% per annum and we would reduce waste by 10% per annum and defects would be reduced by 20% per annum and yet, from what you are saying, it does not sound as if we are getting it yet.

**Sir John Egan:** The clients who have insisted on this are achieving it. So, yes, people like BAA, Tesco and so on are achieving it. They are capable of building these houses but they are not in the house building industry.

**Q616 Sue Doughty:** Unfortunately, the house building industry is not doing so well. CABE looked into this and only 17% of the schemes that they looked at were judged as good or very good. It is not really very encouraging at the moment, is it?

**Sir John Egan:** When I wrote the report, most government reports get thrown into the dustbin as far as I can see, so I was not expecting a great deal. Actually, a lot has been done and the fact that 17% are doing well I am quite pleased with. There was nobody doing it very well five or six years ago, so I am quite pleased that we have got thus far. I think you will find that probably 30 or 40% of construction projects that are carried out by the major clients are being run very, very efficiently and very well and I would like to turn that kind of

energy and expertise into the house building industry. I think they would be able to do a much better job than the current house builders.

**Q617 Sue Doughty:** Do you think that is a realistic aspiration with the house building industry to really bump up this efficiency and deliver much better projects?

**Sir John Egan:** I hope so. That is an initiative that I have been discussing with the Deputy Prime Minister and I am hoping we can do something.

**Q618 Chairman:** How is it going to happen?

**Sir John Egan:** I think we have to try to make sure that some of the large housing associations can procure their products through a specially created pair of companies, let us say, who were specifically tasked to achieve these very high quality and very low cost standards that we have in mind. They can do it with other kinds of buildings; I really see no reason why they could not do it on houses.

**Q619 Joan Walley:** I really want to press you a little more on that because I am really excited by the opportunities there are to do all of these things. My fear is that whatever CABE may be saying by way of 17% improvements in good quality houses, that does not necessarily make a difference on the ground where we have regeneration going on, for example, in my constituency in Stoke-on-Trent. What I really want to press you on is, when the Committee went to visit Aberdeen, we saw some really wonderful examples of state of the art architectural design new house building which was looking at efficiency and, when you talk about getting these improvements for good quality low cost housing, I am wondering how much you are integrating into that the standards that you are wanting to see embedded in building regulations within the next eight years. One of the other things that was impressed upon us when we went to Aberdeen was that there were a number of newer houses built by many of the housing companies to which you have presumably just referred but actually the standards of housing efficiency and of energy efficiency in those houses, even though they might be new houses and expensive houses, were just not fit for purpose and the real worry in Aberdeen was that we were going to be facing a bigger problem with these newer houses which related again to lack of follow-up on building control when enforcing on not enforcing these new regulations and I just think that is a whole area which no one really has any control over and it has been left to be implemented on the ground without it actually being done on the ground.

**Sir John Egan:** I would like to see the BRE standards which are currently in place; I would like to see those as a minimum standard for all house building. So, I am on the side of control here and I would have put that into the urban coding.

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27 October 2004 Sir John Egan

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**Q620 Joan Walley:** Into what?

**Sir John Egan:** The urban design coding that you specify to your developers about what you will or will not give planning permission to; that is one of the real keys that you should have and absolutely insist that they achieve the BRE standards in order that at least we have a standard system in place.

**Q621 Joan Walley:** How would that be enforced? Would it be enforced through self-certification?

**Sir John Egan:** You would not get planning permission until you did and that answer is “yes”.

**Q622 Joan Walley:** It certainly seemed to be a problem in Aberdeen.

**Sir John Egan:** The answer is that you would have to have some way of policing it and I am sure that there is a way but that is a service you would have to buy from BRE.

**Q623 Joan Walley:** So, you think that the companies you would bring in to do it would be better at doing that than the existing housing companies?

**Sir John Egan:** I have to say that I am very disappointed that these very sensible BRE standards have not been adopted by all the housing industry. I am very disappointed and I am disappointed that, when I suggested that that be put into my report, everybody moaned and whined at me that it was not possible. So, I was disappointed.

**Q624 Joan Walley:** What has the ODPM's response to that been?

**Sir John Egan:** We passed our report on to the taskforce dealing with this and hoped that they would set the standards. On the other hand, there is no point setting the standards unless somebody is there making sure that they have them and the key is not to give planning permission until those standards are at least detected.

**Q625 Joan Walley:** The fear is on the ground when you have local authorities really wanting to see a brownfield site developed, often they are just glad to have anybody rather than to stick out for the better design standards.

**Sir John Egan:** I know, it is a shame and I think we should be sticking out for those higher standards. By the way, they are not difficult. These are not in the slightest bit difficult.

**Q626 Chairman:** I think I am right in saying that if local authorities wanted to make these sorts of standards of requirements, they are quite at liberty to do so. Woking, for example, has.

**Sir John Egan:** Yes, they can. It is perfectly within the local authorities' remit to do it. I have to make it clear—and I have made it clear in the report—that the key to doing this is leadership of the local authority. If they really want to do these things, they can. They can bend the rules, they can bend the guidelines, they can do all things to achieve these standards and I think those great cities up in

the north have demonstrated how to do it and we really have to make sure that this great growth that we have to get going in the south east happens and we get leaders like those in the north to actually get up and do it and get on with it.

**Q627 Mr Challen:** You have chosen 50 indicators of sustainable communities; how did you choose those 50 out of the 400-or-so that were available?

**Sir John Egan:** We looked at the magnificent seven and then we looked at what we would have to add in key performance indicators to achieve each one. We obviously were a limited time taskforce. We felt as though we had done the best we could within a limited period of time and our hope is that the national centre that we have asked to be created will take our work and make it more operational, but these key performance indicators are not necessarily the whole story. What we also have to do is to get the local authority audited on the key performance indicators as a group, so that, when they are audited, you do not have one department of Central Government auditing one lot and another department another lot. The whole lot have to be audited as a sweep in order that we can see progress over time collectively and not paying off Peter to pay Paul.

**Q628 Mr Challen:** But the whole 50 would have to be audited?

**Sir John Egan:** Yes.

**Q629 Mr Challen:** For every local authority?

**Sir John Egan:** Yes. It is 400 or 500 right now, so at least it is cutting down to 50, so it would be less work.

**Q630 Mr Challen:** You have said that you would have a well-balanced menu. Would all authorities have to go by the 50 or would they actually be able to pick and choose year on year?

**Sir John Egan:** No. This is where I am not sure that I saw eye to eye with the Government. I think that you cannot pick and choose them, they have to be core ones and they have to be the ones that everybody uses. I think there was a general view that, okay, we can pick and choose for a little while, but, after we settle down, you would have to have the whole lot.

**Q631 Mr Challen:** Do you think it makes sense to have subjective indicators and objective indicators also mixed into this listing?

**Sir John Egan:** Sometimes you cannot get at it very easily with absolutely objective measures. Sometimes you can only have the subjective measures that you have asked people.

**Q632 Mr Challen:** You can look at the environmental indicators that you put in the list and, out of the 50, there are nine environmental ones, seven out of which are objective. If you compare that to the social and cultural ones, seven indicators of which six are subjective. I just put an example to you perhaps that sometimes these

27 October 2004 Sir John Egan

things are going to be clearly in conflict. If you look at connectivity in a broad sense, about 75% of us have mobile phones but, as we MPs sitting around this table all know, mobile phone masts are not very popular in local residential areas. So, you have two things pitted against each other: a desire for something, what you describe as finding out what people want, and then local authorities, through the planning system, having to deliver it and these things are pitted against each other. So, the indicators do not always lead to a very clear conclusion, do they?

**Sir John Egan:** I did not say life was easy, did I? You have to make compromises.

**Q633 Mr Challen:** To have meaningful indicators, you want them to be understood.

**Sir John Egan:** Yes. We are always going to have compromises and we have to have people who are big enough to understand the compromises they are going to make in order to make their community work.

**Q634 Mr Challen:** If we want to convey that complex equation to people in order that they can cope with stress and strains—

**Sir John Egan:** Fifty key performance indicators is not all that complex. To run a car company, you need far more than that. It is not all that complicated.

**Q635 Mr Challen:** I am not sure that that is true, speaking as an elected representative. I think it is enormously complicated because people want the kind of things that you have described. You have said that one of the basic components of your thinking is to achieve—and maybe I have written this down slightly wrongly—that people can live anywhere and to work anywhere.

**Sir John Egan:** No, I said in London.

**Q636 Mr Challen:** Just in London?

**Sir John Egan:** Yes. For London to be a world-class city, I said that had to be achieved. I did not mean that, for Britain to be a world-class place, you should be able to live anywhere and work anywhere, no. For London to be a world-class city, I think that we have to have huge ability to get people from A to B.

**Q637 Mr Challen:** So, the massive increases in mobility which, as Mr Francois has suggested, will lead to massive dissatisfaction with commuter services and the inevitable lateness of delivery of transport and congestion.

**Sir John Egan:** I suggest you are being overcomplicated. I think we have to make many improvements and I think that people are pragmatic enough to understand when, in the round, improvements are being made. It is absolutely for the points you are raising that I say you have to audit the whole 50 of them in order that we understand how a local authority is moving the whole shift of what it is doing and is not just picking and choosing the easiest ones for it to do.

**Q638 Chairman:** Sir John, one of the difficulties here is that running the Government is not the same as running a car company, to state the obvious. The moment the public sector touches anything, it automatically becomes much more complicated than you can possibly imagine.

**Sir John Egan:** I think not to listen to the people at all and to shove planning down their throats in the way we have been doing over the last 30 or 40 years is a preposterous way to behave and what we have been doing is mostly uncomplicated. We have been doing the most awful things. I suggest that we listen to the people and I think it is not so complicated. People are much less complicated than you think. When we looked at the evidence that we had as to what the people wanted, they were absolutely as clear as crystal as to what they were looking for and that is absolutely what we were not providing them with and absolutely what we were not doing.

**Q639 Mr Chaytor:** If I could come back on to a point you were discussing a moment ago in respect of this total mobility within the heart of the capital city, what are the models elsewhere in the world? Which are the best cities in the world that already have this total mobility and what should London be aspiring to?

**Sir John Egan:** I think this is a tough one. I think that London is probably the most successful city in the world anyway. It has all kinds of imperfections but, all in all, in the round, it probably is the best city in the world.

**Q640 Mr Chaytor:** The thrust of your report and your evidence today is that London, if it is to be a world-class city, has to have this total inter-connectivity but if you are saying that it is the leading city in terms of quality of life and—

**Sir John Egan:** In terms of wealth creation, it probably is already. How is it going to maintain that and how is it going to house another million people over the next 10 years? That is the kind of thing we have to think about. How can it maintain this position? I think that London is absolutely vital for the rest of the country. I think it is the reason why Britain is prosperous. So, the fact that London works and works well is utterly essential to the well being of the nation as a whole.

**Q641 Mr Chaytor:** Are there no parked models elsewhere of cities that London should be learning from?

**Sir John Egan:** I do not think it was in my remit to be doing that and we did not do that. We looked at particular communities overseas in terms of how to build friendly housing of high quality and low cost with low CO<sub>2</sub> emissions, for example, but we did not look at how Paris or New York ran.

**Q642 Chairman:** Forgive me for not knowing this but are you still Chairman of London First?

**Sir John Egan:** No. I was a vice-chairman of London First for many years. I think I might be a vice-president still but they are not very important!

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27 October 2004 Sir John Egan

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**Q643 Chairman:** London First is not very important?

**Sir John Egan:** No, the vice-president is not very important. Vice-chairmen are far more important than vice-presidents and I think I am one or the other but I am the least important one!

**Q644 Mr Challen:** Can I just clear up that you are saying that all bodies should use the relevant indicators and do not have any choice about that?

**Sir John Egan:** Yes, I believe that is the case but do not think my word is law here. I am just saying that personally that is the view. We have asked, however, for the national centre for sustainable communities to basically operationalise our goal as quickly as possible in order that it can be used operationally for some of the very reasons you were raising. We were not sure that, in the time we had available, we had done a good enough job. We felt that a better job could have been done.

**Q645 Mr Challen:** I am just wondering how this might have worked in practice. London is a huge travel to work area covering many, many authorities and some of these will have conflicting priorities. Some will want to minimise transport infrastructure and others, perhaps in the city, will want to get more employees in and may not be so concerned about the impact on the environment beyond their immediate boundaries. How would you see these people complying with these indicators? How will they actually be able to do that on a practical level? The probable spatial level under transport connectivity is just at a district level and that is not adequate to—

**Sir John Egan:** No, I think I said that transport is probably going to have to be done at a regional level.

**Q646 Mr Challen:** I am just looking at the ones in the 50 that you have chosen and it is numbers 34 to 37 and they are all at district level.

**Sir John Egan:** They will be more to do with the connectivity within the place and also to outward levels where there is more prosperity.

**Q647 Mr Challen:** Do you want to comment on that particular question about how these different bodies . . .? It is okay to say that individual people are simpler beings than authorities, Government and the rest of us but, to have sensible and meaningful indicators, we have to have sensible and meaningful ways of implementing them, interpreting them and getting results out that are useful rather than simply having a tick-box approach where everybody tries to manipulate the results to show that they have done a good job and then you come along and ask other people if they are happy and satisfied and some of these other indicators and they say that they are not, which seems to me to be the history of indicators.

**Sir John Egan:** One of things I was chairman of for a while was the Central London Partnership which sought to get common cause between all of the Central London boroughs. It is quite clear that the

Central London boroughs do realise that one of the things they do is create employment. They know they create employment for other places. So, you have a population there but what you are doing has to create wealth for other people as well. For example, one of the most difficult ones is Westminster where not only is it a huge place for people to live but they are also the biggest single tourism product in the whole of the United Kingdom and there is a conflict there. I just simply think that it is the job of people to understand where they are and to understand the nature of the people who depend upon their city and do the best for each one of them and, where compromises have to be made, they are sensible enough to make good compromises on the basis of the people whose services are required from them.

**Q648 Mr Challen:** The Government do not seem to be too impressed with the idea of having these 50 indicators exclusively for sustainable communities and they do not think they should be adopted into the community strategies. Are you satisfied with their response to your suggestion that they ought to be?

**Sir John Egan:** No. This is not the end of the story. We have to operationalise them and make them work and you cannot say that they cannot work until you have tried.

**Q649 Mr Challen:** Would you be happy for local authorities, say, to include many other indicators and perhaps even argue that they are more important than those you have chosen? Where do we get to with this process of having indicators if this is more permissible?

**Sir John Egan:** Have you followed what I am trying to do? The key is delegation of authority from the centre to local authorities. There has been no way of doing that. People have vied with each other and governments have vied with each other to emasculate the authority in local authorities and how are you going to get leaders to actually give leadership to their communities if all the authority has been stripped from them? This is a way of delegating authority to local authorities. It is a way of being able to say, "If you can improve the sustainable of your community, we will delegate authority to you." I have asked that, that is what my report has said and I think they have been less than warm in answering up to that, but I do not think that they are going to make sense of this problem until they take delivery of it.

**Q650 Joan Walley:** And ownership too, presumably?

**Sir John Egan:** Yes. It is a huge point that, if we want to have communities that work, they are not going to be designed from Whitehall. Let us be really realistic with this one. That is what they have to be able to do.

**Q651 Joan Walley:** I think the implications of what you are saying to the Committee are huge, particularly in respect of governance and local

27 October 2004 Sir John Egan

democracy and, in a way, need to be reflected in terms of funding arrangements provisionally from central government and it is difficult to see how, with the different partnerships that there are, local authorities can take the lead and ownership of some of these delivery mechanisms because, at the local level, often you will find that the skills or the drive simply are not there because they are under pressure from so many different quarters.

**Sir John Egan:** The debates we were having about these key performance indicators are very important because I want to see all of the national service givers working in common cause with each other and being judged collectively by the same audit process. Then we can see it working.

**Q652 Mr Francois:** You are making an argument for the devolution of power to local authorities.

**Sir John Egan:** Yes.

**Q653 Mr Francois:** To encourage people locally to take ownership of the process.

**Sir John Egan:** I was asked what skills were required and I said that one of the fundamental skills was the skill of delegation from central government to local government.

**Q654 Mr Francois:** In principle, I concur with you on that. You also talked about the importance of carrying local people with you and you made that point in several contexts in the discussion this afternoon, but you have also said that it is very important that there is regional planning. Is there not a contradiction in the middle of all of us in that you want to see authority devolved to the local level, you want to work with local authorities, and actually those local authorities under regional planning have no control over the most important decision which is how many houses they have to accept?

**Sir John Egan:** Let me come to the key point here. I think that two or three things are going to be designed and planned at regional level. Prosperity will be a regional process. Let me give you an example. We had all those race riots up in Burnley and the general notion was that there were not enough jobs in Burnley. Burnley is not going to solve its unemployment problem itself but the place where they can resolve it is in Manchester. There are enough jobs for all the people in Burnley actually in Manchester if you had good enough communications from one to the other so that people can live in Burnley and work in Manchester, the answer is that you could do it. You will not plan the prosperity of Burnley from Burnley. That has to be a regional thing and that will mean regional transport systems are required. That is why I say that there is an absolute key. I think it is important that this relationship between regional and local authorities is restricted to a number of the key things that are best done at regional level and clearly prosperity is one and transport is another. If you are going to choose where the Royal Opera House goes, you have to maybe do it on a national basis. The big things that people

require for cultural and other issues will also be planned on a regional basis as well, I am sure. That is the way it is. So, you will just have to have a regional say and then a local say.

**Q655 Mr Francois:** With respect, we are not talking about opera houses, we are talking about thousands of houses with all the infrastructure implications of that. How can you take local authorities with you along the lines exactly that you have been advocating if they do not actually have a say in the most vital question of all which is how many they have to take?

**Sir John Egan:** At every meeting I have had with the Cabinet subcommittee, I have asked them to stop talking about houses. I think they have done themselves no good at all by talking about houses. There was a picture on the front of the *Economist* when it was announced of a plane, a great big 747, flying over the south east dropping houses.

**Chairman:** It was in the *Spectator*.

**Q656 Mr Francois:** We know the picture.

**Sir John Egan:** What they should have done was to talk about communities and that we have to expand communities and the only people who will do that well will be the local authorities.

**Chairman:** The division bell has gone and we are going to have to break. We would very much like to come back and get into the whole issue of skills which is really what you are here to talk about in the first place.

*The Committee suspended from 4.50 pm to 4.55 pm for a division in the House*

**Q657 Mr Chaytor:** Can I ask about the recommendations you made about skills, in particular the question of the National Centre of Excellence. Your recommendation in the report was that this should be in place or the board members should be in place for late 2004 with the centre up and running for 2005. Can you tell us where we are at and is that likely to happen?

**Sir John Egan:** As far as I understand, it is possible to happen, yes.

**Q658 Mr Chaytor:** Being "possible to happen" is not the same as "likely to happen".

**Sir John Egan:** I think the timetable is that it will be up and running during 2005.

**Q659 Mr Chaytor:** How will it relate to the other skills problems because, in the skills sector at the moment, there is a huge proliferation of funding bodies and advisory bodies and sector skills councils that are now gradually getting up and running? Is that is not just a question of another quango that is going to muddy the waters? Is there not going to be more inter-agency rivalry between who does what, quite apart from the professional bodies for architects and engineers, planners and so on? Do you not think there is a danger of agency proliferation?



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27 October 2004 Sir John Egan

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**Sir John Egan:** Let me first of all say that this whole area requires further research and I wanted the centre to be connected to one of our great universities in order that high-quality research could be done.

**Q660 Mr Chaytor:** Will it be?

**Sir John Egan:** I am hoping so, but I am not sure whether it is. It was taken out of my hands and other people are doing it. I would also like it to be a centre for interchange of experience. I would also like it to be expert on one particular area which is how to listen to people and how to sell high quality solutions to them. When it comes to, how do you get all these difficult things done, they are the same world-class skills that you require to run any big difficult organisation. They are the world-class skills of communication, of leadership, of vision, of process improvement, of project management and so on. These are the world-class skills but they will be absolutely homed in on a particular thing which is achieving improvement in sustainable communities and I think there will be a particular expertise and language of its own growing up around this. I think, in a way, the whole agenda of Government's relationship with communities and with local government could be spelt out in this sustainable community agenda. I said right at the beginning when I first spoke about it that it is not often that governments come up with big ideas or with good ideas but this one is rare indeed because it is a big, good idea.

**Q661 Joan Walley:** Can I press you a little further on how it is going to come about. You mentioned that it would be linked to one of the big universities.

**Sir John Egan:** I hope so.

**Q662 Joan Walley:** Which university do you have in mind?

**Sir John Egan:** There are a number that I think could do this very well. I would not like to mention any one in particular but I would like to see a university which is noted for high quality research. Can I just go into this a little deeper. I think that universities should spend far more time working with business and other representatives in their local areas. They should learn how to do research for the good of various kinds of people and there is nothing more important than the local community in which they live and I think they would get a huge sense of belonging to a community if they worked more closely with them and nothing is more important than planning the future prosperity of a community. So, I think it would be very, very important that we see how well it could be done.

**Q663 Joan Walley:** Are you talking about a virtual national centre of excellence?

**Sir John Egan:** Both. I think it should have a physical presence and it also should have a virtual presence as well.

**Q664 Joan Walley:** My fear is that many of the areas where regeneration is most needed would tend to be areas away from the south east and away from where all the emphasis is and, in a way, they are the ones which are least best represented to be part of ongoing developments and perhaps are the ones who have most to gain from going about things in a different way and in an innovative way and in a fresh way.

**Sir John Egan:** I do not think we are talking about one community here and just one university. Every university in the country should be working with its local community to help plan the future prosperity of that community. We should be turning these great big brain boxes actually into use for the local community. It does not really matter where the centre will be as long as it is connected to a very good research university and there are very good research universities in the north of England as well as in the south.

**Q665 Joan Walley:** What about in heart of the country? I am just thinking of the Advantage West Midlands promotion yesterday on connectiveness and really looking at innovation in terms of the rest of the country.

**Sir John Egan:** There is no question in my mind that one of the excellent ones would have been, for example, Warwick University.

**Q666 Joan Walley:** What about North Staffordshire?

**Sir John Egan:** It was not the one that first came to mind!

**Q667 Joan Walley:** No, but it might come second to mind! Can I just ask you now about the lack of skills. How much do you think that the current lack of skills to which you have referred to deliver this whole agenda could be a limiting factor? Plumbers who do not understand about electricity or project managers who simply do not exist or house builders who do things the way they have always done them because they have not realised that the world and the opportunities have changed.

**Sir John Egan:** That is not the key skill. The real key skills are to do with developing vision for an area and a plan of how to get there. That is the key thing that the local authority has to be able to develop. It seems as though some people can effortlessly do this and, when you actually talk to the people who have created the huge changes in places like Manchester and Birmingham, you can see why things have happened. The men in charge did actually have vision, they had drive, they had energy and they got the job done and that is the kind of thing we are looking for, but they got it in by buying in, they got everybody to buy into their vision and these are the world-class skills of leadership and that is more of what we need.

**Q668 Joan Walley:** Much of those skills, as I think you mentioned earlier, have been linked to the city centres, the very high profile regeneration and investment and they have not been about

27 October 2004 Sir John Egan

communities where people live and homes where people go to doctors' surgeries and go to schools. They have not been about the places where people live, they have been about where businesses wanted to invest and wanted to be able to get a lot of profit out of what is happening.

**Sir John Egan:** Increasingly, that is happening certainly in Manchester and Birmingham, so I think they have spread. It is interesting. I think the first thing to do is to get the prosperity going, get some growth there and that is what they concentrated on first, but they are into now developing the cities and especially places for people to live as well, but they started on prosperity which I think was the right thing.

**Q669 Joan Walley:** You do not seem to be emphasising at all the day-to-day skills, the construction skills, the awareness that is needed in environmental sustainability in terms of the way construction goes ahead.

**Sir John Egan:** Come on! We did not decide to put the retail centre here and the business centre there and the hospital there and the schools over here and the houses over there. Those were not clever things. They were just very poor thinking of the whole programme. We did not need brilliant architects to make such huge mistakes. Those huge mistakes were the lack of vision of the local authority leaders. They did what was easiest. They zoned it all because it was easier to do it that way.

**Q670 Joan Walley:** Or maybe they just answered to the tune of big business because they were the only—

**Sir John Egan:** I do not think they were dancing to anybody's tune. They were simply dancing to the tune of whatever came next. Somebody asked for planning permission for a retail centre, so they gave it. Somebody needed to put a hospital somewhere, so they did it. That is not what the sustainable community requires.

**Q671 Joan Walley:** I am getting to the detail of how the new buildings are going to be built; what about the construction skills? Are you saying those are not important?

**Sir John Egan:** They are extremely important and I did spend a lot of time writing a report on how to achieve world standards and it is relatively straightforward. It is not impossible, it is relatively straightforward as long as you have the will to do it.

**Q672 Joan Walley:** Given that there is a will to do it, where are Government falling down?

**Sir John Egan:** Unfortunately, the Government still spend too much of their money on lowest cost tendering which means that you get a random group of people coming together to build a one-off project and some departments cannot be shaken away from this. The PFI projects themselves are also won on a lowest cost tender basis or tendering basis and you cannot build complicated buildings in this way. To know what a building costs, you

have to design it before you know how much it is going to cost. You cannot guess at it. So, you have to create your team before you start construction and that is the one thing the Government generally speaking do not do.

**Q673 Joan Walley:** How is that going to change? Are we going to lose this opportunity that we have?

**Sir John Egan:** It is of great annoyance to me and of great sadness to me that we are going through this huge construction programme where we will probably be very little better at building hospitals when we have finished than when we have started because the programme has not been well designed.

**Q674 Joan Walley:** Why has your report not been able to influence that?

**Sir John Egan:** I do not know. It influenced Tesco and it influenced BAA and it influenced all of the private builders because they do it but the Government are only haltingly getting there.

**Q675 Joan Walley:** Is it the ODPM's door that you are knocking on?

**Sir John Egan:** No. There is no point knocking on his door because he does not spend the money. You have to go to the departments which spend the money, which are health and education at the moment. I have spoken to both Secretaries of State and I must say that one of them did actually understand what I was saying.

**Q676 Joan Walley:** Which one?

**Sir John Egan:** Alan Milburn did understand and he did make Procure 21 which is a very large step in the right direction into a national programme.

**Q677 Joan Walley:** Is the NHS not exempt from the Government's policy in respect of procurement?

**Sir John Egan:** No, nobody is. Procure 21 is a sensible step in the right direction and many buildings are being built with that system, but I would like to see all Government departments embracing the *Rethinking Construction* report and I think they would save a huge amount of money if they did.

**Q678 Joan Walley:** What do we do when half of the chartered civil engineers are expected to retire in the next ten years and looking at the number of people who have been through British universities at the moment? Is that going to lead to the same kind of problems that we have with the recruitment of GPs or other professionals? How are we going to overcome that?

**Sir John Egan:** I can now speak with a career of 40-odd years in business and I have seen so many scare stories about shortages of this, that or the other. I can say two or three things. We always seem to find enough people in the end.

**Q679 Joan Walley:** Was it not your evidence-based review of skills/your report that actually alerted us to this shortage?

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27 October 2004 Sir John Egan

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**Sir John Egan:** Yes. I am trying to give you an answer. Eventually, we will find ways of recovering the problem but there is no problem right now. Right now, there are enough, as it were, to do the job that is being done today. If we could only do it much more efficiently and stop having developers putting five or ten plans in on the same project because of the infrastructure changes or that they do not know what is going to please the planning committee, then indeed we would not need quite so many people. What we do today is extremely inefficient and much of the time and effort is wasted.

**Q680 Chairman:** I think I am getting this. These one million homes that you are very keen to see built are not only for foreign investment bankers and Australian barmaids, but they are going to be for Bolivian civil engineers.

**Sir John Egan:** And waiters. Bolivians will come too, I am quite sure. By the way, if you are the richest country in Europe, you will find that there is no shortage of any of these things. Everybody will come along. Also, as soon as kids realise that planning leads to being the chief executive of a local authority and that is one of the most exciting jobs you could possibly be doing, everybody will want to be planners.

**Q681 Joan Walley:** Perhaps we could start by having more graduates and apprentices inside local authorities as newly qualified graduates because there are very few of them at the moment. I think there are only one or two local authorities that actually do that.

**Sir John Egan:** Again, let me bring you back to one point. I think that the urgency of what we have to do means that all of these million people will have come by the time we have trained some of these people through universities. We stressed in my report that much of what we are going to have to do is teach people on the job. We are going to have to train people who are in the jobs to do a better job. That is one of the absolute fundamentals.

**Q682 Mr Chaytor:** Your report, Sir John, is called *Skills for Sustainable Communities* but the conclusion you come to is that really the essential shortage of skills are the high level management skills.

**Sir John Egan:** Yes, essentially. We will not know about the shortages of the others until we can straighten out the process that is going to be efficient.

**Q683 Mr Chaytor:** Someone coming to the report to start with might have expected to get a set of numbers of how many plumbers, architects, town planners and electricians were needed and how they were going to be trained in the next five or 10 years. Given you are taking the visionary long-term approach and given you are focusing on the National Centre of Excellence, it is going to be years and years and years and years and decades

before this cultural change that you argue for has come about, by which time the million people will have come and maybe gone back again?

**Sir John Egan:** They might. They will be here by 2010.

**Q684 Mr Chaytor:** How do you reconcile the urgency of the Government's building programme with the rather relaxed long-term visionary approach to development of management skills in your report? Do you think there is a mismatch in the title?

**Sir John Egan:** No. We are going to have to train the people who are currently doing the work. For example, when I was running BAA, we looked at all of the people working on the sites at Heathrow, all the construction people. There were 6,000 people from various contractors working on various jobs and, of the 6,000 workers doing all this construction, only 2,000 of them were trained to do what they were doing. The other 4,000 were not trained to do what they were doing. So, we put in place a passport for the future system where every single skill that was required in construction was a page in the passport and you did not get your page stamped until you had passed the course to do it and we arranged for all of the contractors to teach their people on the job on our sites. Today, everybody on all the BAA projects is fully trained and that is only five years later. You can do this if you have the will to do it.

**Q685 Mr Chaytor:** But the National Centre of Excellence is not going to be responsible for the on-the-job training of plumbers, electricians and town planners in Thames Gateway, is it?

**Sir John Egan:** I think the town planners will be very much influenced by what is going on in the centre, yes.

**Q686 Mr Chaytor:** What about the other skill shortages? You are not making any recommendations.

**Sir John Egan:** I think they can all be resolved by people simply doing on-the-job training for their people. That is what they have to do and they can do it.

**Q687 Mr Chaytor:** So, you do not think there is an overwhelming problem?

**Sir John Egan:** No. There are overwhelming problems with people in the market doing these things but, if we insisted on them being done, they would be done.

**Q688 Mr Chaytor:** Can I just shift tack a little and ask about the north/south issue. You have quoted some of the successes of the regional cities in the north in terms of their urban regeneration but this has, as Joan Walley said, been very much city centre based in Manchester and Leeds. There is less evidence of success in regenerating the outer urban areas. What do you think about the north/south divide because your focus is that London is the key

27 October 2004 Sir John Egan

driver of the United Kingdom, one million people are going to come to London, those who come have to work in the centre of London and the transport network is not geared up to that—

**Sir John Egan:** No, that was not the focus of the report.

**Q689 Mr Chaytor:** No, but this was the focus of your evidence this afternoon. You are putting a lot of emphasis on this.

**Sir John Egan:** Because I am helping the Deputy Prime Minister with his Thames Gateway project. So, some of the examples I have raised are to do with the Thames Gateway.

**Q690 Mr Chaytor:** Do you think, as a consequence of the Prime Minister's emphasis on Thames Gateway and other parts of the south east, this is going to exacerbate the general economic divisions between north and south?

**Sir John Egan:** No, I do not.

**Q691 Mr Chaytor:** And suck people from the north, particularly the brightest young graduates from the north, into the south east?

**Sir John Egan:** No, they are not going to be sucked. They will want to come because of the wealth and prosperity of the south east.

**Q692 Joan Walley:** Why do we need to suck them away from their own communities?

**Sir John Egan:** We are not going to suck them, they will go of their own volition. They will go wherever the wealth takes them, I imagine, if they are bright and smart.

**Q693 Mr Chaytor:** This is the thrust of my question. Would it not be more sensible, in terms of national policy, to have less emphasis on developing the existing strengths of the south east and more emphasis on dispersing economic growth—?

**Sir John Egan:** I am longer in the tooth than you are but I do remember governments' wish to try to take work to where people were in the car industry and they put factories in South Wales, Scotland, Liverpool and in many other places. I think there is only one still around. They have all closed down.

**Q694 Mr Chaytor:** Nissan is still in Sunderland and Toyota is still in—

**Sir John Egan:** Our experience of taking work to the people has not been very good. It killed the British car industry. It actually killed it. One of the many reasons it died was because it spent a whole decade of its investment in places other than where it has normally been successful. You are leading to something and I am not quite sure what it is, but let me put you straight on this. There is no way that we can actually suddenly invent some other purpose for single purpose mill towns or mining towns. There is simply no way of conjuring this out of thin air. Every time you do, you fail. What you

can do however is to build on places where you can be successful and put good transport links into those. I think that what the major cities have done is splendid. I would like to see a lot more done by the university towns to also start planning the prosperity of their region and it will not be simple and it will not be by manufacturing special purpose vehicles—

**Chairman:** It will be even harder if all the talented people have moved into London and the south east! I think there is a moral issue to this as well as a spatial and planning one.

**Q695 Mr Francois:** If I followed your argument, you are saying that we are going to get another one million people in the south east over 10 years.

**Sir John Egan:** The prosperity of the south east will attract one million more people. That is mostly what other people have said and I think it looks pretty sensible that that is going to happen.

**Q696 Mr Francois:** I have some sympathy with my northern colleagues here because we do not want to become overburdened and they do not want to be denuded. If that happens over ten years, presumably those trends will continue into the next ten years and the next. So, where does this stop? There has to be some physical capacity to how much the south east can take.

**Sir John Egan:** I think other world-class things will occur in the United Kingdom and the trouble we have is that, right now, we only have one big world-class thing which is London. We have it and it is very successful and we should rejoice in it. What I would be doing, if I had anything to do with it, is to look for other world-class potential and I would build those up as well. I think one is obvious and that is Cambridge; they have £500 million worth of investment money to invest with business into scientific facilities and that could be another huge world-class activity. There will be others. I think Manchester has every chance of being a world-class city; it has the drive and the urge; it has the world-class university to go with it and I have no doubt that it will be successful, and places like Newcastle will be as well. Do not just assume that because you have some dream that the people will actually stay where they are when the prosperity is elsewhere. I went to a grammar school up in the Pennines and, when I went back to give the prizes at the grammar school, I asked the headmaster, "Does anybody ever come back here?" and he said, "No, nobody ever comes back here, they all go down to London, that is where they go." With respect, you cannot invent a new world. The new world we have is great prosperity here. If you want to do something about it, then what you have to do is make other places very successful as well.

**Q697 Mr Francois:** I can partly understand that argument. You talked about people coming down from the Pennines but it goes far further than that. We have already said anecdotally this afternoon

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27 October 2004 Sir John Egan

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that we are going to have investment bankers coming to the south east and we are going to have Australian barmaids—

**Sir John Egan:** And from Italy and from Poland and all these places.

**Q698 Mr Francois:** And we are going to have Bolivian chartered surveyors as well! Is there anybody who is not coming to the south east, Sir John?

**Sir John Egan:** As long as the prosperity is something like 50% above the average in the EU, no, it will not stop for a very long time.

**Q699 Chairman:** Thank you. We will end on that note. We are very grateful to you for your time and particularly for the extension of your time and also for your evidence which has been most helpful.

**Sir John Egan:** I have to remind you that this is not my day job; I have to rush off to my day job.

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## Wednesday 3 November 2004

Members present:

Mr Peter Ainsworth, in the Chair

Mrs Helen Clark  
Sue Doughty  
Paul Flynn

Mr John McWilliam  
Joan Walley

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### Memorandum from the Housing Corporation

#### INTRODUCTION

1. The Housing Corporation welcomes the opportunity to give evidence to the Committee's Inquiry on "Housing: Building a Sustainable Future".

2. The Housing Corporation is the Government's Affordable Housing Agency. We are a Non-Departmental Public Body, sponsored by the Office of the Deputy Prime Minister. Our three functions are:

- to invest public subsidy in order to provide affordable housing. We do this through our Annual Development Programme which distributes Social Housing Grant to registered social landlords (often known as housing associations);
- to regulate the activities of registered social landlords; and
- to provide housing policy advice and expertise to Government and others.

3. The level of new house building by registered social landlords over the last few years is given in the following table. Not all of our investment results in new building: our grant also helps purchase (and if necessary refurbish) existing buildings for use as affordable housing.

#### DWELLINGS PROVIDED BY RSLs AND NEW DWELLINGS BUILT IN ENGLAND 1998–99 to 2002–03

<i>Year</i>	<i>Dwellings provided by RSLs<sup>1</sup></i>	<i>New dwellings completed by RSLs<sup>2</sup></i>	<i>All new dwellings completed</i>	<i>% of all new dwellings by RSLs</i>
1998–99	32,939	18,920	138,630	14
1999–2000	25,686	17,363	141,755	12
2000–01	22,920	16,610	133,689	12
2001–02	23,634	14,326	130,050	11
2002–03	24,975	13,330	137,891	10

4. Our investment objectives are not confined to the provision of additional affordable housing. Our programme reflects the Government's other housing and public policy priorities. For example, we support the use of modern methods of construction, and our grant is used to procure affordable housing in the context of broader urban regeneration projects.

#### THE HOUSING MARKET AND SUSTAINABLE DEVELOPMENT

5. We subscribe to the Government's definition of Sustainable Development objectives. These are:

- social progress that meets the needs of everyone;
- effective protection of the environment;
- prudent use of natural resources; and
- maintenance of high and stable levels of economic growth and development.

6. In addition, we are convinced of the importance of good building and urban design, and good management, in creating homes and places that people want to live in now and in the future, and that adapt themselves to changing circumstances. Finally, it is clear to us that a diverse community (in terms of people of different incomes, ages, cultural and ethnic backgrounds, including those who are vulnerable or have special needs) is a pre-requisite of sustainability.

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<sup>1</sup> New dwellings plus acquisition & rehabilitation of existing dwellings for use as affordable housing.

<sup>2</sup> This column includes some dwellings built by registered social landlords without grant funding from the Housing Corporation.

7. There is considerable evidence that in recent years the operation of the housing market has hindered the achievement of the sustainable development goals of social equity and economic growth. Some of this evidence is in Kate Barker’s Interim and Final report, and it includes:

- rising use of temporary accommodation to house homeless households, because of a shortage of permanent and affordable housing;
- levels of overcrowding in social housing that are 3.5 times those found in the owner-occupied sector;
- recruitment and retention problems in public services, because key skilled workers are unable to afford what they consider to be reasonable housing for themselves and their families. In turn this undermines the Government’s public service improvement objectives; and
- pressure on transport and other infrastructure as an increasing number of people commute over extended distances from home to work.

8. Our view is therefore that a sufficient level of housing provision must be provided in order to meet sustainable development objectives, but that this must and can be done in ways that minimise its environmental impact. At best, this development can actually bring back into productive use land that is currently standing derelict and unused. Indeed the Office of the Deputy Prime Minister’s Sustainable Communities Plan, which guides current housing policy, states that:

“it will be essential for all development, especially of new housing developments, to respect the principles of sustainable development and address the potential impacts on the environment alongside social and economic goals”

#### THE HOUSING CORPORATION’S RESPONSE TO ENVIRONMENTAL ISSUES

9. At the Housing Corporation we are proud of the strength of our policy focus on environmental issues, and the real impact that this has on what gets built with our funding. A copy of our Sustainable Development Strategy is included with this memorandum. In the introduction to the recent report of the Sustainable Buildings Task Group, the Housing Corporation is identified as an excellent example for:

“looking beyond lowest initial costs and demanding that development goes beyond the minimum standard required by Building Regulations.”

#### *Policy framework*

10. Our policy framework requires us to consider sustainable development principles in how we conduct our business, in our investment strategy and procedures, in our actions as regulator, and by developing and disseminating good practice and practical tools.

#### *Investment requirements*

11. This policy framework is translated into the following practical impacts on the housing in which we invest our subsidy.

#### *Sustainability toolkit*

12. We require registered social landlords to assess the environmental performance of proposed developments in accordance with our “Sustainability Toolkit”. This is designed to ensure that new developments are and will remain attractive to tenants, and continue to attract demand over their lifetime.

#### *Scheme Development Standards*

13. We also require all new build housing to meet our “Scheme Development Standards”. These standards include achieving the “Good Practice Standard” of the Housing and Energy Efficiency Best Practice Programme (and we recommend that it achieves “Best Practice Standard”).

14. To illustrate what this means, the Good Practice Standard requires that housing is built to achieve specified minimum carbon emissions, has U-values no greater than the elemental U-values of the Building Regulations, and that at least 50% of rooms should be lit by energy efficient lights. The Best Practice standard raises the minimum carbon emission threshold, reduces the elemental U-value threshold, and requires 80% of rooms lit by energy efficient lights.

### *Ecohomes Standards*

15. Our Scheme Development Standards also require the achievement of an Ecohomes “Good” standard. Over the coming years we will raise this requirement to “Very Good”.

16. The Ecohomes standard assesses the performance of homes according to a range of environmental impacts, grouped together under the headings of Energy Use, Transport, Pollution, Materials, Water, Land Use and Ecology, and Health and Well Being. To give two practical examples, credits are achieved if the home is located within 1km of a bus route and local amenities, and if ozone-friendly insulation and efficient boilers are installed.

### *Brownfield land*

17. The Housing Corporation has not set a specific target for the proportion of our investment that we wish to see on “brownfield” developments. Instead we have had a target for investment in “regeneration” projects which includes brownfield sites as well as renewal and refurbishment of existing stock. Our target has been 65% and we have comfortably exceeded this for a number of years: in 2002–03 we achieved 83%.

### *Housing Quality Indicators*

18. Since 1996, we have been developing a Housing Quality Indicator (HQI) system, which assesses the quality of key features of housing developments under three main headings: location, design and performance. Registered social landlords are required to assess new developments against these indicators and submit the information to a national database. In due course, it will be possible to specify the quality of new schemes by reference to prescribed ranges of HQI: it therefore will become an important tool in quality measurement and continuous improvement of new housing.

### *Prioritising our investment*

19. In practice, we do not have sufficient funds to invest Social Housing Grant in all the schemes that are proposed to us and that meet our basic requirements. As we prioritise those schemes that will be funded, we give greater weight to those that perform better in terms of sustainability and quality. Of course we also take other factors into account, such as the amount of grant required, and the evidence of the housing need that the scheme will meet.

### *Specific initiatives*

20. In 2003–04 we ran a competition for the development of 56 small sites in English Partnership’s ownership. The criteria we used to judge the entries emphasised high quality design, the use of modern construction methods, sustainability (including energy efficiency) alongside financial considerations.

21. We are working with the Commission for Architecture and the Built Environment and English Partnerships in order to champion the importance of design. For example an active “Housing Quality Forum” has been set up in order to focus attention on the importance of design quality and therefore the sustainability of the new housing to be built in growth areas.

### *Good practice*

22. As well as setting clear minimum standards in terms of outputs and process, the Housing Corporation has supported an extensive good practice programme to develop appropriate evaluation frameworks, and to publicise the importance of sustainable development practices to registered social landlords and other developers. The outcomes of this includes funding for:

- the Sustainable Homes project, run by Hastoe Housing Association, which provides advice and support to registered social landlords to improve their sustainability and environmental performance;
- the development of “Green Street”, a web-based tool to help identify environmentally friendly ways of refurbishing existing dwellings; and
- work by the Building Research Establishment to develop a method of assessing existing homes, which will allow landlords to target improvements to their stock in a way that will gain most environmental benefit.



*Issues of concern to the Committee*

23. The remainder of this submission draws on our experience in order to respond to the specific questions set out in the terms of reference of the Committee's Enquiry.

*Compatibility of the Barker Report with sustainable development principles*

24. We believe that the Barker Report is compatible with the principles of sustainable development. The current operation of the housing market creates affordability problems for large numbers of "ordinary" households and leaves many in acute housing need. It is also hindering economic growth and the provision of high quality public services. Maintaining the status quo, and not responding to these social and economic problems, would not be in accordance with sustainable development principles.

25. The tools and techniques exist to ensure that a substantially increased volume of housing provision can be achieved whilst protecting the environment and minimising resource use. Whether these resources are used depends on how well they are disseminated and understood, and the quality of the strategic planning and leadership accorded to the provision of the additional housing required.

*The need for a strategy to place the environment at the heart of any building programme*

26. The Committee's Inquiry was launched prior to the publication of the Sustainable Buildings Task Group report. We recommend that report to this Inquiry, and in particular we support the following specific recommendations that it contains:

- the simplification and consolidation of existing advice to provide clear direction to the industry, with a new Code for Sustainable Building which would be an enhanced version of the current BREEAM;
- the early adoption of legislation (for instance through the Sustainable and Secure Buildings Bill) to bring sustainable buildings within the scope of the Building Regulations; and
- the production of a Best Practice Guide for delivering sustainable buildings to sit alongside the recently issued planning policy document *Creating sustainable communities*.

*The role of planning policy and practice*

27. The Housing Corporation understands the challenge to be to accommodate the housing requirements that have been shown to be necessary to ensure sustainable development, in a way that minimises its impact on the environment and natural resources and that creates communities that are also sustainable in a social and economic sense.

28. This requires a creative approach and often requires additional initial development costs. However these costs can be shown to represent value for money if a "whole-life" approach is taken to assessing the costs of a development, and if environmental impacts are also taken into account.

29. Too much of what has been built in the recent past and is being built now suffers from poor design, or at the very least misses an opportunity to create buildings and places of high quality. We believe that the poor quality of what is built that is a major factor in the resistance to further development. The planning system is key to tackling these issues.

30. The Government has recognised weaknesses in the current planning framework and is addressing these. Key measures include:

- changing the ethos of the planning system from one of preserving a status quo to one of ensuring that necessary development creates high quality, sustainable places that respond to the needs and aspirations of local people. The recently issued *PPS1 Creating Sustainable Communities* embodies this approach; and
- enhancing the capacity and skills of the planning service. This is being achieved through additional funding, while Sir John Egan's recent report *Skills for Sustainable Communities* recommends the creation of a national centre of excellence, a suggestion that that Office of the Deputy Prime Minister is taking up.

31. Kate Barker's Report recommends that the planning system should be more aware of and responsive to what is happening in housing markets. This does not mean that planning should follow the market in the sense of catering for development just because a demand can be shown for it. However the current planning system does not have any apparent mechanisms for judging the overall impact of planning policies and decisions on housing supply and house prices. Given the social and economic problems associated with under-supply, we support her Report's proposals for:

- independent, expert advice about the state and evolution of the housing market to be prepared for Regional Spatial Strategies; and
- capacity within Spatial Strategies to allow further housing development where there are clear signals that the demand for this housing is increasing ahead of existing provision.

*Ensuring that the building process does not harm the environment*

32. This submission has addressed this question above, both in relation to our own investment practices, and in our support for the Sustainable Buildings Task Force (SBTF) Report's recommendations. Specifically, we support the proposal to make environmental impact a component of the Building Regulations.

*The provision of infrastructure*

33. The question of infrastructure, and in particular the provision of public transport links, is very important in the preparation of plans for Growth Areas. While many major sites for development have been identified, and local authorities are preparing the necessary planning and development control frameworks, considerable uncertainty still surrounds the question of transport links and other infrastructure provision. This is a significant factor in our Sustainability Toolkit and therefore our investment decisions.

*Knowledge and skills base in respect of environmental building objectives*

34. Our view is that there is plentiful information about how to achieve environmentally sensitive development, from the choice of building materials for individual dwellings to the provision of an integrated public transport system. Some of this information is poorly organised, a fact that the SBTF's recent report acknowledges.

June 2004

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**Memorandum from English Partnerships**

INTRODUCTION

English Partnerships (EP) welcomes the opportunity to give evidence to the Committee's inquiry. This memorandum concentrates on EP's role and remit, focussing on our work in providing sustainable communities.

THE ROLE OF ENGLISH PARTNERSHIPS

English Partnerships is the national regeneration agency, helping Government support high quality sustainable growth across England.

The Sustainable Communities Plan gave English Partnerships a key role in:

- Four growth areas in the south.
- The creation of a new Brownfield strategy.
- The creation of a register of "surplus" public sector land.
- Nine market renewal pathfinder areas in the north/midlands.
- Nine Regional Housing Boards linked to a new emphasis on housing and communities.

EP's role can be summarised as:

- Developing our own portfolio of strategic sites.
- Acting as the Government's specialist advisor on brownfield land.
- Making sure that surplus Government land is used to support wider Government objectives, especially the implementation of the Sustainable Communities Plan.
- Helping to create communities where people can afford to live and where people want to live.
- Supporting the urban renaissance by improving the quality of our towns and cities.

EP's work is characterised by:

- The early and active involvement of local communities.
- Close and productive relationships with the private sector, adding value through joint ventures.
- The innovative use of our own sites to promote new standards of sustainable development and advance best practice.
- The highest standards of design, environmental sustainability and construction.
- The recognition that lasting development unites the local, regional and national dimensions.

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## SUSTAINABLE COMMUNITIES PLAN AND BARKER REPORT

The level of growth put forward in the Sustainable Communities Plan and expanded in the Barker Report are phased over 15–20 years but will have environmental implications through land take, resource requirements, waste generated and various emissions through construction and increased transport for example.

Government recognises the above implications and seeks to protect the environment through the requirement for 60% of new housing to be built on brownfield land, commitments to maintain and expand the greenbelt, through planning policy such as PPG3; the Density Direction; and the Greenfield Direction, through various fiscal incentives, the Energy White Paper and Action Plan and through tougher design and building standards.

### ENGLISH PARTNERSHIPS

Sustainability is central to the work of English Partnerships. From its overarching aim of “supporting high quality sustainable growth across the country” to its key role in providing sustainable communities which are well designed, mixed tenure, mixed developments with access to a variety of transport modes, job opportunities, social infrastructure, retail, open space and constructed to high standards of sustainability.

EP takes account of sustainability issues throughout the stages of a project through:

- Applying sustainability principles and good practice throughout each stage of the development and construction process.
- Using and appointing organisations to undertake project tasks.

EP has drafted Best Practice Notes on Environmental Briefing Standards, on Environmental Appraisal (currently being revised to cover wider sustainability issues), Environmental Impact Assessment and Design to ensure these standards are adhered to (as well as identifying wider environmental impacts). Additional advice is available through the Project Guidance covering sustainability (covering issues such as waste, resource use, biodiversity, etc), contaminated land and whole life costs.

### ENVIRONMENTAL STANDARDS

EP have adopted a wide-ranging set of environmental standards for all new homes, retail, office and industrial buildings constructed on its land. The standards are in line with the recommendations of The Energy Review produced by the PIU (Performance and Innovation Unit).

All development briefs prepared by EP set minimum environmental standards to be achieved as follows:

<i>Building Type</i>	<i>Rating Scheme</i>	<i>Standard</i>
Residential	(BREEAM) EcoHomes NHER	Very Good 9.0
Offices	BREEAM for Offices	Very Good
Industrial	BREEAM 5/93	Very Good
Retail	BREEAM Retail	Very Good

The same standards will not apply to every single development, but a common basis has been established so that, for instance, where higher standards are adopted (as they may be in the Millennium Communities) it is clear what “higher” means.

Currently there are a number of landmark or exemplar schemes in progress which have adopted higher standards. These include the Millennium Communities Programme, Broughton Atterbury, Central Milton Keynes, Omega and Lightmoor which will all achieve BREEAM “Excellent” and NHER 10.0. All schemes in Milton Keynes achieve NHER 10.0. Examples of English Partnerships programmes and projects which fulfil sustainability criteria are given in annex.

EP are working with ODPM, CABE and the Housing Corporation to examine how to synthesise the Millennium Community and Building for Life standards, and incorporate key elements from BRE’s EcoHomes and other standards that help to create sustainable communities. This work will tie in with the recommendations of the Sustainable Buildings Task Group report issued in May 2004. The Group, co-chaired by Victor Benjamin, Deputy Chair of English Partnerships and Sir John Harman, Chairman of the Environment Agency, recommended the establishment of a single national Code for Sustainable Buildings, based on BREEAM and incorporating clearly specified minimum standards in key resource efficiency criteria (energy, water, waste and use of materials).

In relation to current construction standards, EP continues to monitor proposed revisions to the Building Regulations and note the proposed widening of their scope proposed through the Sustainable and Secure Buildings Bill currently before Parliament to include energy, waste and water conservation together with due consideration of crime prevention. Improvements in the legislative baseline will lead EP to revisit the standards proposed for exemplar projects in future development briefs.

## DESIGN

The above standards and others are also carried through by English Partnerships Design agenda with its championing of national Best Practice, promoting and delivering the highest possible standards in urban design and sustainable development. This includes:

- Promoting the use of Design Codes as a means of instructing developers how to respond to site requirements, whilst maintaining consistent quality in large-scale projects. The Upton Code in Northampton has won the RTPI Regional award for Publications.
- Making best use of our land assets by achieving densities of development in excess of those set out in government guidance such as PPG3, significantly higher densities are achieved where appropriate.

## LAND

English Partnerships also has a key role in the provision of land for development, particularly in bringing previously developed land back into use through initiatives such as the National Brownfield Strategy and Surplus Public Sector Land Register.

English Partnerships' *Towards a National Brownfield Strategy* (published in November 2003) is the most comprehensive study ever undertaken to assess the state of England's brownfield land supply. The study highlighted that there is a huge potential to recycle brownfield land to meet government housing growth targets, while reducing the pressure to develop on our countryside.

- Within these five categories more than 20,000ha of PDL (ie nearly one third of the total) has been identified as being unconstrained and therefore available for redevelopment.
- Of this unconstrained PDL, 7,330ha has been classified as being immediately available.
- Analysis of redevelopment trends shows that currently more than 50% of PDL that is redeveloped is already in some form of use. Additionally, land with constraints is also developed. This means that the potential to redevelop unconstrained land within categories B, D and E, is also high.

Other key findings of the study include:

- Nearly one-third of the brownfield or previously developed land (PDL) identified is contained within the key "growth area" regions (ie Greater London, South East and East of England).
- Only one-sixth of the total hardcore PDL (ie land that has been vacant or derelict for nine years or more) is to be found in these growth regions, suggesting fewer barriers to the long-term regeneration of brownfield land.
- The target of achieving 60%, or more, of new homes on brownfield land should continue to be achievable in the foreseeable future.

The Report also illustrates that more work is required to ensure progress is maintained to meet Government economic and housing growth targets and the challenges and opportunities facing the public and private sector in meeting these targets.

Recent concerns regarding that the supply of brownfield will not be enough to meet the demand envisaged in the Sustainable Communities Plan does not take account of the fact that a larger proportion of the brownfield land (with a lesser proportion of "hardcore" land) is found within the growth areas thereby providing a greater potential resource for supporting the Government's economic and housing growth targets.

There is also a great deal of work underway to develop new initiatives and mechanisms to increase the amount of brownfield land coming forward for development and the report itself includes a number of recommendations for the development of the National Brownfield Strategy.

EP has been analysing the future processes and policies that will need to be implemented to bring forward more sites for development. English Partnerships is supporting the Regional Development Agencies (RDAs) who have been charged with creating a series of action plans aimed at speeding up brownfield delivery especially in the four major growth areas.

## SURPLUS PUBLIC SECTOR LAND

Surplus Public Sector Land will form a key part of the National Brownfield Strategy strategy. English Partnerships is working closely with other public sector agencies such as Defence Estates, the NHS and Rail Property, to maximise the potential of surplus government assets especially in areas of housing shortages in a bid to create more sustainable communities.

A key tool designed to ensure that information on surplus public sector land is collated and is accessible, is The Register, a comprehensive database maintained by English Partnerships on behalf of the ODPM.

A wide cross-section of public sector organisations have supplied information to the Register including Defence Estates, Rail Properties Ltd, NHS Estates, The Highways Agency and The Coal Authority. Once the disposing agency has provided English Partnerships with details of the site for inclusion on the Register,

there is a 40-day window for public sector agencies and departments to identify new uses for this land. If the sites can be used beneficially elsewhere in the public sector they may be transferred at market value and then be brought back into beneficial use.

To date nearly 20 public sector agencies have supplied details of almost 850 sites, totalling more than 2,800 ha of land. Almost 300 sites are within the wider South-East.

#### RESEARCH AND BEST PRACTICE

English Partnerships work closely with the BRE, in developing and promoting the Environmental Sustainability agenda, including facilitation of internal and external training initiatives. Research and monitoring into the use of Photovoltaic has been encouraged and realised with projects at Sandymoor, Runcorn, and Broughton Atterbury hamlet in Milton Keynes.

English Partnerships have commissioned the development of a number of “Best Practice Notes” into “Using Design Guidance”, “Inclusive Design”, and “Modern Methods of Construction”. Our best practice research directly responds to the key priorities outlined in the “Sustainable Communities Plan”.

**Annex**

#### MILLENNIUM COMMUNITIES PROGRAMME

Since the launch of the Millennium Communities Programme in 1997, seven locations have been selected as Millennium Communities—Greenwich Millennium Village (London), Allerton Bywater (near Leeds), New Islington (Manchester), East Ketley (Telford), Oakgrove (Milton Keynes), Hastings (East Sussex) and South Lynn (Kings Lynn). The aim of the programme is to encourage the housebuilding industry to accept and use higher standards of design and sustainability.

Millennium Communities targets are given below. The benchmark for each of the targets will be the typical energy, water etc consumption of a Building Regulations compliant dwelling or where Buildings Regulations do not apply the benchmark will be current industry practice. The target, therefore, will be this amount times the proposed reduction.

##### *Firm Targets*

- Reduce energy consumption in the home by 50%.
- Reduce embodied energy used in constructing a typical dwelling by 50%.
- Reduce water consumption in the home by 20%.
- Reduce domestic waste in the home by 50%.
- Reduce defects in the dwelling on handover to the occupier by 70%.
- Increase plot and dwelling size to conform to the Housing Corporation’s essential scheme development standards.
- Improve daylighting and noise proofing standards by 10% above current practice.
- Reduce construction waste by 50%.
- Improve site safety by reducing reportable accidents to zero.
- Incorporate adaptable IT data cabling to each dwelling.

##### *Aspirational Targets*

- 10% of energy consumption in the home to be from renewable sources.
- Reduce construction cost by 20%.
- Reduce construction duration by 20%.
- Zero defects in the dwelling on handover to the occupier.

#### UPTON SUSTAINABLE URBAN EXTENSION (NORTHAMPTON)

- Local Plan proposals for the area seek to accommodate 5,000 new homes, 280,000 square metres of industrial space, a country park and associated services and facilities.
- A detailed masterplan for a new housing development at Upton was approved by Northampton Borough Council in early 2003.
- The scheme, which will form a sustainable urban extension to the town, will include up to 1,200 new energy-efficient homes along with a range of facilities including a primary school, neighbourhood shops, a country park, playing fields, an interpretation centre and a local centre.

- The scheme on English Partnerships' land at Upton will cover around 43 ha for which outline planning consent has already been secured for up to 1,200 homes (22% affordable), and 1,000 square metres of commercial floorspace. Work has also begun on the sustainable urban drainage system (SUDS). SUDS is an environmentally-friendly technique aimed at reducing the amount of "run off" surface water generated by a development. These include measures such as the use of reed beds, which have the added advantage of creating attractive wildlife habitats.

#### BARKING RIVERSIDE

Initial plans call for 10,000 units. A workshop involving key stakeholders will be run in June/July 2004 to assess the available options to promote sustainability. Initial plans include a Sustainable Urban Drainage System will be implemented and a target of 35–40% of the construction materials will be transported by river.

#### BASILDON

English Partnerships is currently involved with a number of projects in Basildon including:

The 36 ha (90 acre) Gardiners Lane South site, where English Partnerships, (which owns around 75% of the site) and its partners plan to bring about the redevelopment of the site to create a highly sustainable mixed-use development that will include opportunities for:

- Headquarters development.
- Small business development—starter units.
- Offices and light industry.
- Business support and training centre.
- Potential for hotel, pub/restaurant, local shops, creche or nursery.
- Residential and other supporting uses.
- Providing the basis for demonstrating best practice and influencing the development of other business areas in the town.
- Provide 20.2 ha (50 acres) of open space.

The integration of wildlife and people is an essential part of the plans for Gardiners Lane South. Generous areas of the site will be set aside for nature conservation and parts of it will be actively managed for the benefit of the plants and animals that will thrive there. Species of particular interest include reptiles, birds, insects, badgers and bats as well as a number of existing trees which are protected by tree preservation orders. The plans include a "green grid" throughout the site, closely linked with open spaces beyond its boundaries. This will ensure that wildlife—both plants and animals—can continue to thrive alongside the new human residents. The development will provide a range of high quality open public spaces where people can enjoy a range of activities or simply relax.

The Gardiners Lane South development will be accessible by all modes of transport—buses, pedestrians and cyclists as well as cars and trucks.

#### MILTON KEYNES

Milton Keynes has been earmarked by government as a major focus for expansion in the Milton Keynes/South Midlands Growth Area, identified in the Sustainable Communities Plan. A range of EP led projects are currently underway.

Broughton Atterbury, on the eastern edge of Milton Keynes, is being developed by English Partnerships as a new economically and socially mixed community. The site encompasses the historic hamlet of Broughton, which is a conservation area. English Partnerships' masterplan, which was developed in partnership with the local community, is structured around a parkland setting with a strong emphasis on the retention and enhancement of existing landscape features. English Partnerships has established a number of key principles for the area which underpin the creation of an integrated sustainable community which will be applied to town extensions elsewhere:

- A high level of community involvement in the planning and development process and in the ongoing management of community amenities.
- A mix of tenures, land uses and amenities which bring a range of facilities to residents.
- Residential density high enough to sustain local shops, employment and community services.
- Services will be available with easy walking distance thus reducing car dependence.
- All homes will achieve a National Energy Foundation rating 10 out of 10 and an Eco Homes Excellence rating.
- A strong urban design framework which will produce a clear sense of place.

- The new community will provide around 1,000 new homes of which 30% is earmarked for affordable housing.
- Where possible, local materials will and have been used to build houses. The development to the north of Hamlet 1 (first phase of development) is planned in a traditional style to complement historical buildings in the area, while the development to the south will be more contemporary in style to mark the transition to the nearby area of Kingston.
- A mixed-use village centre is planned in the style of a traditional high street, providing a full range of local services including a combined school, doctor's surgery, local shops and a pub/restaurant.

June 2004

*Witnesses:* **Mr Jon Rouse**, Chief Executive, The Housing Corporation and **Mr David Higgins**, Chief Executive, English Partnerships, examined.

**Q700 Chairman:** Good afternoon, welcome. I think you are aware of the time constraints that we have this afternoon; I am very grateful to you for coming along. Can I kick off by just asking you to explain, very simply, your respective roles? You are both, I know, involved in the provision of affordable and social housing but how, very simply, do you carve out your responsibilities?

**Mr Rouse:** Shall I go first? The Housing Corporation is, I suppose, the affordable homes agency and responsible for regulating and funding Registered Social Landlords, which are largely housing associations, and through them we will provide this year some 27,000 new homes. We regulate in total two million homes which are provided at sub-market levels, either through social rent or various forms of low cost home ownership.

**Mr Higgins:** English Partnerships is the Government's national regeneration agency, primarily focused on land release, land development, major exercises, decontamination, regeneration, master planning and regional overriding infrastructure.

**Q701 Chairman:** Can you, having explained that, explain how both of you slot into the Government's Sustainable Communities Plan, what you have been doing?

**Mr Rouse:** From the Housing Corporation's perspective we are earmarked to provide most of the affordable homes element of the Communities Plan. We invest all over England and, since the Communities Plan was published we have, in line with regional housing strategies, pushed more of our investment into the growth areas in London and the South East and into the Pathfinder Areas in the north of England and the West Midlands.

**Q702 Chairman:** You say that you will be developing those homes but presumably it will actually be individual housing associations.

**Mr Rouse:** Through housing associations; housing associations are our intermediary for all new development at the present time, albeit that quite a significant proportion of that development, some 49%, is actually done through section 106 schemes, so it is private developers working with housing associations in partnership.

**Mr Higgins:** Five areas of activity: direct development through our own strategic sites, particularly in the Growth Areas and in the

Northern Way; secondly, we work on brown field regeneration, primarily coalfields but also in areas like the Thames Gateway; thirdly, surplus public sector land, firstly creating an asset register of surplus Government sector land, then ensuring that we can get Government policy on that land released; fourthly, making sure communities are developing in affordable ways, so we focus particularly on affordable housing, we work very closely with the Housing Corporation in this area and, finally, best practice, i.e. quality, so we drive the whole quality agenda in association with CABE and the Housing Corporation, so that is the whole issue of sustainability and coding.

**Q703 Chairman:** When you say you are heavily involved in brown field land, are you responsible for cleaning it up?

**Mr Higgins:** In many cases, absolutely right, a hundred coalfield sites around the country or big contaminated sites like Greenwich or Barking Reach.

**Q704 Chairman:** The Sustainable Communities Plan and the Barker Review—which obviously is relevant to our enquiry here—both put a lot of emphasis on social and economic issues, but very little, we feel—or we have found so far—on environmental issues. Is that a position which you are happy about?

**Mr Higgins:** We would see that the Sustainable Communities Plan in March 2003 gave a 20-year framework, a policy framework, within which we as one of the Government agencies could work. We certainly understand the need to balance the social issues along with environmental issues and community involvement, so Barker really came up with a series of scenarios, a series of growth scenarios, recognising that supply was not meeting demand. How those match, we see the issue of development as far more than just a set of numbers, so while large numbers are talked of across the region, the challenge is to create a sustainable community, so what we do is we demonstrate exemplar sites where we balance these economic, social and environmental issues.

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3 November 2004 Mr Jon Rouse and Mr David Higgins

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**Q705 Chairman:** We will come on to those in a minute, but you basically go along with Barker then, saying that houses should be built in areas where there is the greatest demand, which is a fundamental economic proposition.

**Mr Higgins:** Barker came out with a series of different levels of numbers that were required, a series of scenarios. We certainly recognise there is a mismatch between demand and supply, that is for certain. Barker came up with a series of recommendations and some of those the Government has accepted, so the Infrastructure Fund, to a certain extent the idea of joining spatial planning with the Regional Housing Boards seems to make sense, it is out for consultation at the moment. Many of the others the Government is yet to respond to.

**Q706 Chairman:** What about you?

**Mr Higgins:** Our position is that from a planning point of view we do not really have a direct involvement in planning, because planning is an issue that starts with regional plans, sub-regional plans and city plans. We get quite directly involved in the growth areas with city plans, for example, so in Milton Keynes, so where we intervene in growth areas and do major developments we ensure that our developments complement the overall regional planning policy, we do not have a great involvement in determining the overall spatial development plans for the regions.

**Q707 Chairman:** I am just trying to tease you out of your box, if I may, a little bit on this. Barker, for example, went as far as to say that there were certain areas that she felt might have to be abandoned altogether; do you think that there are places which it is not worth trying to regenerate any more, and we might as well put everything down into the South East where, as we heard last week from Sir John Egan, there is enormous, rapacious demand, and the rest can go to the devil?

**Mr Higgins:** We do not see that. We see significant regeneration and development in the North. Some of them are areas of high demand and issues of affordability of course are in the North, so a lot of our investment goes into the northern Growth Areas and the eight core cities. Our position is that it is a much more than numbers, it is a lot more than housing numbers. Developing sustainable communities is incredibly complex, so what we do is focus on demonstration, we look at how you can balance social and environmental needs with the economic needs.

**Q708 Chairman:** Barker also makes very controversial proposals in relation to the planning system, recommending that there should be changes and that effectively it should be marketised. Do you have opinions on that? Do you, Mr Rouse, have an opinion on that?

**Mr Rouse:** My specific interest here is affordable housing and section 106, which is a key area which Kate Barker focused on, and is critically important in terms of the delivery of affordable housing and,

indeed, mixed tenure communities which we feel are the most sustainable forms of community, where you actually mix income groups within the same development. So our main concern here in terms of planning is to ensure that the provision through section 106 is maintained, adopting a wide definition of sustainability.

**Q709 Chairman:** But you do not have views on the fundamental changes that she recommends towards the whole planning system, the way that demand triggers the release of land, side-stepping traditional planning systems and structures?

**Mr Higgins:** This is the whole suggestion of buffer zones, triggered by a market response.

**Q710 Chairman:** Yes.

**Mr Higgins:** I think it is more complex than that, particularly when you consider that a number of the buffer zones around the Growth Areas have local authorities as major landowners. The key to development is not just about land release, the key to development is about infrastructure provision, both physical and social infrastructure, and unless that is built in advance of need, which is the key issues, you will not have a sustainable community.

**Chairman:** Thank you. Helen Clark.

**Q711 Mrs Clark:** Thank you. The Barker Review has also put forward some proposals for actually merging the Regional Housing Boards and the Regional Planning Bodies, and in fact the Government has accepted this and agreed to it. I would be really interested to hear what changes you think would result from this, and in fact whether you think they are going to be beneficial or not.

**Mr Higgins:** I am not sure that I would accept that. I believe there is a discussion paper out at the moment on that which we are responding to, but John.

**Mr Rouse:** From a Corporation perspective we are pretty positive about this shift, to be quite honest, because we think there are many benefits from having true spatial planning at the regional level that can take into account transport requirements, economic development, planning in general terms and housing.

**Q712 Mrs Clark:** A combination then really.

**Mr Rouse:** It is strategic co-ordination and strategic decision-making and, from the Corporation's perspective, we are currently members of the Regional Housing Boards, as are English Partnerships, and as long as we can continue to have a voice in that apparatus to ensure that affordable housing needs are properly represented, then we can see many advantages in bringing in the new arrangements that have been proposed in the consultation paper.



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3 November 2004 Mr Jon Rouse and Mr David Higgins

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**Q713 Mrs Clark:** So joined-up government.

**Mr Rouse:** At the regional level.

**Q714 Mrs Clark:** At the regional level, okay. Specifically to English Partnerships, you are actually playing a very major role and a key role actually in the growth areas in the South East, of which my constituency, Peterborough, is certainly one, and the nine actual Renewal Pathfinders in the North. The emphasis that we have in the Communities Plan is really very much centred on growth in the South East. We have had evidence expressing concern actually about this emphasis, is it the right thing, should we be concentrating on the South East all the time and, in fact, the ability of the South East to really absorb this level of growth. Are you concerned as well, have you had representations on this topic?

**Mr Higgins:** The advantage of co-ordinating the social and economic infrastructure, the physical infrastructure and the economic development is that you have jobs to match this growth and you have the physical infrastructure. One of the advantages of Peterborough is that it has a significant investment, because of its history as a new town, in major infrastructure, so the roads infrastructure, so it can cope with that level of growth, hence the extension of the Cambridge Corridor Growth Area to include Peterborough some months ago. I would say that certainly there should be a focus on looking at growth in other areas, and I am sure that the Department is looking at that growth because there are now increasingly hot spots that are emerging in the Midlands.

**Q715 Mrs Clark:** I was going to come on to that, I was going to come on to the fact that perhaps the vast majority of land that you are administering is actually in the South East, for development, and I would really like to hear a bit more about the other areas that you are planning to open up.

**Mr Higgins:** If you look at our outputs from employment land and from housing, it is balanced between the South East, particularly the legacy sites in Milton Keynes, and the other vast majority comes from our coalfield sites. If you look at our major housing output it actually comes from major regeneration of initially 52 sites, now expanded to over 100 sites.

**Q716 Mrs Clark:** You mentioned the Midlands, whereabouts in the Midlands?

**Mr Higgins:** There are very significant investments around the coalfields areas of the Midlands and Telford, of course, where we have historical sites as well and very large coalfields. We have four big projects going at the moment totalling around 8,000 houses that are underway there.

**Q717 Mrs Clark:** And spreading out to the North as well as the Pathfinder Areas.

**Mr Higgins:** Certainly we are looking at Stoke and we are working with Pathfinder in Stoke to work out how we get involved, we are looking at areas like Haters Pey, for example, and we are working

with that. In Manchester we have significant work and in Salford we are supporting the proposition that Salford be created as a URC, and we have a lot of investment in Liverpool and Sheffield.

**Q718 Mrs Clark:** You mentioned affordable housing earlier, and I am going to ask you now what proportion of the housing with which you are involved is actually social housing—I do not like the word social housing, but it is a phrase we have to go with—and affordable housing, what proportion roughly would you say percentage-wise is that?

**Mr Higgins:** It depends on the region and it should be driven by the regional housing strategy in terms of needs determination, but in most areas it is somewhere around 30%, 25 to 30%, in London and some areas it is higher than that. We skew it in our partnership with the Housing Corporation, we are focused on a series of sites there and there it is well in excess of that. It really depends on local authority negotiation and the regional housing strategy.

**Q719 Mrs Clark:** If I could but suggest I think you ought to contact those local authorities, particularly in the South East. If you are thinking of somewhere like Cambridge, my goodness the housing prices are like Notting Hill in some parts of it so there is a real need for affordable housing in areas like that. On a final point, I am delighted to actually meet you today because in my whole seven and a half years as a member of Parliament, despite the fact that English Partnerships has actually got a great interest in my constituency, there has not been a single person from English Partnerships who has wanted to meet the local MP or find out about how we can work together, so I hope that that will happen next week. I would hope also that you are going to be involved in communications with the other Members of Parliament, whether in the Midlands, in the North or in the South East, because it is very important not just to deal with the local authority but actually people like myself who are responsible for 160,000 people who all need homes.

**Mr Higgins:** I think we understand that very clearly, and the process of development of communities is very much around public consultation, and if we get reminded about that regularly with our parties in the end. It is a democratic process and we are going to win the debate that development is good, then we have to bring the community with us.

**Chairman:** It sounds to me as though you have received an invitation which you would be unwise to refuse.

**Q720 Mrs Clark:** Pick up the phone.

**Mr Higgins:** Great, very good.

**Mrs Clark:** Thank you.

**Q721 Paul Flynn:** In your evidence to us you stated that about half of the dwellings provided by Registered Social Landlords were new build and

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3 November 2004 Mr Jon Rouse and Mr David Higgins

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that they constituted about 10% of all new dwellings completed in 2002–03, but you do not seem to state how many you actually funded yourself. Could you break this down for us on a regional basis, and tell us how many homes did you build in each region?

**Mr Rouse:** Sorry, can I be clear about what you are asking? All the homes that are in our total of 27,000 this year are funded by us one way or another, but they break down in two ways: rented housing and low-cost home ownership, and into new dwellings and refurbishments and purchases.

**Q722 Paul Flynn:** How do you split it between the regions? It seems to be very much concentrated on the South East and London.

**Mr Rouse:** In total terms, if we start with totals, last year in terms of completions we had just over 7,000 in London, 4,500 in the South East and 2,500 in the South West; then if we compare it to the other side of the country, that compares to just over 1,000 in Yorkshire, 400 in the North-East and 1,900 in the North West so, yes, our programme is very much skewed towards where the most need is for affordable housing, which is London and the South East, parts of the South West and the East of England.

**Q723 Paul Flynn:** If this is the norm, do you expect this to continue? Do you think you will be spending a significant amount in the growth areas?

**Mr Rouse:** Yes.

**Q724 Paul Flynn:** One of the concerns expressed to us by a number of bodies, the Energy Savings Trust and the LGA is that the quality and the environmental standards could be compromised in the rush to build quickly and cheaply in the Thames Gateway. How do you both respond to that?

**Mr Rouse:** Maybe I can kick off and then hand over to David. We do it by having very strict scheme development standards, which have to be met, and therefore, for example, we require that for any new development it has to achieve an EcoHomes rating. From April next year that will be a Good rating, so it will have to increase, and we will move very quickly from there to a Very Good rating, so you cannot build unless you are willing to build to that EcoHomes standard. We also set other standards in terms of space layouts, we also make use of some of BREEAM material and we also are doing some work with BRE on issues around the durability of housing because, frankly, even if it has a very good EcoHomes rating, if it is not going to last then that is not a good environmental product. So you simply do not get into the system unless you meet those requirements, and that is why, in the introduction to the Sustainable Buildings Taskforce Report the Housing Corporation was cited as the example of best practice.

**Mr Higgins:** Our range is consistent with the Housing Corporation: Good, Very Good and Excellent in terms of the EcoHomes standard. We put forward Excellent on our own plans, Very

Good on any project we have direct control over as development partner and then Good on all other projects we are involved in. In terms of the Sustainable Taskforce, we are obviously very supportive of that Taskforce, our deputy chairman was co-chair of the Taskforce and we are working along with the Housing Corporation and CABE on implementing their recommendations and we will be supporting the recommendation when it comes through the single code.

**Q725 Paul Flynn:** I was very pleased to hear you say that you concentrate on mixed tenure housing because we all know the difficulties of single tenure housing that we have had in the past, but one of the other problems is the persistent problems in the complaints that have come up is the question of providing infrastructure at the same time as the houses are being built. Are you happy that this is being done and the infrastructure is being provided?

**Mr Higgins:** In areas of high demand, for instance in the Thames Gateway, there is a cabinet committee set up, MIS22, which is specifically targeted to look at the enabling infrastructure that is required and to direct additional funding to cover that. There is additional allocation of funding in the Growth Areas as well, particularly in the Growth Areas of Cambridge, Milton Keynes and Ashford to correct that, so there is co-ordination where there is accelerated development of infrastructure. The importance of co-ordinating now the various public agencies in planning infrastructure should certainly be made a lot easier by developing the Regional Spatial Plans and tying those in with the overall economic plans.

**Q726 Mr McWilliam:** Is this why, in terms of infrastructure and the direction of it towards those particular areas, the average speed of traffic through my constituency on the A1 is about 15 miles an hour at this time of year, and the A69 turns into a single carriageway at Hexham? In other words, are you directing infrastructure funds into the South East from elsewhere?

**Mr Rouse:** Fundamentally I think we have to say that most of those major decisions are made by the Department of Transport through the Highways Agency. Our interest in intervention in terms of infrastructure is obviously mainly around the local infrastructure.

**Q727 Mr McWilliam:** I understand that perfectly, all I am suggesting is do you have regard when you are demanding infrastructure to the fact that the budget may be overall limited and it could have devastating effects elsewhere?

**Mr Rouse:** What we certainly will take into account, as will English Partnerships, is the capacity of the area to accommodate new development, albeit we would expect a lot of those decisions to be taken through the planning system in terms of development plans. Certainly, in terms of the way that we work with our partner housing

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3 November 2004 Mr Jon Rouse and Mr David Higgins

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associations in choosing areas in which we invest, one of the things we look at is the capacity of the infrastructure within the area.

**Mr Higgins:** If you take, for example, the accelerated development that will happen in Milton Keynes, 30,000 homes over the next 16 years, in planning that we look at firstly the regional plans, the transport plans, the strategic highways authority's funding so we understand where motorway interchange grades are happening and the timetable of that, we will get local transport plans and the budgets that are allocated to that as well as public transport strategies in those areas, and we tie those in to, then, the numbers that come through from the planning guidance.

**Chairman:** Joan Walley.

**Joan Walley:** Just to pursue that a little further if I may, I think it might be helpful for the Committee to have a note on the extra support for infrastructure that is available in the South East in Gateway areas and whether or not a similar amount of support is available for other Housing Renew Pathfinder areas. Obviously, I would declare a constituency interest in respect of Burton.

**Q728 Chairman:** Would that be possible?

**Mr Higgins:** Yes.

**Q729 Chairman:** Thank you very much. Just before you move on, you were talking just now about the sort of standards which you set in terms of EcoHomes, which is all fine and dandy but one can always do better. Is it your impression, or have you received any evidence to the effect, that other developments, particularly in the Thames Gateway, are really cheapskating on quality?

**Mr Rouse:** I would certainly say that housing associations, because we set the standards, are exacting higher standards than some private developers. You can see that if you just look at the average SAP ratings of the different types of stock. The Registered Social Landlords stock, our stock, has an average SAP rating of 60; owner occupied housing across the country is at 49. Okay, some of that is because it is old stock, but there is also a continuing momentum that through our scheme development standards we are exacting higher standards than many private developers.

**Q730 Chairman:** Do you have evidence that new build by the private sector is of lesser quality?

**Mr Rouse:** I do not have absolute data, no.

**Q731 Chairman:** But there is anecdotal evidence and information reaching you that that is the case.

**Mr Rouse:** Yes.

**Mr Higgins:** I would say on that issue there that we as a public agency push higher standards, and the higher standards ultimately do have an impact on the commercial industry. If you look at Millennium Communities, when they first came out they were seen as something that was off the end of the page in terms of the standards they were requiring and re-use energy reduction. Nowadays, many of the issues there are mainstream, so

sustainable drainage, for example, that was pioneered in Milton Keynes and Northampton but nowadays it is pretty standard on most leading major developments.

**Mr Rouse:** Can I also add that there is a Bill going through Parliament at the moment, the Housing Bill, that would enable the Housing Corporation to pay grant direct to developers, and if that was to take place we would exact the same standards on those developers, in other words they would not get access to our money unless they also met the same EcoHomes rating. One of the good things, I think, that could flow from that is that they would actually get used to having to work to EcoHomes standards and actually would realise that it is not that difficult and you can apply it across your stock.

**Chairman:** Thank you very much. Sue Doughty.

**Q732 Sue Doughty:** Thank you. I would like to stick with this theme of construction of the EcoHomes; is this a standard that you are happy with, would you like to take it further or is it too high?

**Mr Rouse:** We would like to take it upwards, there is no question about that, but what we have got to work out—and this is the same for English Partnerships as well as ourselves—is the trade-off between a slightly higher unit cost for going for a Very Good standard or an Excellent standard against, obviously, the number of units that we actually build, given the levels of homelessness and overcrowding that there are in London and the South East. At present we have reached Good, but we reckon and indeed the Sustainable Buildings Taskforce reckons, that it will cost probably an additional £3,000 a unit to move to Very Good and then somewhat more than that to move to Excellent, but of course you have to jump at some stage and then what we will find is that the costs will begin to come down in terms of the differential because housing associations and others will get used to operating at that higher standard. That is a discussion that we need to have with Government, particularly in respect of our 2006–08 programme which is our next big affordable housing programme, and I am certainly up for that discussion.

**Q733 Sue Doughty:** Do you find that actually the highest standards amongst the current ones achieve your aims in terms of the environment and sustainability? You have aims, you said, and you are looking to meet them.

**Mr Rouse:** Absolutely. We have a very clear sustainability strategy, we have just published our annual action plan which we can certainly let the Committee have a copy of, and we extend this to the housing associations in that we provide each of them with a sustainability toolkit which is available on our website. At the last count some 400 associations were using that toolkit to drive their own sustainable development strategies.

**Q734 Mr McWilliam:** Is there any evidence that if you have got a mixed development where some of it is housing associations, the requirement on them to meet a standard tends to push up the standard of the developer?

**Mr Rouse:** I do not have any data set on that, but certainly anecdotally from the schemes I have seen that can have that impact because the developer, if it is effectively contracting for the association and building all those dwellings, it has to reach a certain standard for the housing associations and it will often think “If I am ordering those windows from Scandinavia for the housing associations project, to ensure its EcoHomes Good rating, I might as well put them in my own development as well.”

**Mr McWilliam:** I can tell you for a fact, because I live in one of those that it is true.

**Q735 Sue Doughty:** Have you had any evidence then that developers are being grudging about it or are they, as I say, really now turning the corner and saying that this is a benefit, both in the housing you are commissioning and the other developments on the site?

**Mr Rouse:** It differs from development to development, but I wonder, David, do you want to say something about Millennium Communities and the way they may be used as test beds?

**Mr Higgins:** I think that whereas initially with PPG3 and other initiatives the development industry might have not recognised how fundamental they were, they now understand that they have to embrace those initiatives, they must understand the whole process of community consultation, trying to understand what issues such as inquiry by design, design coding and the standards that we set really mean. They realise that they have to get up to speed with these issues, so we find that the competition now to get into Millennium Communities—we are just going out right now in Hastings for the new Millennium Communities. We were surprised, when we went out for expressions of interest, that the top six people were all major house builders coming into what is a very difficult site in the Hastings area, in the Orr Valley, but they are very interested to get in there, firstly because they understand and they will work with us to develop new standards and techniques. So I see a willingness of the industry to embrace this agenda, but to learn more and understand how to do it.

**Q736 Sue Doughty:** That is good. When we are actually talking about it and actually getting on with it, of course we have the skills issue. Barker and Egan have both been highlighting a skills shortage; you know, having good skills particularly in sustainable construction is absolutely essential if we are going to keep on and they are going to be maintainable as well. What are you finding in that area?

**Mr Rouse:** From our perspective this is a real problem and it affects housing associations every bit as much as it affects private developers. There is a real shortage and we need to get on with

implementing the key elements of the Egan taskforce agenda. I have to pay some tribute actually to the Construction Industry Training Board, particularly the work of Sir Michael Latham, who I think has made a significant difference, particularly around issues such as apprenticeships, in persuading some of the major house builders and indeed housing associations to run apprenticeship schemes to teach construction skills, including sustainable construction skills, but there is a long way to go. The second element to this is obviously accelerating the use of sustainable modern methods of construction; there are many potential benefits from modern methods, of which probably the most relevant for today is the fact that you can waste significantly less on site because you can do precision engineering in the factory. You can determine exactly how much material you need to use and cut exactly to that amount, so we have found savings of maybe as much as 20 or 30% in terms of use of materials by using some modern methods.

**Q737 Chairman:** How does that fit in with the agenda that we were hearing about recently from other witnesses about the need to build in a kind of local vernacular in terms of architectural style?

**Mr Rouse:** It is absolutely crucial. I was previously the chief executive of CABA so I have a vested interest here; we really only work with housing associations with modern methods that can be contextualised. In other words, you might standardise the core of the product in the factory, but then when you get on site you should be able to clad it in whatever materials are relevant and contextual to that environment, whether it is wood, stone, brick or whatever it might be. We do not want aluminium pods in the middle of Chipping Norton.

**Chairman:** No, we do not.

**Q738 Joan Walley:** Just taking that a little further, do you think that the capacity really does exist to get to something like 50% using modern methods of construction, albeit with a local vernacular attached to it?

**Mr Rouse:** This year we have reached 49% through our programme—the target was 25% we have achieved 49, so we are well on our way. I have to say that that definition of modern methods that we are using is pretty wide, but I do not think that is necessarily such a bad thing. For example, if we can take a technology such as timber framed housing which has been used in Scotland for the last 30 years very successfully, and translate it to the modern context, why not? If that is what works best in terms of sustainability and in terms of cost and speed, so be it.

**Q739 Joan Walley:** Some of the witness that we have had—and I am thinking particularly about BRE—have actually said to us that we may be storing up problems for the future with these new construction methods. Do you think enough research has been done, do you think that this

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3 November 2004 Mr Jon Rouse and Mr David Higgins

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move from traditional methods of construction is going to be okay in the long term, or should we be a little bit more cautious on this?

**Mr Rouse:** I am surprised that BRE have said that because we are working very closely with them and NHBC and the insurers to devise a standard for modern methods of construction that will give them a kite mark, so BRE are going to be directly involved in deciding which modern methods are actually going to be used.

**Joan Walley:** That is interesting, thank you.

**Q740 Sue Doughty:** I think one of the things that all of us tend to come across every now and again is a development which is going to be wonderfully sustainable and then, when you actually see it built, it is slightly less than was promised. We do worry about compliance by some developers with parts of the Building Regulations, in particular part L. We have been told you carry out post-construction surveys with developers to see they comply before you release the development; is that so?

**Mr Rouse:** No, not quite. They do have to self-certify that they have met the standards and built the dwellings in the way that they said they would, but what we actually do beyond that is impact assessments, so we go out on a sample basis two years after the development has been completed to see how the developments are doing and whether they are meeting not just the sustainability standards but also the tenant satisfaction levels that we would expect with new dwellings, and that is how we check. What we do is we then build up a profile of each housing association which will tell us whether we want to fund them again the next time around. So if we found a housing association which said “Oh, yes, we are doing sustainability”, but then we go back out there two years later and find that actually those products are not durable or they are not meeting the energy commitments that were expected, then we would certainly take that into account and decide whether we wanted to fund that same housing association in the next round of bids.

**Mr Higgins:** Importantly, EcoHomes require a post-completion inspection and certification in order to get a rating, so there is a good check if we use that as a benchmark. Building regulations are ultimately the methodology of ensuring enforcement across the whole industry and of course they are currently out for revision. The 2004 Secure and Sustainable Buildings Act that has recently come through reinforces the power of building regulations and the new draft building regulations look like they should be able to achieve 20% CO<sub>2</sub> reduction in the latest regulations.

**Q741 Sue Doughty:** When you say it gets strengthened, do you think this is going to be a challenge that builders will take on successfully, or do you see some problems with compliance there?

**Mr Rouse:** The way it will work and ratchet it up I think is by standards. For example, if we get the Sustainable Buildings Code some of the work of the Sustainable Buildings Taskforce will make its way into building regs and some of it will make its way into the Code. Our expectation as a public agency is that we will lead the way there in ratcheting up our standards to meet the levels of the new code, and we would expect housing associations receiving our funding to comply as a condition of their funding.

**Mr Higgins:** I think that is a very important point. The public sector can lead the way from the point of view of procurement, setting standards; as the public sector sells off land, what we do as the Housing Corporation offers grant, we set standards of what we are looking for, not just in terms of best value but we set standards that apply to sustainability codes, and there is a much greater chance of that being enforced.

**Sue Doughty:** Thank you.

**Chairman:** Thank you very much. Does anyone else want to come in? Joan Walley.

**Q742 Joan Walley:** Very briefly, I hear that point and that point is very, very welcome, but I am minded to think that there are some developers who might not particularly even want to have any of the gap funding that English Partnerships can provide, and there is no leverage to actually say to them, “Look, this cannot be a very high quality design brief when looking at planning applications”—and I speak from personal experience on this. What can we do to really instil upon developers, some of whom may even have leading reputations, that they will have a consistency in all the developments that they do across the board?

**Mr Rouse:** One key instrument here, which the Government has begun to play with a little but needs to expand, is design coding, because if you can code a development up front and produce supplementary planning guidance that captures those standards, which could include EcoHomes, then the developer will have to comply in order to get planning permission. So in a sense you set the benchmark as part of the planning apparatus and in order to get through the gateway the developer then has to meet those standards, so I think there is a lot to be said for a coding based approach—which is used actually in other countries, particularly in some parts of North America.

**Chairman:** I think that is a very interesting idea and I am sorry that we have run out of time, but thank you both very much for your evidence this afternoon, it has been most useful.

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### Supplementary memorandum from English Partnerships

#### SUSTAINABLE COMMUNITIES: INFRASTRUCTURE

A key part of the Sustainable Communities Plan is the necessary provision of “infrastructure” to support sustainable growth. Indeed, a key function of English Partnerships is to help bring forward sites for development to include the early procurement of local infrastructure.

The Sustainable Communities Plan sets out the overall policy framework and structures within which decisions will be made and action taken. The introduction of Regional Housing Strategies and Regional Spatial Strategies are design to achieve improved and integrated forward planning of development and infrastructure requirements taking wider economic, social and environmental impacts into account. Guidance on Strategic Environmental Assessment and Regional Sustainability Appraisals has also been introduced to help support this process.

Changes to the Planning system at the local authority level through the new Local Development Frameworks, Community Strategies and Local Transport Plans will aid with greater integration of plans and decision making.

The Government is also looking to reduce stress and pressure on infrastructure by improving the planning and design of new communities so that they are accessible to public transport and local facilities and are built to high standards of sustainability thereby reducing power and water consumption. English Partnerships is heavily involved in this agenda with its work on design codes and standards. Consultation on the Building Regulations has recently ended and it is envisaged that these changes will bring about a 25% improvement in energy efficiency. Along with other work on standards (Sustainable Buildings Code), which EP is heavily involved with, these will bring substantial enhancements in the performance of buildings, thereby reducing the stress on infrastructure.

There have also been a number of proposals to improve the local environment and management of the public realm through the introduction of a £201 million fund covering:

- Living Spaces scheme (£30 million)—giving direct help to communities to transform spaces on their doorstep.
- Liveability Fund (£89 million)—to improve local authority service delivery and physical improvements.
- Support for Groundwork (£40 million).
- Support for CABI and urban design skills (£34 million)—including the creation of CABI Space to champion public spaces.
- A special grants programme (£6 million).

#### GROWTH AREAS INFRASTRUCTURE

Accelerating the growth areas requires up-front provision of transport, health, education and environment infrastructure. A Cabinet Committee (MISC 22) has been set up to bring together top level Ministers, chaired by the Prime Minister, from relevant Government Departments to drive forward the growth areas.

The Government has taken the need for additional transport and non-transport infrastructure into account through the additional funding allocated to the growth areas (£446 million in Thames Gateway and £164 million in the remaining three), the establishment of delivery vehicles such as the Urban Development Corporations (UDCs) in Thames Gateway and similar bodies in Milton Keynes and Northampton), the changes to the Planning System to speed up delivery and through working closely with other Government Departments such as DfT, the Environment Agency, DoH and DfES to secure supporting infrastructure for development. Funding allocations for major services, such as health and education, should respond quickly to rapid population growth.

The DoT carried out a multi-modal study of the impact of development in the Thames Gateway on existing transport infrastructure and an assessment of how various proposed transport initiatives would meet the additional demand. This has fed into Government’s forward planning through the Spending Review.

Major new transport initiatives are underway or planned from the A13 and A2 upgrades, DLR extension and high speed CTRL, improvements to the West Coast Mainline, and M1 widening between M25 and Milton Keynes are already underway. The recently published Transport for London 5 Year Investment Programme also includes a number of initiatives and future proposals relevant to the Thames Gateway including improvements to DLR, the District Line and East London Lines, new bus based transit schemes for East London and Greenwich Waterfront and a new Thames Gateway Bridge linking Beckton and Thamesmead.

Growth areas provide some great opportunities for innovation in the provision of public services. Looking at building on the work already under way on co-location to help communities access a wide range of services under one roof.

On 15 March 2004, Lord Rooker made a Parliamentary Statement detailing the Government's commitment to providing infrastructure alongside houses in the four growth areas. It outlined new commitments on health and education and confirmed previous commitments and progress on transport infrastructure.

## HEALTH

In March 2004, the DoH gave its backing to providing additional health service infrastructure to support the development of Sustainable Growth Areas. The DoH has agreed to provide:

- an extra £20 million of revenue funding in 2004–05 and 2005–06 to be allocated to Primary Care Trusts in the growth areas;
- £20 million of capital resources in 2005–06 to be allocated to Strategic Health Authorities in the growth areas;
- the DoH has also agreed to a “growth area adjustment” for Growth Areas at the next allocations round; and
- to give priority to Growth Areas for future LIFT (Local Improvement Finance Trust) schemes.

This extra funding is on top of record levels of increase in NHS funding. Over the next two years, Primary Care Trusts have been allocated an average increase of 9.55% in 2004–05 and 9.32% in 2005–06.

## EDUCATION

DfES is working closely with Local Education Authorities to ensure school needs are being met. This includes reviewing the capital funding systems to ensure growth is catered for eg, mechanism to allow LEAs to seek additional capital support to meet exceptional circumstances. DfES will be discussing with rapid growth authorities their plans and funding needs.

ODPM and DfES are working together to translate growth forecasts into pupil numbers and ensuring LEAs take these forecasts into account when planning school needs.

## ENVIRONMENT

Growth areas must be equipped with the water and sewerage services and infrastructure necessary to guarantee the long-term health of these communities. Government will seek to continue to involve the respective water undertakers and environmental regulators at an early stage in the development of proposals.

ODPM has allocated £11.5 million to environmental projects in Ashford, Milton Keynes-South Midlands and London-Stansted-Cambridge-Peterborough to kick-start the Government's long-term vision for green spaces.

£15 million has also been allocated to early action environmental projects in the Thames Gateway. The “Greening the Gateway” document, published in January 2004 outlines Government's vision for a network of publicly accessible green spaces across the Thames Gateway growth area. It aims to ensure heritage landscape is both protected and made available to local people for their recreational use.

## THAMES GATEWAY/MILTON KEYNES & SOUTH MIDLANDS SUB REGIONAL STRATEGY ALLOCATIONS

Over the last year, announcements were made on allocations to Thames Gateway and outlined current support for infrastructure within the Milton Keynes & South Midlands (MKSM) growth area.

### LONDON (TOTAL AROUND £38 MILLION)

- *Land and Property Acquisition*  
£14.08 million for acquisition of key sites to support the facilitation of 73,000 sq ft of creative space, 37 units for small businesses, a Child and Family Healthcare Centre and additional housing units.
- *Infrastructure Improvements*  
£7 million for infrastructure improvements to support and maintain industrial improvements.
- *Workspace refurbishment*  
£7.35 million for workspace refurbishment for over 23,000 sq ft of office space and creating in excess of 125 jobs.

ESSEX (TOTAL AROUND £23.5 MILLION)

- *Environmental Improvements*  
£2 million to fund environmental projects including the new Nevenden Country Park at Basildon.
- *Infrastructure Improvements*  
£0.325 million for infrastructure improvements to support and maintain industrial improvements.
- *Workspace refurbishment*  
£2.75 million to support the development of industrial estates and a conference centre and 120-quality hotel rooms.

KENT (TOTAL AROUND £37.5 MILLION)

- *Land and Property Acquisition*  
£12 million for land acquisition and remediation for mixed used waterfront development at Northfleet embankment.
- *Environmental Improvements*  
£1.15 million to fund conservation, ecology and tourism at Elmley and Dartford marshes.
- *Construction Skills Centre*  
£0.15 million for the conversion of existing buildings into an apprentice training centre.
- *Community Regeneration*  
£1 million for Swanscombe community facilities and environmental improvements.

Infrastructure and amenities schemes already supported by the ODPM in MKSM include:

- £10.6 million for the construction of a new access road and bridge in Wellingborough;
- £17 million to secure the regeneration of three brownfield sites in Northampton and £2.7 million for brownfield regeneration in Towcester and Daventry;
- £5 million for a new roads at Bedford;
- £2.8 million for schemes to support job creation and improve the urban environment at Corby;
- £1.7 million to improve Aylesbury town centre;
- £3 million to regenerate the historic Bletchley Park complex at Milton Keynes; and
- £6.6 million on green spaces projects such as the River Nene Regional Park, Dunstable Downs and woodland areas in the Forest of Marston Vale.

FLOOD DEFENCE

A great deal of the growth areas lie in or near flood plains. Policy Planning Guidance 25 (Development and Flood Risk) advocates the precautionary sequential approach that seeks to prevent inappropriate development in floodplains as well as introducing flood risk assessment and recognises the potential impact of climate change.

Government policy is to discourage inappropriate development but recognises that other factors are involved and some development in areas of flood risk is unavoidable. Many such areas are already defended to a high standard—including the Thames Gateway, which is protected against flood with an annual probability of 0.1% ie a one in 1,000 chance of occurring in any one year.

In the Ashford Growth Area, the Environment Agency is undertaking a study on an Integrated Water Management Strategy. This will produce a strategy, covering water supply, treatment and flood prevention and alleviation, for the proposed growth in the Ashford area.

As part of the consultation on a new Government-wide strategy for flood risk management, “Making Space for Water”, DEFRA is working to identify possible new funding streams for flood risk management that will secure a fair contribution from direct beneficiaries including developers. This will complement public funding in this area.

SUSTAINABLE URBAN DRAINAGE (SUDS)

To ensure that additional building does not contribute to flooding through poor drainage of run-off, ODPM and Defra have been working with the Environment Agency, local government and industry stakeholders to prepare an Interim code of practice for sustainable drainage, which was published in July 2004. This aims to encourage the implementation of SUDS in both new and existing developments through the provision of basic guidance to make the adoption and allocation of SUDS more straightforward.

English Partnerships had its own best practice guidance based on PPG25 and also is a keen proponent of sustainable urban drainage systems (pioneered in Milton Keynes) which avoid adding to flood risks by copying natural drainage processes (reed beds, catchment ponds, etc) and had used/planned these on a number of projects including Upton (Northampton), Lawley (Telford), Basildon and Barking Riverside.



## MAKING IT HAPPEN: NORTHERN WAY

Substantial resources were also allocated through the Sustainable Communities Plan to the Midlands and North including the £500 million fund for the nine Housing Market Renewal (HMR) Pathfinder. This fund is aimed areas suffering severe problems of abandonment and market failure and will support schemes for clearance, refurbishment, new build and also improvements to local services.

The Urban Regeneration Companies (URCs—currently 16 around England, many of them based in the north and midlands) have a key role in regenerating areas and deliver major improvements on the ground through the pooling of expertise and resources with improvements to infrastructure forming an important part of their plans from station improvements in Sheffield and Liverpool, to road upgrades including the new Tees Bridge (projects which EP are heavily involved with).

English Partnerships is a key partner in the Pathfinder Partnerships and URCs.

ODPM has also identified £50 million, to contribute to the Investment Fund for the RDA-led Northern Growth Strategy Moving Forward: The Northern Way. Together with the RDA's own £50 million contribution this has created a £100 million to develop the Strategy into practical action. This might include funding specific projects that contribute to the Strategy's objectives.

## SPENDING REVIEW 04

The Spending Review outlined increases to health, education and transport and provided a number of important measures to support regions. One key announcement relating to the growth areas was the creation of a Community Infrastructure Fund (as recommended by Barker). This £200 million fund (£50 million in 2006–07 and £150 million in 2007–08) will support transport infrastructure costs in the four growth areas.

SR 04 also provided £50 million (plus £50 million matched from RDAs) additional support for the northern regions. The three Northern RDAs—Yorkshire Forward, ONE North East and Northwest Development Agency—also worked together to develop a Northern Way Growth Strategy, and produced an interim report as a contribution to the 2004 Spending Review.

The Spending Review responds to this interim report by:

- announcing that the Government will consider favourably proposals for further integration of planning and funding of adult skills and workforce development at the regional level including, in those regions where the RDA and Learning and Skills Council desire it, a “dual key” approach to the management of adult skills budgets operated by the RDA Chief Executive and the regional LSC Director;
- welcoming the plans for the three northern RDAs to spend over £100 million by 2010 on strengthening business-university collaboration and technology transfer across the North;
- endorsing the proposal to develop a pan-Northern cluster policy; and
- recognising that regional choices on transport, housing, planning and economic development cannot be taken in isolation, the Government is examining new ways to integrate RDA strategies with regional transport and spatial development strategies, within a framework of indicative long term funding guidelines. The Government will consult on these proposals later in the year and will publish indicative regional budgets alongside the 2005 Budget.
- Regional Transport Boards are being piloted in two areas.
- Accurate regional data will be available to support the regional policy framework and delivery of the regional economic performance target.

## ENGLISH PARTNERSHIPS' ROLE

With its national role and focus (the only agency with a specific Thames Gateway regional command), EP is well placed to assist with intra regional and strategic planning issues. The provision of infrastructure is central to English Partnerships' work. Our main function is to provide sites forward which are ready for development, with the necessary infrastructure and in support of local and regional objectives.

English Partnerships recognises the need for infrastructure early on in the process and the early provision of such infrastructure (transport, utilities, community, etc) is one of the key elements of its work. For example:

- new road junctions at Omega in Warrington and Basildon, road improvements at Middlehaven, Middlesbrough and improved bus services in Upton, Basildon and Greenwich; and
- early delivery of community infrastructure at the Local Health Centre and Primary School at Greenwich, Community Centre at Allerton Bywater, and planned new primary school and doctors surgery at Barking Riverside plus environmental improvements in Barking, Basildon and Northampton through the provision of an ecological centre, parks, green spaces and nature reserves.

In addition:

- (a) EP believes that the best way to obtain private sector investment is to secure early agreement or joint venture structure. Our work in Milton Keynes on the land vehicle and pre-agreement of tariffs and with Bellway Homes and the formation of a new company—Barking Riverside, show the approach EP is working.
- (b) EP is also looking at ways in which the uplift in land value can be captured, through prior agreement with developers, to fund some of this infrastructure. We support the idea of SLICS and are working with landowners and public agencies in many places. For example, in West Bedford, EP acts as the “ring-master”, bringing land owners together, coordinating planning and enabling construction of a by-pass development which will create a new settlement of around 2,250 homes to help meet growth targets. EP proposes to underpin the cash flow for the infrastructure phase rather than give a grant or buy up all the land and do it.
- (c) In 2002, English Partnerships commissioned and published a study that highlighted the delays and increased costs in site regeneration attributed to utility issues. This report revealed inaccurate cost estimates, poor security of supply, a lack of available primary infrastructure capacity and minimal competition between utility companies were causing delays and additional costs, hindering the progress of vital regeneration projects and commercial developments. The study also found that regeneration budgets are being used to fund the installation of power utility infrastructure, as regulatory constraints provide little incentive for regional electricity companies to become project investment partners.

*November 2004*

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## Wednesday 10 November 2004

Members present:

Mr Peter Ainsworth, in the Chair

Gregory Barker  
Mr Colin Challen  
Mr David Chaytor  
Mrs Helen Clark

Sue Doughty  
Paul Flynn  
Mr Mark Francois  
Joan Walley

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*Witnesses:* **Mr Elliot Morley**, a Member of the House, Minister of State, Minister for Environment and Agri-Environment, Department for Environment, Food and Rural Affairs, and **Lord Rooker**, a Member of the House of Lords, Minister of State for Regeneration and Regional Development, Office of the Deputy Prime Minister, examined.

**Q743 Chairman:** Good afternoon. Thank you both very much for coming. We appreciate that you are both return visitors so we are particularly grateful but since we last saw you a number of things have happened on the whole question of housing and sustainable communities. We have taken quite a lot more evidence and there are some issues which we would like to pick up as a result of subsequent information we have received. During the course of the inquiry, we have begun to look with growing interest at the Sustainable Communities Plan. What do you mean collectively by the word “sustainable” in the context of sustainable communities?

**Lord Rooker:** It might sound a bit crude but it is almost a sound bite. It is sustainable if it carries on going after we walk away, we being the government plus our agencies and our delivery vehicles. In the past, things have been done in terms of development, whether new towns or urban regeneration projects for that matter, that have not been sustainable because when the scheme has stopped things have not worked out as intended and things have gone backwards. It depends what developments we are looking at. If we are looking at the growth areas or the pathfinders, it is still the same issue, although it is tackled from a different direction. We want places that people want to live in, where there is no over-reliance on community, where there is a good mixture of properties to work in, because it is not a house building programme, and a good mixture of developments for living in, both in terms of price and tenure. We are making the best use of the assets we have—ie, we are building at higher densities so we are not using land. We are building on brown field first, as we repeatedly made clear when we came originally. I would draw the Committee’s attention to the 12 points on page five of the Sustainable Communities Plan about what makes a sustainable community which are essentially places that people will want to live in and like living in.

**Q744 Chairman:** What I am trying to see is if any relationship exists between the Sustainable Communities Plan and the principles of sustainable development.

**Lord Rooker:** There is not a contradiction. In the Sustainable Communities Plan we would ensure that we want sustainable development. Those who would argue that they want all developments to be

sustainable could quite rightly say, “We do not want the communities plan because that implies growth and extra housing and we want just sustainable development.” Our view is that within the Sustainable Communities Plan our developments will be sustainable developments. It is approaching it from a slightly different direction. If you take the other view—and I am not saying it is wrong or anything—and concentrate just on sustainable development, you could take a view that, if that is the case, that is the be all and end all and we do not think, for example, that maybe there should be any growth. Our responsibility is to have a look at the wider picture but to make sure the operation of the practical effect of the Sustainable Communities Plan and what happens under it is indeed sustainable development.

**Mr Morley:** I do not think there is a contradiction between sustainable development and sustainable communities because you get an opportunity with new development, if you approach it in a sustainable way, of addressing issues such as the potential for reducing transport movements, the potential for strengthening communities, community involvement, the potential in relation to energy use, water use. There are real opportunities in terms of sustainable communities which are part of the agenda for sustainable development.

**Q745 Chairman:** To what extent did the sustainable development strategy inform the Sustainable Communities Plan?

**Mr Morley:** The sustainable development strategy is currently up for consultation.

**Q746 Chairman:** But there is still a strategy out there until it is replaced by the new one.

**Mr Morley:** There is still a strategy out there and that does obviously influence the Sustainable Communities Plan, particularly in issues such as water use, energy use and transport use, brown field use and building standards, which are part of that agenda

**Q747 Chairman:** When we last met you, Mr Morley, you appeared to be at least semi-detached from this whole process, departmentally if not personally.

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10 November 2004 Mr Elliot Morley and Lord Rooker

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**Mr Morley:** I do not accept that. There is joint working between Defra and ODPM. There is a joint ODPM/Defra group that has commissioned further research particularly into taking forward the Entec findings.

**Lord Rooker:** The Sustainable Communities Plan is a big picture. It is a road map. It does not detail sites. It does not go down to that specific level where you would come to judge developments. It is not at the regional, spatial strategy level. You would not be able to apply the test of sustainable development to developments there because developments are not in the plan. Everything we are doing from the publication of the plan in February last year we can point back to flowing from the plan, but the detail of the operation, whether it is the pathfinders, whether it is the greening agenda, whether it is the working growth areas, at that level, when one starts to look at site specific developments and subregional strategies, then you start to look at sustainable development but you really cannot pin that down in the plan. It is too high level in that sense.

**Mr Morley:** There has been a group working through the Central Local Partnership between the government and the LGA looking at the whole issue of defining the aspects of sustainable development and sustainable communities. It was jointly chaired by Alan Michael and Keith Hill from ODPM and Defra. That is another example of two departments working together with local authorities in terms of trying to flesh out some of these concepts. There will be a paper published very shortly on this which is something the Committee might be interested in.

**Q748 Chairman:** It would be helpful if you could give us a note setting out all the areas where Defra have been involved in the whole process of planning and rolling out the Sustainable Communities Plan.

**Lord Rooker:** It is not just Defra. We can provide you with the role of other government departments. This is not just an issue between ODPM and Defra. This is a government plan, not an ODPM plan with Defra tagging along. It does not work like that. There is a host of other government departments involved. We are quite happy to give you a list of a brief overlay of how other government departments are working in concert, in co-partnership, to deliver the communities plan.

**Q749 Gregory Barker:** Jonathan Porritt, appointed by the Prime Minister to bring his expertise to play on these issues of sustainability which can descend into meaningless sound bites, is on record as saying that the aspiration to be less unsustainable is not the same thing as the aspiration to be sustainable. If you measure the environmental footprint of a sustainable community, would you not agree that it is very far from being sustainable? They are poles apart.

**Lord Rooker:** I have not got a clue what that question is about.

**Q750 Gregory Barker:** Is it not about mitigating one project and saying it is less bad than others? Making something less bad is not about making it sustainable.

**Lord Rooker:** We are not starting with a clean sheet of paper as far as the communities plan is concerned. This is not an issue just for the growth areas. It also includes pathfinders up north. Here, we have communities that have become unsustainable. They were sustainable in the past. The towns of east Lancashire were absolutely sustainable. They have become unsustainable because of changes in demography and manufacturing.

**Q751 Gregory Barker:** You are talking about economically sustainable, are you not, not environmentally sustainable?

**Lord Rooker:** No. It is either sustainable or it is not. I do not pick and choose. Being environmentally sustainable means it is very important but some of these collapses in areas where we have non-sustainability both of people and the environment are because nothing has been done to clean up what has happened in the past on the brown field sites. Part of the communities plan is to address that. I do not really understand the quote you give from Jonathan Porritt. You could ask for particular examples and I will get you a note on specific examples. Okay, we are not 100% perfect in every area where we are working, but we are working to a set of goals set out in bullet point 4.1 on page five of the communities' plan which I made sure everyone was provided with. We are not going to hit a strike rate of 100% on every occasion.

**Q752 Gregory Barker:** If you are talking about your sustainable communities in the south east the Environment Agency has said in their State of the Environment Report in 2004 that, because of the impact on water supply in the south east, it is going to be like a time bomb. By 2015, there will be a huge water deficit. There is no way that building something that will add to that deficit could in any way, shape or form be described as sustainable.

**Mr Morley:** They said that on the basis that there would be no improvements. What the Environment Agency is talking about there is that you have to put advance planning in in relation to water supply and water infrastructure and also improve water use in relation to building design and standards. All those aspects are part of the plan. It is not as if it is standing still. If it was standing still with no improvements, that would be a problem but that certainly is not the intention. The Agency is right to point that out.

**Q753 Gregory Barker:** You are saying that your improvements will mitigate above and beyond the extra houses that are being built?

**Mr Morley:** Extra houses will not be built without the infrastructure provisions to service them, including water supply and a long term water strategy on which there is a 25 year plan in terms of making sure that is in place.

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10 November 2004 Mr Elliot Morley and Lord Rooker

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**Q754 Gregory Barker:** What good is a 25 year plan if the crisis comes in 2015?

**Mr Morley:** Because that is part of planning now in relation to looking ahead. There is probably not an immediate problem in relation to water supply now but the south east is a water stressed area. Therefore, you cannot be complacent about the future demands, taking into account things like climate change. All those are factored into long term planning which in water supply is over a 25 year period which does not start from now, incidentally. It goes back some considerable time, so we are working towards a long term strategy in relation to water supply.

**Q755 Gregory Barker:** Bringing you back to the stage of 2015, this is the Environment Agency for which you are responsible that has described it as an environmental time bomb.

**Mr Morley:** It was a regional office. It was not the Environment Agency centrally that said that.

**Q756 Gregory Barker:** You are not responsible for that?

**Mr Morley:** I am not responsible for the regional offices of the Environment Agency. They are an independent agency accountable to government. They are free to give their opinion but if you look at that press release which I have in some detail you will see that is on the basis of not forward planning. That is not going to be the situation.

**Q757 Gregory Barker:** You do not accept that adding hundreds of thousands of extra houses is going to add to the demand on already water stressed—?

**Mr Morley:** Of course it is going to add to the demand but you are suggesting that we are not going to do anything about it and ignore the situation. I am telling you that is not the case.

**Q758 Chairman:** There may be a misunderstanding here. The quote about the time bomb goes as follows: “The development of 800,000 new homes in the south east could set off an environmental time bomb.” It comes from the Environment Agency’s State of the Environment 2004 Report, not from a regional agency at all.

**Mr Morley:** I accept that. My understanding was that it was a regional press release.

**Q759 Chairman:** There was a regional press release as well which also provided some robust advice about over-development in the south east.

**Lord Rooker:** Everything is a time bomb if you do not do anything about it.

**Q760 Chairman:** Where are you proposing to put the new reservoirs?

**Mr Morley:** There are sites identified for new reservoirs in the next 25 years, although they are long term, and there is a great deal of other action that can be taken in terms of reducing water leakage, for example, before you would need those reservoirs.

**Q761 Chairman:** In the ODPM’s response to the Egan recommendations, you state, “The ODPM is considering the links between sustainable communities and sustainable development via a ministerial subgroup of the central local partnership.” Can we take from this that over a year and a half after publishing the Sustainable Communities Plan you still do not know what the links are?

**Lord Rooker:** You seem to think that we published the plan on 5 February last year, as we did, and everything happened the day after. Life is not like that. This plan transcends generations. We are talking about decades. This is not a plan for five or 15 years. Figures in the plan were going up to 2021 and beyond. Therefore, putting issues in place to get the plan working as we want, to get it right, is going to take time. It is a bit like assembling the delivery vehicles in the growth areas. Less than half of them have been set up and are running. We think that is going pretty great guns after 18 months.

**Q762 Chairman:** I appreciate it takes time but if you do not ask the right questions in the first place you are not going to get the right answers. It is a little surprising that you are only considering the links between the Sustainable Communities Plan and the principles of sustainable development which were supposed to be at the very heart of government.

**Lord Rooker:** That is why we asked John Egan to do his work after we published the plan, so that there was a big picture, a road map as it were, that people had to see what we were planning to make happen overall. There is a lot more that has flowed from that which we do not have the answers to at the present time.

**Mr Morley:** It is also why we had the joint working group with the Local Government Association jointly chaired by Defra and ODPM. To quickly go back to the Environment Agency, it was the regional report, not the national report, in relation to the issues which were identified, which are exactly the same issues that we have identified as a government. If nothing was done, there would be those consequences they are predicting but that is not going to be the case. There is no difference between us in terms of the south east Environment Agency assessment and the government’s assessment in the potential implications of development, which is why we will take steps to deal with it.

**Q763 Chairman:** Do you not think that sustainable development should be the context from which everything else happens, not just something to have links with or to consider?

**Mr Morley:** It must be the heart of policy, yes.

**Q764 Chairman:** You are convinced that this whole sustainable communities’ project is being taken forward with sustainable development as it is properly understood at the heart of it?

**Mr Morley:** In terms of the way it has been approached in the ODPM, government generally, the LGA, the long term strategies, sustainable development has been put within the strategy in a

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10 November 2004 Mr Elliot Morley and Lord Rooker

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way it has never been put before. Like Jeff, I would not claim that everything is perfect or that there are not issues that we need to address that have long term implications. Nevertheless, they are being addressed in the context of sustainable development which is not how they have been done in the past in many cases.

**Q765 Chairman:** If sustainable development is at the heart of this process as it should be and at the heart of everything that the government does, why was the Sustainable Communities Plan launched outwith the context of sustainable development? You are playing catch up now.

**Lord Rooker:** I do not accept that. You are twisting history. You are rewriting history to suit your own purposes, for whatever reason.

**Q766 Chairman:** I have no purpose in this Committee other than—

**Lord Rooker:** If you look at it purely from a context of sustainable development, you might take a view that we do not even want to consider extra homes for the population of this country. We will just let it wither on the vine, leaving aside the fact that hundreds of thousands of people are homeless. You say, “We only want sustainable development but we cannot do it with the population we have because there is too much population.” Government cannot take that view. Our view is to go for sustainable communities in the round with environmental, social and transport infrastructure to make it the most sustainable, using different techniques to those that have been used in the past by governments of both parties, to ensure the ingredients and the building blocks of those sustainable communities are sustainable developments which start from that way round.

**Q767 Gregory Barker:** Why did you focus them all in the south east?

**Lord Rooker:** We have not. If you had read the Sustainable Communities Plan, which is in the vote office, you would know it has nothing to do with the south east. It is a national plan. It is the south east, the north, the pathfinders, urban and rural. If you think it is all about the south east, I invite you to go and have another look at it.

**Q768 Mr Challen:** We are talking about sustainable development and I want to probe whether there is something different about sustainable growth because I suggest to you that those Lancashire towns that have been mentioned already probably experienced growth but it was not sustainable.

**Lord Rooker:** It did not show at the time.

**Q769 Mr Challen:** We did not have an enlightened government of the day, I do not suppose, but do you see a difference between sustainable growth and sustainable development?

**Lord Rooker:** We are not going to have growth without the infrastructure. That is my mantra to the partners, whether it be in the pathfinder areas of the north, the north east, the north west or in the growth

areas in the wider south east, because we know it will not work. If you grow too fast it is not sustainable. You will not have the schools, the hospitals, the green belt or the country parks that are needed. You will have the jobs in the wrong place. You will have massive communities and traffic jams, so it is possible to grow too fast. I fully accept that. Therefore, we do need to have a step change in production because every home in this country at the present time has to last on average 1,200 years. That is the reality. It must not go ahead of us being able to make sure it is sustainable for future generations.

**Q770 Mr Challen:** You would say that the economic considerations maybe should not run ahead of the environmental? You said earlier on that we do not pick and choose between these things. Perhaps I could put to you a comment in the ODPM’s submission to the Committee at paragraph seven where it says that there are important environmental dimensions but they are not to be regarded as placing an effective veto on addressing the problems of supply. Could you give an example of an important environmental dimension which is not to have any influence on the decisions of government in relation to sustainable communities?

**Lord Rooker:** No. I meant what I said. We are not having growth without infrastructure. First of all, people will not believe us. Most of the growth, by the way, is going to be put there by the private sector. The money from central government and its agencies is astronomical but it is quite small compared to what would come over a 20 year period from the private sector. They will not invest unless they know we have a sustainable plan. I was on a site this morning in the Gateway that is half way finished. It was designed 15 years ago. It looked very modern but it did not look as modern as some of the ones I have seen since the plan came off the drawing board. These things take quite a while. I am not sure what that paragraph would allude to, only in the sense that there was some economic criterion, either for jobs or some particular project, and the infrastructure was not there at the time. Presumably, the project would not be economical.

**Q771 Mr Challen:** What this paragraph is saying, in other words, is that supply is a more important consideration than important environmental dimensions. You would ignore important environmental dimensions if issues of supply were deemed to be so crucial?

**Lord Rooker:** No. This comes back to our previous conversation. If you took the interpretation of that paragraph to be that sustainable development was the key, our view is we want sustainable communities, but we start from a premise in government. We have to have a step change in production. It is not a housing programme. We do not have the jobs and we do not have enough homes in the right place. That is happening now. There is growth going on that is unmanaged. This is why part of the communities plan is to get a grip on getting it managed so that it has sustainability, so that we can organise the infrastructure. You could start from the

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10 November 2004 Mr Elliot Morley and Lord Rooker

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premise of saying, “We do not want the homes. There are too many. We have all the empties up north. We do not want a system of moving people round the country in that way.” I do not accept that interpretation of that paragraph.

**Q772 Mr Francois:** You said your mantra is constantly that the infrastructure must come first but it self-evidently has not.

**Lord Rooker:** It has not in the past, no.

**Q773 Mr Francois:** It certainly has not now either because most of the district and county councils now have all of their housing targets up to 2021. They have been told how many thousands they have to accommodate but they have not been told where the new reservoirs are going to be. They have not been told where the new roads are going to be. They have not been told where the new rail links are going to be and they have not been told where the new district general hospitals are going to be built. They have all the housing numbers but they do not know where the infrastructure is going to be. When will they find those details out?

**Lord Rooker:** In time before the houses are lived in. I mean that seriously. You may laugh but the planning for where there are new district general hospitals or whether we need new district general hospitals, as opposed to adding to the ones we already have, because there is a central point there—if you are not very careful, you do not get the consultants in the right place with enough throughput into them—the planning for that, particularly in the growth areas, is already going on. In one growth area alone, there is a major programme of work of roughly just under £1 million to make sure that the health infrastructure is in the right place for what we envisage will happen within a 20 year period at the same time as work going on to see whether road links and indeed railways links, some closed by Beeching, can be reopened because they go east west rather than north south. It is very difficult to move around this country east west. North south it is generally much easier. That planning is going on now by the relevant agencies and the Department of Transport at a regional and subregional level. It is not as politically sexy as house numbers and therefore it does not get reported in the sense that the views of regional assemblies do. I understand people have rightly said in the past that the infrastructure was not there on time and has not kept pace. It is our task to ensure that we can convince people we have learned the lessons from the past—I genuinely mean that—the lessons from Milton Keynes mark one and London Docklands mark one. Those are burnt on everybody who is involved particularly in growth areas and trying to learn these lessons for the housing market and pathfinders in the north.

**Q774 Mr Francois:** I want to give you a practical example because I am not going to let you off the hook that easily. If you look at the Thames Gateway, with which I am quite familiar, a lot of house building is going on already. There is massive

house building envisaged. Everybody in the area knows there has to be at least one new district general hospital. That is almost without dispute. Everybody knows the lead time for doing that will be quite a few years to decide a site, to lay it out, to build it, to staff it and then for it to go live and accept patients. No one yet knows where it is going to be. It is going to take years as it is. Why do they not know where it is going to be, as a real practical, hard example? Secondly, with regard to rail links, we had Sir John Egan here and he said that we needed to increase capacity on the rail lines going into London from the Gateway. It was vitally important to do that. When we asked him exactly how that was going to happen he said he did not have a clue.

**Lord Rooker:** On the hospital, I do not know what part of the Gateway you are referring to. You obviously know the Gateway a lot better than I do, I freely admit. I did the Gateway in a helicopter two and a half years ago.

**Q775 Mr Francois:** The northern bit of the Gateway, south Essex.

**Lord Rooker:** I was there again today. It is not part of my daily role now so I am not so familiar. What I do know though is that the way the Gateway has been developed is not on one great big block. There might be an overarching partnership arrangement but it has been split into 14 areas of change. There are a couple of UDCs in there. All the others are by and large partnership arrangements led by local authorities, not exclusively involved in the private sector, in looking at their orbit of influence. These are quite large areas, as you can imagine. We are talking about large numbers of dwellings. Within the context of that work that is going on, the planning for the health services, the road network and indeed the rail network, part of which I was looking at this morning at Ebbsfleet, is going on apace now. I went to the Gateway two years ago, having not been at all familiar with it, and saw brand new, waterfront developments. Great. They obviously were planned. Planning permission may have been ten years ago. It was true that the Gateway was designated by Michael—now Lord—Heseltine some time ago but it was never managed. You can find growth areas where developments are going on now that had planning permission ten years ago, not part of the Sustainable Communities Plan. Our problem is to explain to people that growth is happening anyway. If we do not get it managed then we do not stand a chance of getting the hospitals, the schools and the road network.

**Q776 Mr Challen:** Regarding Defra’s role in the Sustainable Communities Plan, can I ask Mr Morley whether or not sustainable growth has now been adopted as Defra’s aim in regard to this. I notice in the Defra submission the five strategic priorities for creating sustainable communities do not include any kind of environmental reference at all. Is the more economic interpretation superior to the environmental?

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10 November 2004 Mr Elliot Morley and Lord Rooker

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**Mr Morley:** No. The definition of sustainability is the three strands of sustainability: economic, social and environmental. Therefore, you have to have those three strands in the approach that you take. The three strands are certainly there within the Sustainable Communities Plan. We are working on that basis, trying to put in the sustainable development approach on all aspects of this and in fact all aspects of government policy.

**Q777 Mr Challen:** You would not agree with the charge then that Defra has been sidelined since the Barker review and with the development of this housing agenda Defra has failed to make its mark?

**Mr Morley:** I do not agree. Defra has commissioned the Entec report, for example, which is very useful. It needs further work which is why we have now commissioned further research jointly with ODPM. In relation to defining a long term strategy in relation to sustainable development and sustainable communities, we are working with the LGA, quite an appropriate body to work with because they are a very important part of delivering the equation on this, and also with ODPM, which is why we have a joint chair of the working groups with Keith Hill and Alan Michael.

**Q778 Mr Challen:** You mentioned the Entec report. It was referred to as an initial assessment.

**Mr Morley:** That is right.

**Q779 Mr Challen:** That was some time ago. How is it being followed up?

**Mr Morley:** By commissioning further research to refine some of their findings and look at the impacts. The Entec report was a wide range of very broad scenarios. It was a useful report. I found it quite interesting in looking at the quite considerably reduced impact of development by applying different standards of eco-building in particular.

**Q780 Mr Challen:** What is the timescale of getting this further follow-up done to Entec? It seems to me that we are seeing some of the basic assumptions in the Barker review, for example, being adopted or accepted by government. Are we putting the cart before the horse?

**Mr Morley:** The Barker review itself is a long term strategic approach rather than a prescriptive approach. It is a long term process in relation to how we do this. We are within the timescale but there are some quite important issues to address. There is work taking place in parallel to that, for example, with the Sustainable Buildings Task Force which I mentioned at the last meeting and their report is out. They have produced both a code of standards and proposals for raising building standards starting in 2005. There is a great deal of work taking place.

**Q781 Mr Challen:** Can I ask if the terms of reference for this follow-up study have been set and could the Committee see them? When do you think the report of that follow-up would be completed?

**Mr Morley:** The commissioning work is underway at the moment. In terms of the timescale, I would have to check that out for you and get back to you on it.

**Q782 Chairman:** Is it Entec who is likely to be doing the work?

**Mr Morley:** Entec could do the work. I have the timescale here. It is due to be completed in 2005, in good time to inform the Government's response to the Barker review. The consultants have not yet been chosen. Entec is a possibility.

**Q783 Mr Challen:** Can I ask both of you a question about the new European Directive which only came into force in July 2004 which introduced strategic environmental assessments? I understand that the Scottish Executive has now decided that they will apply those to a great many regional plans, spatial plans and so on even when they are not required to. The Sustainable Communities Plan is a national plan which Lord Rooker has described as a big picture plan. Surely this is something that an SEA should be applied to and do you plan to do that?

**Lord Rooker:** No.

**Q784 Mr Challen:** Why not?

**Lord Rooker:** Because it does not apply. There is a big distinction between the communities plan and the kind of things that it will be applied to like the site specific plans, the regional, spatial strategies. It is a big picture. It is high level and it is not at that level that you could apply that technique.

**Q785 Mr Challen:** Is that not leaving a gap in the planning process and environmental assessment?

**Lord Rooker:** No.

**Q786 Mr Challen:** In my own area in west Yorkshire in the past we have been given housing targets, for example, which are the global targets for maybe five or six district councils and they have to accept them and divide them between themselves. That obviously becomes a very specific figure for each district. It seems that sometimes you have this wisdom flowing down the hierarchy and at each level we are told, "This is what you must accept. You decide locally how it fits in." How do you question it further up the scale? Surely something like an SEA would be a very useful tool, whether or not you are required to apply it by law, nevertheless to make that process transparent to all the rest of us who have to pick up the pieces lower down?

**Lord Rooker:** You asked specifically about the communities plan, this document here. It could not apply to that. First of all, the community planning in terms of the planning system for the country as set out in the new Planning Act does not interfere with that. Therefore, we get all the planning processes through the planning system, whether it is the regional spatial strategy or the planning permissions. They have to be tested. You asked specifically about the plan.



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10 November 2004 Mr Elliot Morley and Lord Rooker

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**Mr Morley:** It predates it as well.

**Lord Rooker:** I am not arguing the predating because you can always do it retrospectively.

**Q787 Mr Challen:** Would it not be good practice to do it anyway because that tells planners something about what they are expected to do? It tells me what I think the government's policy is. Surely that has an influence on these decisions further down the hierarchy?

**Lord Rooker:** No because all the additional work and the development that will flow from the communities plan will be subject to that assessment. That is the detail. The building blocks will be subject to that assessment. You are asking specifically about this document. You could not apply it to this document.

**Q788 Mr Chaytor:** The regional spatial strategies will be subject to the strategic environmental assessment process?

**Lord Rooker:** Because they are part of the planning process, yes.

**Q789 Chairman:** Could you not have suggested a choice of growth areas for a strategic assessment of this kind? Would that not have been helpful as to where they are?

**Lord Rooker:** The growth areas were designated quite a long time ago. The Thames Gateway was designated a growth area—I do not know what particular date it was now—by Michael Heseltine, but nothing was done about making it a managed growth area. The other three growth areas were designated, so far as I am aware, by Stephen Byers prior to ODPM being formed. They were designated following consultants' reports which had all been commissioned, so they were independent consultants' reports, on the issue of where extra growth could take place. A lot more detail has gone in since then. Those consultants' reports would have been commissioned probably in 2000 or maybe even 1999. Those consultants' reports came off the production line and the Milton Keynes one would have come off in 2002, before the communities plan was written, because I remember launching it in Northampton.

**Q790 Joan Walley:** Is this not part of the problem ODPM has in balancing all of this? You mentioned earlier on about playing catch up. The government is constantly trying to put in place now, later, what should have been anticipated at a much earlier stage in the planning process in terms of the remits which went out to consultants all those years ago. How do you balance now trying to make good something which should have been fit for purpose at the time when the remits for the consultants' reports went out? How do you genuinely try to fit sustainable development into this catch up that you so rightly identified?

**Lord Rooker:** We need to do that. I fully accept that. It is no good just saying, "This all happened a long time ago. We have a new system now and everything will happen from day one." The developments that

are envisaged in the wider plan are over a 20 year period, somewhat longer in some cases, so there is plenty of opportunity. In order to manage the growth and the development, whether it be the pathfinders or the growth areas, we have set up quite specific, dedicated delivery vehicles. Not all of them have been set up because there is a parliamentary process for some of them. They have all been done by consensus, by the way. None has been imposed. I would take the view that those delivery vehicles will look at the large strategic sites and apply the new techniques, the new thinking. In other words, while the overall plan may have come too soon in that sense, as you are saying, when you get down to sites and subregions within the areas we will have more than enough time to take account of these new conditions. I think that is what they will want to work to.

**Q791 Joan Walley:** Therefore, is not the challenge that faces you how to now get into the remit of those consultancy briefs that will be advising the new delivery mechanisms and how to get sustainable development practices into that in terms of balancing overall commitments towards the development of sustainable communities?

**Lord Rooker:** Absolutely. We will launch some of the documents in draft form at the Sustainable Communities Summit at the end of January next year. Many of the delivery vehicles are local authority led. There are partnerships of local authorities with dedicated units. Others are Urban Development Corporations using the powers of corporations in conjunction with their partner local authorities. One of them is a sub-committee of English Partnerships. They will be working to the most up to date remits that we can give them.

**Q792 Joan Walley:** That will include sustainable development?

**Lord Rooker:** Absolutely.

**Q793 Mr Challen:** I have been mulling over your last answer on this. Since the Scottish Executive has decided to apply this SEA system to areas which it is not legally bound to and in the light of one or two of your previous answers this afternoon when I was referring to the Entec report and Mr Morley said that the timescale of that would be researched in the follow-up but it would not interfere; or should I say the government would not adopt things from Barker prior to getting that information from that report, in paragraph six in your submission to this Committee you say that Barker recommended that the government adopt an affordability goal linked to housing supply at national level which would then inform development of regional housing targets. Those are very specific things. The beginning of paragraph seven says, "The government have accepted this recommendation." Those are paragraphs in your submission which say that the government has accepted what Barker was saying. This to me seems very specific and surely the Sustainable Communities Plan should be subject,

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10 November 2004 Mr Elliot Morley and Lord Rooker

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given the problem we have with important environmental dimensions, to an environmental assessment. Why can it not be done?

**Lord Rooker:** It would be and it will be when you get to site specific issues or subregional issues.

**Q794 Mr Challen:** I am putting to you that that is too late because the guidance, the planning and all the rest of it that flows from government policy sets the framework in the context in which planners make their decisions. Why leave the strategic environmental assessment to that late stage?

**Lord Rooker:** You seem to assume that this plan is that prescriptive. It is not. It is a set of guidelines. It is a big picture plan. It does not give all the details. It gives broad principles of sustainable communities. That is the thing that underpins what we are trying to do in every avenue. When one comes to looking at the application and the practical effect of it, whether it is two years down the road or further, we can apply those principles. In respect of Barker, it is an independent review and the government will pronounce in detail on Barker towards the end of 2005. By then we will have done the work on the affordability goal. There is a huge amount of consultation going on at the present time on Barker. It is true. Barker of course starts from the communities plan. In other words, the indications of what is in her report build on what is already in the communities plan which was a modest amount of growth of 200,000 dwellings on that which was already planned, which was 900,000, so up to 1.1 million. She proposes even more. We have not pronounced on that in that sense. She takes as her starting point the delivery of the wider communities plan agenda. By definition, if you go to that extent, you have to make sure that you have as full an assessment of the programme and the practical development as you can possibly get. It would apply but we are not in a position yet to say about the government's detailed response to Barker which we said we would by the end of 2005. We looked on it as an 18 month process from when it was published at Budget time.

**Q795 Mr Challen:** There certainly is a mismatch between the environmental considerations and what flows from Barker and this plan. Barker flows from this plan. That is the timing, is it not? She has written her report in the light of the Sustainable Communities Plan. She is making concrete recommendations and she is putting affordability issues before environmental issues. The Entec report follow-up is going to be heaven knows when and we are not sure what the terms of reference for that are either. Why in that case cannot this plan in the interim be subject to something like a rigorous examination under a structure that has been set up under this European Directive?

**Lord Rooker:** Because it would not work. This plan is not a master plan. It is not a national spatial strategy. It is not written that way. You could not judge this plan against those techniques.

**Q796 Mr Challen:** In other words, environmental considerations have been more or less completely sidelined in this process?

**Lord Rooker:** No, they have not. I reject that completely and I invite you to read the plan.

**Q797 Gregory Barker:** Mr Morley mentioned that you have published the code for sustainable building. Is that right? We have not had sight of it.

**Lord Rooker:** We will have demonstrations of the code in the Gateway. We wanted it to be rolled out nationally. We also want to demonstrate it in the pathfinder area. We will not get a national roll out of the code until 2006.

**Q798 Gregory Barker:** In your response to recommendations of the sustainable buildings task force you committed yourself to producing it by next January.

**Lord Rooker:** We are going to produce a draft of the code at the Sustainable Communities Summit in Manchester.

**Q799 Gregory Barker:** You will not be implementing it by early 2006?

**Lord Rooker:** It would be voluntary anyway. We have to be careful about saying "We will implement." We will get a national roll out for 2006. By and large, one assumes there will be a full code following consultation and good practice and we will get the industry to work to it.

**Q800 Gregory Barker:** You state in your response to the recommendations for the code, "It is essential that any code is practical, cost effective and flexible enough to be achievable by all." If you are too practical, too cost effective or too flexible, you could end up with such a minimal standard that, while it might be achieved by all, achieves very little for the environment. Should not the aim be to have a meaningful environmental benchmark for developers to aim for?

**Lord Rooker:** The description you paint is a fair one. You are quite right. If you take any one of those aspects to extremes, you will fail. That is why you have to take it as a package. There has to be a balance. You will never get it 100% correct. There has to be a balance because you cannot go growing and developing without taking account of the effect on the environment. On the other hand, there might be people who say that the effect on the environment is so bad in principle we do not think you should grow any more dwellings in this country. Frankly, we reject that because that is too extreme a view. You have to take a balanced approach and if you take any one of those factors to extremes, you will undermine the overall package.

**Q801 Gregory Barker:** It is the qualitative judgment of where you draw that balance.

**Lord Rooker:** I am answering the question perhaps you did not ask but the one I thought you were thinking of asking.

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10 November 2004 Mr Elliot Morley and Lord Rooker

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**Q802 Chairman:** What kind of balance have you on the steering group that is taking forward the code?

**Lord Rooker:** Did we give you a list?

**Q803 Chairman:** I do not think we have seen that.

**Lord Rooker:** I do not have a list with me but I will provide you with one.

**Q804 Chairman:** It has been suggested that the steering group is very heavily dominated by industry and it is an opportunity for the industry to lobby the government which would tend to suggest that it is not going to be an enormously effective code in terms of protecting the environment.

**Lord Rooker:** I am not sure where you are quoting from. We are in the process of sending invites out at the moment. We do not have names on it.

**Q805 Chairman:** The draft is coming out in January?

**Lord Rooker:** The draft will be next January, yes.

**Q806 Gregory Barker:** You are sending out the invites to serve on the steering group now?

**Lord Rooker:** Yes.

**Q807 Gregory Barker:** Do you think you will get people to commit to a draft by January?

**Lord Rooker:** My experience in the last 18 months or two years, since the communities plan was published, is that when we have asked for help and advice from those outside, whether they be in industry, in the professions or in local government, we have had incredible support and goodwill and people prepared to give up their time and not simply tell us what we want to hear.

**Q808 Chairman:** I am not surprised if they are all members of the House Builders' Federation.

**Lord Rooker:** That is, with respect, a trivial remark from a chair of a select committee.

**Q809 Chairman:** Who have you invited to be on it?

**Lord Rooker:** Not all house builders are members of the House Builders' Federation. One of the biggest in the country is not even a member, so you cannot simply paint everyone in the same colour like that. That is very unfair.

**Chairman:** Perhaps you could let us know who you have invited to be on the steering committee. That would be a start.

**Q810 Gregory Barker:** When will the committee meet?

**Lord Rooker:** That will be up to them. They will have terms of reference and a secretariat. When they meet will be up to them. They will not meet at ministers' dictat. Ministers will not be sitting at their elbows.

**Q811 Gregory Barker:** If they are going to produce an answer in January, when do you anticipate that they will meet?

**Lord Rooker:** I am not going to prejudge. You are asking me to tell professional people, mature adults, who are going to offer to do a task for the

government within the communities plan context, about their detail. They will have terms of reference, a remit and a timetable that approximately we want to work to. We will let them be the best judge of how they do it.

**Q812 Mr Francois:** Can you tell us who is actually on this steering committee or who the invitations have been sent to?

**Lord Rooker:** No. I said I do not have a list.

**Q813 Chairman:** I thought you said earlier you would send us a list.

**Lord Rooker:** No, that was a list of one of the other task forces. I am sorry. There was a task force I was asked about—I think it may have been the Barker one. It is true the Building Research Establishment and the Waste Resources Action Programme and indeed the House Builders Federation, but I will make sure that all the house builders are asked because some of the key people who are building sustainable communities, quality mixed developments, do not want anything to do with the House Builders Federation because they think their language is wrong. In other words, you cannot compartmentalise the industry just by the trade associations, if I can put it that way. We want as wide a spectrum of views from the professions in the industry as possible.

**Q814 Gregory Barker:** People can draw their own conclusions on that, but if we drill down to a little bit of the detail, in response to the recommendation that there be a regulatory requirement that 10% of all materials in a project should be reclaimed, reused or recycled, John Egan told us that he thought that was a very unambitious target, but in response to that, you stated, "It is important to be confident that such a requirement does not drive procurement decisions at the expense of broader sustainability objectives." What broader sustainable objectives might count against such a moderate target? What did you have in mind when you said that?

**Lord Rooker:** I could not give you an example on that. The fact of the matter is, I freely admit I have not read the exchanges with John Egan. I was astonished when I saw the figures of the amount of building materials per person used in this country. I will stand corrected because I am not sure where it was, but I know I read it was six tonnes a year, an astonishing figure. The potential for avoiding waste ought to be quite large.

**Q815 Gregory Barker:** How does using more recycled, reused, or reclaimed materials, to quote you, somehow affect the broader sustainable objectives?

**Lord Rooker:** I do not know. We might have to do too many imports, for example, things like that, which I do not think would be a good thing. We want as much home-grown as possible. First of all, if there is less importing, it means there is less transport anyway, so there is an effect on the environment with the weight of stuff that is moved around the world.

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10 November 2004 Mr Elliot Morley and Lord Rooker

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**Q816 Gregory Barker:** You anticipate that the target for recycled, reused or reclaimed materials could be met by importing recycled materials?

**Lord Rooker:** No. In fact, I was making exactly the opposite point. You asked me where we would deviate from it, and I said we might not want to import recycled materials. We might want to use stuff that is home-grown. That may affect the amount of recycled materials we use. That was the question you asked me. You asked me what were the factors that might mitigate against achieving that objective, and I said one of them might be—I do not know what the detail is—that we want more home-grown materials, and they might not be recycled and therefore we do not meet the target, but we have actually saved on imports.

**Q817 Gregory Barker:** So you would sacrifice an environmental target to achieve an economic target?

**Lord Rooker:** I am not rigid at 100% achieving everything. What I want to do is try and achieve the overall goal of sustainable communities. I am not going to be tied down.

**Q818 Gregory Barker:** So you might not even achieve the 10% goal, which John Egan says is very unambitious, if it compromises an economic target. So really, this is about economic sustainability, not about environmental sustainability.

**Lord Rooker:** No. There is a huge potential for using recycled materials, whether it is new build or whether it is in the refurbishment, in the Pathfinder areas. I have seen examples of it. I think I mentioned one when I was here before, in Sandwell, where, to avoid knocking dwellings down, to get them up to modern eco-standards, could you do it with these Victorian properties? There is an example there. A family is living in what is an experiment in terms of whether it is the doors, the windows, the floors—everything. The amount of recycled material there was just unbelievable. It was to be able to prove that. It would be very expensive for one dwelling, but it is an experiment. The potential, I think, is enormous for re-using materials.

**Q819 Gregory Barker:** Why did you make that statement then?

**Lord Rooker:** Because we are not prepared to be, how can I put it—too rigid. We need to build some flexibility.

**Q820 Gregory Barker:** What is the point of having targets then?

**Lord Rooker:** Because we will set the target as a means of managing the programme so we can make some changes. The idea is to get change.

**Q821 Gregory Barker:** Moving on then, the task force also recommended fiscal measures to encourage the use of the CSB when it is produced. Is their recommendation for a reduced Stamp Duty something you are pushing the Treasury for?

**Lord Rooker:** We have constant discussions with the Treasury, every day of the year about what they are and what the details are. Frankly, you will have to ask a Treasury Minister, because I am not going into any detail.

**Q822 Chairman:** Can I stick with the code for a little bit longer. For example, it would be interesting to know how it is going to work in practice. Can you give us an indication of what carbon minimisation you would expect to see arising from the application of the code?

**Lord Rooker:** I do not know. I was dealing with this in the Housing Bill the other night, when I had all these figures in front of me. I honestly do not think I can answer that with that level of detail.

**Q823 Chairman:** If you use the Energy Saving Trust best practice guidance, for example, you get a 20% reduction. Is that something you would like to see?

**Lord Rooker:** I would like to see the maximum possible, and I do not say the maximum practical; the maximum possible. When the code is written, we will have to be judged by it as to whether we have gone far enough, as to whether we can make it work. It will be voluntary.

**Q824 Chairman:** What account are you taking of all the various schemes that are out there at the moment aimed at increasing energy efficiency? There are various bodies out there, including the Energy Saving Trust, who have schemes which are running now. The BRE does as well.

**Lord Rooker:** Exactly. The BRE have been involved on the task force putting the code together. I have been to developments, and I suspect many of the Committee have, places like BedZED, so there is an enormous amount of work going on out there. It is all fairly small-scale at the present time. I think BedZED was 81 or 83 dwellings. I would really love to see it at 5,081 dwellings and then see whether it works. When you talk about practicalities, and to make it sustainable, cost-effective and good for the environment, quite clearly, the ingredients are there for something very successful, but it is very small-scale, and one has to ask, as you lever up the economies of scale in some way, do you keep the same benefits to the community? I am assuming for the people on the task force, BRE and the others I mentioned, the Waste Resources Association, these are the very factors that they will want to put into the code. It is our job, and we will be happy to come back, obviously, at your wish, when we have the draft published.

**Q825 Chairman:** Would you expect the Energy Savings Trust to be involved in the steering group?

**Lord Rooker:** I would like to think so, yes.

**Chairman:** I am sure they would as well.

**Q826 Mr Chaytor:** Before we leave the code, one of the things I have difficulty understanding is the relationship between this code, which is going to take some time to develop, and the revision of the Building Regulations. The new ones will be

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10 November 2004 Mr Elliot Morley and Lord Rooker

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published next year. There is a general consensus amongst all parties this is a good step forward and there will be a further step forward in three or four years. Is the code going to be in advance of the requirements of the Building Regs? Why can the Building Regs themselves not be the main vehicle for delivery? If we are going to have 1.1 million homes in the East and the South East that may have to abide by a code, and yet a tiny number of homes elsewhere that will be stuck with the Building Regs, what is exactly the relationship? Why a code? Is that not an admission that the Building Regs process is inadequate?

**Lord Rooker:** I might be out of step here but, as I said, the code is voluntary; the Building Regs are not, of course. I believe in some ways we ought to be able to do more and should do more through the Building Regs. There is a problem, though it is not a problem that is insurmountable. There is always this fact that, each time you change the Building Regs or bring in modifications, you have got to be able to say to the industry, because they are building factories to make new products or altered product, "This won't change for a period time," otherwise why should they invest to make the products? You cannot have constant change, and that is a real problem in some ways, and that is part of using the legalistic approach. We are pledged—I do not know what the figure is—not to make a change within a certain number of years, and that is notwithstanding, of course, changes in technology that come along, and of course, it is new buildings. We ought to be doing more for existing buildings, which we do for refurbishment, obviously. We can cover that with the Building Regs with refurbishment, but we are still only scratching the surface of the 22 million dwellings in the country where we could do a lot better. In some ways, if we get a code that is voluntary, it is easier to change. You do need consensus, though, as I say, it is not the lowest common denominator. That would be quite unacceptable. I would not want to come back here and say we have gone for the lowest common denominator and we have got really poor energy figures and savings figures, because that is not what we are about. We want to maximise. The idea is to get some change, but to take industry along with us.

**Q827 Mr Chaytor:** If the code is going to take another two years to develop, and we are talking about a building programme up to 2026, is it going to be the same code from 2007–26? Will it be revised more frequently than the Building Regs?

**Lord Rooker:** Put it this way: I would imagine it would not be the same code. I certainly hope it would not be the same code in 2026 as published in 2006, because the scope for change would be enormous over that period of time. In the mean time, of course, I suspect we might have had changes from the code that we see as practical that we can get in the Building Regs, so that we bring everybody on board. It is a question of bringing everybody on board. We do not want people undercutting. It is a bit like the Minimum Wage in a way; the argument is people will always want to cut at the margin. The

code has to be flexible. We can change it more frequently than the Building Regs to suit circumstances, but change by consent and consensus. On the other hand, I freely admit people like the Building Research Establishment and the scientists who are at the practical sharp end ought to be pushing government. I want them to do that. I want them to push us, because for us to get change as ministers, we need to know that we are being pushed by people who are practical and very experienced, because there are stumbling blocks. Sometimes they are a bit close to home, sometimes a bit farther away. It is good to have pressure on governments. I would welcome that pressure from those who are at the sharp end, and I emphasize the technical, practical end rather than people with the blue sky research, because we are dealing with people's homes and the places they work in, so we need to know we will get it right.

**Q828 Mrs Clark:** If I can just backtrack before going forward, so to speak, you mentioned the BedZED development. I think it is only fair to say that we as a Committee did visit it and when you read our report when it comes out, you will see that there were quite a lot of things about BedZED that we were not happy with. We will leave that till the report comes out. Obviously, you are hoping to build millions and millions of homes over the next 15–20 years, but how many roughly would you expect will be built to the new Sustainable Buildings Code standard?

**Lord Rooker:** I do not want to be nit-picking about this, but the idea of building millions and millions of homes over the next few years is not the case, strictly speaking. Our capacity for building in this country is greater than what we are doing and we want a step change. If we got to Kate Barker's figures, I do not think it would be classed as millions and millions.

**Q829 Mrs Clark:** A considerable number.

**Lord Rooker:** It is a considerable number. We have a huge housing shortage in this country and, as I have said, every house in this country has to last 1,200 years at the present rate of demographic change and replacement and building of properties. Just to say that shows how stupid it is because clearly they will not last, so we do have to have a home building programme much greater than we have now. They are all going to vary. I do not know in terms of the eco-standards how many. You are asking me to put a figure on it.

**Q830 Mrs Clark:** Just a rough estimate.

**Lord Rooker:** I cannot. Once we have the code written, and look at the relationship between the code and eco-homes, we want to maximise what we can do with new building, using new techniques, using modern methods of manufacture. I think the evidence is a lot more eco-friendly homes through modern methods of manufacture than we get due to traditional methods, and yet it has only produced something like 2–3% of home buildings. Even if we double or triple modern methods, we are still only going to scratch the surface, so we want to give a big push to modern methods because we know we will

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10 November 2004 Mr Elliot Morley and Lord Rooker

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have better produced properties that are much more environmentally friendly, both in the materials they use and of course in the output in terms of gases and being energy-efficient. We know that will happen.

**Q831 Mrs Clark:** But still just a voluntary basis when it comes to the private sector housing. Is it going to work?

**Lord Rooker:** I do not have any evidence for this. It is a gut feeling in a way, listening to manufacturers and going on to sites. It reminds me sometimes of what used to be said in the motor industry. Every time there was pressure for lead-free fuel or anything else, they said, "We can't do this! It will add ten quid to the cost of a car. People won't buy our car." House builders are a bit like that at the moment. They seem to say, "We couldn't put another £200 package in this house because we could not sell it." It just sounds barmy. If they can make contact between the purchase or the rent of the property—mixed tenures will be both—and the output in terms of your fuel bills, for example, a direct connection, and market it that way, then we could see big progress, but we basically have a private sector market arrangement which in some ways we need to try and manage through land and planning etc. I could not give you a figure on it.

**Q832 Mr Francois:** To summarise where we are, you are going to have a group of people who are going to come up with this code. At the moment, you are not quite sure who it is, or when they are going to meet, you obviously do not know what the code is going to be, but even when we do have a code, all the builders can ignore it anyway if they want to. That is where we sit.

**Lord Rooker:** You can describe it like that. I would not. If you do describe it like that, do not expect me to sit back and take it quietly, because that is not a very professional attitude to take. I as a minister do not want to know when they are meeting. Why on earth should I want to know when they are meeting? When you have asked a group of professional people, mature adults, to do a job voluntarily—they do not get paid for these kinds of things—and they agree to do it, and you set terms of reference with a rough timescale—why on earth should I be expected to know when they want to meet? I might want to go to the first meeting to say, "By the way, hello, thanks very much for what you are doing," or wait until the end, which is what I have sometimes done when we have had people do jobs like that for us. But why would I want to know when they meet?

**Q833 Mr Francois:** Minister, the fact remains nevertheless that you were not able to give us even an indication of what proportion of houses you expect to be constructed under the code, which I think you should have been able to give us an answer on.

**Lord Rooker:** I do not think I should at this present time. It is too early.

**Q834 Mr Francois:** Forgive me, but this whole thing is extremely vague. Even now you have confirmed that it will not necessarily be mandatory.

**Lord Rooker:** No. I said initially it was voluntary.

**Q835 Mrs Clark:** Getting on to eco-home standards, according to BRE there have been over 9,000 homes actually certified to eco-home standards since 2000. They do have another 10,000 registered that will be aiming for this status in the near future. The Housing Corporation funds the building of around 13,000 homes a year to this standard. English Partnerships also uses the standard in its developments, and it sounds quite impressive, but when you consider 140,000 houses were started in 2003 and Barker has said that we need up to another 120,000 a year on top of this, the impact of this is not very impressive, is it?

**Lord Rooker:** Yes, it is correct that it is even worse than we said it was. We are only dealing in new homes, are we not? What are we doing about the existing 20 or so million? We are scratching at the surface. I absolutely agree with you. We are scratching at the surface when one looks at the grand scale of dwellings in this country. In the long term, relying on the code to get change and, as I said, from time to time we will have things in the code that we can put into the Building Regs so we can make it compulsory, so things will move from voluntary to compulsory, we are still only then dealing with new dwellings or refurbished dwellings. On the older ones we can do some work—not all of it, it is true—but over a period of time the figure will increase, not decrease, but it starts from a very low base. We are miles behind where we should be. I freely admit that. I am not saying there is a Holy Grail but we want to go in the right direction. The speed at which we travel at the moment, I freely admit, is slow.

**Q836 Joan Walley:** What you have just said has raised a question in my mind. We are a nation of do-it-yourselfers, people who do repairs to their own homes. You mentioned the other 21 million or so properties that are not included in terms of just scratching the surface. Is that not an issue that somehow or other needs to be addressed as well in terms of the quality of the repair and renovation that goes on in that respect?

**Lord Rooker:** It is, with respect, because there are some things that you could go into the big building supermarkets and buy today that you could not get some years ago, and secondly, in some respects some of the products, whether they be boilers or glazing fittings, you cannot get the cheaper ones because the Building regs have come in. So in some ways we are catching up through the do-it-yourself but the do-it-yourself person will not know that because these are the products that are available. We have changed the products that are available for do-it-yourself through the Building Regs, so in a way, we are doing things through refurbishment. I am not saying we are not tackling this. It is not part of the national plan. People are not interested. They want a product to replace a window, a glazing fitting or a boiler or new pipes or something like that, and they will

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10 November 2004 Mr Elliot Morley and Lord Rooker

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probably not realise that they are slightly different to what they would have been like ten years ago. You cannot get the old ones that were available then because they were not so efficient as today's. So there is progress being made in that direction, but I freely admit it is slow. There is no point in saying otherwise.

**Q837 Mrs Clark:** As well as being a bit of a Euro sceptic, I am a bit of a house building industry sceptic. Do you think they have any interest whatsoever in meeting environmental standards? Is there any progress there at all?

**Lord Rooker:** Yes. House builders do vary enormously. I am not sure what the output of the biggest one in the country is. It is probably not more than 11,000–12,000. There is a huge number just building 200 dwellings, and they think that is really great—and it probably is for a small builder; it is quite an output if you do 200 this year, the year after and the year after that, but it is a scratch on the surface. All I can say is I have been on developments where the master planners and the developers, who do not necessarily do the building but have builders on their sites—and you have one in your own constituency or very close to it. I cannot say it is a model because I was only there on the one occasion. I was very taken with it. It predates the communities plan by years—inter-generational developers who are very proud of what they do in terms of sustainability of the whole community and the quality of the energy efficiency of their homes. I was on a site in Cambridge the other week, a brownfield site—there was a former Government Office on it actually, so we do go around knocking them down from time to time—where there was a mixed development going on of very good, spacious dwellings, with a real mix of prices, an incredible price range, and mixed tenures as well, with a very high level of standards as to the energy efficiency, noise efficiency and the use of the garden space as well.

**Q838 Mrs Clark:** You have mentioned demonstration projects. How useful are these really going to be in encouraging better practice? Are people going to look at them and think, “Great! That’s what I want to do” or will they just say, “Oh, very nice for them but I’ll not bother”?

**Lord Rooker:** In going round the various areas, the Pathfinders and the Growth Areas, I see quite a few—some I like, some I do not, but that is subjective; I am not a trained architect. You pick up tips, and I know that people involved in this overall project—and it is a huge project in terms of doing the communities plan—do actually travel round the country. They do not just wait for commercial fairs but they go and have a look at developments, and we encourage this as we are setting up the delivery vehicles—as I said, we are only halfway through at the moment—and there is encouragement there for delivery vehicles to actually talk to each other, because these are the decisions that are best made on the ground, not in Whitehall. There is an enormous wealth of examples in developments up and down

the country where people can learn. There is not one size fits all though. You cannot say “This is what is wanted here” but people can learn from good practice all over the country. That is what we try and encourage. One of the remits of the Commission for Architecture & the Built Environment—because we have upped its finances from ODPM enormously, from half a million a year to 17 million over a three-year period to actually do this very job—is to run the rule over both the Pathfinders and the Growth Areas in terms of quality. I do not mean quality by pretty and colours and measurements, but looking at the overall quality and sustainability of the buildings and the developments. That is very important work they are just starting to engage on.

**Q839 Mrs Clark:** We have talked about John Egan quite a bit today, and of course, he has submitted to us. He has pointed out to us that as long as house buyers are actually non-repeat customers, there is absolutely no incentive whatsoever for the building industry to actually improve their product. He has also argued to us that the eco-home standards should actually be used as a minimum legal requirement for house builders. Kate Barker obviously came to see us as well, and in her evidence she said that materials, energy and waste should actually be taxed to ensure the right incentives exist. Would you agree with that? Do you use fiscal powers?

**Lord Rooker:** I cannot go down the road of talking about tax. It is just impossible.

**Q840 Mrs Clark:** We will invite a Treasury minister.

**Lord Rooker:** Invite a Treasury minister, because there is a big financial implication here. There is no question about it. I am not seeking to hide from you.

**Q841 Chairman:** We will indeed have an opportunity to do that.

**Lord Rooker:** I take your point about what John Egan said. There is a problem here. A lot of people do move regularly, by the way, but it is the same people who move all the while. You cannot go by averages, in other words. Some people move every three years; others stay put for 30 years. So the average is very misleading. Put it this way. I am not painting the industry black; far from it. The questions might have done. There has been enormous progress in the last few years, by the way. Let us not say we are where we were ten years ago. I think we are much further advanced than ten years ago.

**Q842 Mrs Clark:** Finally, is a voluntary code going to work? Do we not need some powers of law?

**Lord Rooker:** I think it is always best to embark on things like this voluntarily at first. There is always the threat later on of the big stick. Once there is a consensus, saying “Yes, this is the way forward, this is the way we should be going forward,” it is much easier then. If you come along and the first thing you do is reach for the “Big Brother”, make it compulsory, it will not work. It is a bit like stakeholder pensions, if I might put it that way. You

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10 November 2004 Mr Elliot Morley and Lord Rooker

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start them off as voluntary and if they do not work, you might have to make them compulsory. But I cannot possibly comment on things like that. I think the voluntary route is the best way to start, but I am not saying you keep it voluntary for ever.

**Q843 Mr Francois:** Minister, my colleague Mr Challen, was making quite a point about Strategic Environmental Assessments earlier, and I would like to return to that in the context of the regional assemblies. The East of England Regional Assembly, EERA, published its Strategic Environmental Assessment of its own Regional Spatial Strategy this month and concluded as follows: “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 . . .” It goes on but for the sake of brevity, I will leave it there. You had requested that EERA had an extra 18,000 homes above the ones they had already voted through, and they turned that down. The South East Regional Assembly is also said to be strongly opposed to the target of another 34,000 a year for its region. Now that these are going against you, do you have a plan B, or are you just going to force the assemblies to try and adopt your plans anyway?

**Lord Rooker:** I know you are going to accuse me of copping out here, but I have no choice in a way. There is a legal process to go through from the regional assemblies, particularly on the South East one, which of course is some way behind. The way the Growth Areas are planned, they go across the regions, of course. One Growth Area, Milton Keynes/South Midlands, is about 18 months ahead of the Stansted-Peterborough-London corridor, and I mean that. The real reason is, some time towards the end of next year there will be an examination in public by independent inspectors of those plans. They are not government plans; they are the assemblies’ plans, and obviously we as Government will put in evidence, as will everybody else. The one for Milton Keynes lasted five weeks earlier this year, and at the present time, the report has been published by the inspectors and we have commented on that report, for example. There is an eight-week consultation on our comments at the present time, so it will not be till next year. The process for the East of England is behind that, therefore anything I say now will be written down and used in evidence against me and the Government at the inquiry. I cannot pre-judge the inspectors. It is their view, their figures. I fully accept them, because I have listened to them. I have met the district councils in those county council areas and I fully take on board that there has been growth in the past without the infrastructure. At the southern end there is real pressure. The real southern end, of course, is the north part of the Gateway. I fully accept the point. In fact, I am reminded every day across the Despatch Box by Lord Hanningfield, the Leader of Essex County

Council, that in the South they are doing their bit in the north part of the Gateway, but they do not want any more. I paraphrase him. I understand the pressures on the infrastructure in the past there, but I am not going to pre-judge it because their figures in their report will be put to an independent inquiry in which the Government has a view and the Government will put its view, that is true. There are councils in those areas who were really opposed to what was happening in the area to start with. I am not saying their attitude has changed but the mantra to them is exactly the same: no infrastructure, no growth, and I mean that.

**Q844 Mr Francois:** To follow on from that, what about the possibility of rebalancing some of these plans and building some more of those houses in other parts of the country? When we were taking evidence a few weeks ago, those of us representing south-eastern constituencies were quite annoyed about the amount that was coming our way, particularly the way Sir John Egan described it. I think it is fair to say that colleagues from northern constituencies were quite alarmed by the fact that, in terms of population, they were likely to be denuded. There was almost a consensus around the table that both ends geographically of the Committee, if I can put it like that, were very concerned about the process. Would it not be better to try and rebalance this and redistribute some of the growth more evenly around the country, bearing in mind what you told us earlier, that this is meant to be a national concept?

**Lord Rooker:** It is a national concept. I am not saying therefore it is all equal. The four Growth Areas of the wider South East, which goes as far as Wisbech and Corby, so you define the South East for these purpose, on one part of it. The Pathfinders, the Northern Way concept, on which work is being done at the present time, is another part of it, and that is part of that rebalancing. A practical example of the rebalancing is the fact that the Growth Areas are not statutory boundaries. We changed a Growth Area to include Huntingdon and Peterborough in that London-Stansted-Cambridge Growth Area six or seven months ago. The original Growth Area did not include the top part of what would be north Cambridgeshire, for example, so we rebalanced, in addition to which, by the way—and I certainly cannot discuss the locations—there are other parts of what we might call that wider South East that have said to us as Government “We would like to be part of a Growth Area.” They are outside these four Growth Areas now. The whole idea is growth is going to happen everywhere. Our plan was to get half the growth in the Growth Areas so it was more manageable and more sustainable, rather than spread out higgledy-piggledy across the countryside, the villages and urban sprawl. But there are other areas in the wider South East that have said to us and we are in discussion and considering that very point now with them.

**Q845 Mr Francois:** One very important point: time and again from almost all the witnesses we have taken evidence from it has been emphasized to us



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10 November 2004 Mr Elliot Morley and Lord Rooker

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that it is very important to carry local people with you, otherwise the process is not going to work. Can I put it to you that if you cannot even convince the regional assemblies to take the numbers of houses that you want, how are you going to really persuade people at the local level, on the ground to go along with this?

**Lord Rooker:** I do not want to bandy the figures about, but as far as the East of England Assembly is concerned, they have come up with an offer of 97% of what I asked for. Is that a failure? I am not going to war over 3%. I do not call 97% disagreeing with me. Think about it: 478,000, and there are 18,000 on the edge. It is minuscule. I do not consider that at war. When I launched the Cambridgeshire partnership, Cambridgeshire Horizons, the other week, chaired by Sir David Trippier, a former Member of this House and Minister, there were councils queuing up to say “We want our share of the wider Cambridgeshire growth.” They are queuing up, so I do not consider it to be a failure or a war when the Regional Assembly offers a figure that is 97% of what was a gross, top-line figure.

**Q846 Mr Francois:** How many district councils in Essex asked that?

**Lord Rooker:** I did not meet them. It just so happened that I launched the Cambridgeshire delivery vehicle offices, their new logo, Cambridgeshire Horizons. That was my recent meeting. It is only two weeks ago.

**Mr Francois:** You mentioned Lord Hanningfield. Anyway, thank you.

**Q847 Mr Chaytor:** Can I stay with Sir John Egan . . .

**Lord Rooker:** It sounds to me as though you need John Egan back again.

**Q848 Mr Chaytor:** He said some very interesting things indeed, and one of the things he said seemed to be absolutely at odds with the thrust of the Sustainable Communities Plan because his view was that, far from these being sustainable communities where people would live and work, either in the Thames Gateway or in the eastern region, the main thrust of the purpose of the house building programme was to accommodate 1 million people who were going to move into London before the end of the decade. These were his figures, so I stand to be corrected. If 1 million people move into Britain, half a million of which would settle in London, and this was because of the success of London as an international financial services centre and these would be highly skilled, internationally mobile people who would be looking for good quality accommodation with faster access into the centre of London, this seemed to be a complete contradiction to everything that people had assumed before about the concept of sustainable communities, be they in the North East or North West or certainly the South East, which would be communities—and this is clearly the criterion in the plan—where people would live and work and where democracy would be reborn because people therefore would be actively engaged in their community life. If people are

commuting into the centre of the city at 6 o'clock in the morning and going back at 9 o'clock at night, they are not going to be terribly vibrant democracies.

**Lord Rooker:** They certainly are not.

**Q849 Mr Chaytor:** So what is your view of Sir John's Assumptions?

**Lord Rooker:** I was not here. I think I have got the gist of what he said.

**Q850 Mr Chaytor:** It is all in the transcript.

**Lord Rooker:** I am not coming here to have a big battle with John Egan, but let us get it clear. I was in the Gateway this morning. There was a CLP visit, a central and local partnership visit to the Gateway this morning, with several ministers, local government colleagues, a presentation from Sandy Bruce-Lockhart, who is a key player in this as chair of the Local Government Association and of course Chair of one of the partnership arrangements, and he did make the point clear, and I think it was a very fair point, and it goes some way to answering your question. Unlike the other three Growth Areas, the thing about the Gateway is, it has to have the jobs put in as well as the dwellings. In the other Growth Areas we have a lot of pressure on jobs running out of people, in Milton Keynes and South Midlands, where the jobs are ahead of the dwellings in some ways. There is a lot of growth going on anyway, as I have already said, in the area. We are not building the Thames Gateway, as it were, to be a 40-mile linear dormitory commuter belt, period. That is not the plan and that is not going to happen. There will be—there has got to be—an enormous amount of jobs and investment in that area. The point is, the infrastructure that is being placed in there, such as the Channel Tunnel Rail Link and the domestic services and the station at Ebbsfleet, to open up those incredible brownfield sites, those former quarries—two and a half miles long in one case, where I have seen the master planning is well ahead, shifting the 22 million tonnes has already started. This has got to be for jobs and housing. It is not a housing programme. Whatever you might have been told or given nuances about, the Gateway programme is a full communities programme, ie jobs, housing, green belt, sustainable communities, but it has to have good infrastructure into central London, unlike the west, and of course, it will have, built on with what is happening with Fast Track, which is the system they will have for these dedicated bus routes in the north Thameslink area between Gravesend, Dartford and that area, and of course, another river crossing is envisaged in future, beyond Lower Bean, beyond Dartford. So there are huge infrastructure implications here in the Gateway, which is why originally the Cabinet Sub-Committee was set up, because obviously the financial implications are enormous. But it will not be a 40-mile linear dormitory village. I cannot spell it out any more clearly than that.

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10 November 2004 Mr Elliot Morley and Lord Rooker

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**Q851 Mr Chaytor:** You take that point. That is not what Sir John Egan was saying his understanding of the drivers behind . . .

**Lord Rooker:** It is clearly not what he said. I fully accept what you say; it is not what he said. He did not say what I have said.

**Q852 Mr Chaytor:** Maybe the Deputy Prime Minister and yourself need to have another word with him to clarify exactly what the purpose was.

**Lord Rooker:** On the other hand, let us pay tribute. John did the review also of the sustainable communities skills, to have a look at the issue for us to see what we were missing and what we needed to delivery sustainable communities, and there will be an announcement about a Centre for Sustainable Community skills at the summit at the end of January based on John's work, so there will be a national centre for giving advice to people in this respect.

**Chairman:** We are hoping to come on to this if we have time in a minute or two.

**Q853 Mr Chaytor:** Could I just ask one other question on this and then move on to the skills issue? What is the balance therefore, do you think, between the number of new dwellings that will be for communities and the number of new dwellings that will be housing people who are working locally? This is quite critical and it is linked in with the question of the balance between the percentage of the new dwellings that will be affordable for people doing fairly ordinary mainstream jobs and the percentage of new dwellings that will be specifically providing for internationally mobile people working in financial services, zipping into London in the early hours of the morning and returning late at night.

**Lord Rooker:** Off the top of my head, I cannot give you the figures, but the fact is, first of all, the developments have got to be mixed. The one I was at this morning along with colleagues was certainly talking about 30%.

**Q854 Mr Chaytor:** That is 30% affordable?

**Lord Rooker:** Yes, but I am coming to qualify that, because affordable means different things in different areas. The fact is, this development, which was designed some years ago but is under construction now, some 1,000 dwellings, river-front as well, was actually designed for mid-range prices. It is quite astonishing. Even today, the most expensive dwellings down there were only about £290,000, so this was mid-range. It was built in that way. You might say that is affordable for many people but the affordable context, the overall aspects of that site, will be 30%. On the other hand, I cannot give you the breakdown in terms of population. Most of the growth will come from indigenous population because of demographic changes in this country. There is no question about that. It is true there is a net in-flow, but the fact is that the vast majority of the change comes about because of our demographic changes, and there are enough figures to justify that. I think some 75% of new household formation will be single-person dwellings, for

example. We have these issues to cope with. On the other hand, we want to build modern, sustainable communities, so we need the schools, we need the children, we need the mix of ages, and families, because you are in effect building large developments on brownfield sites in the Gateway—this is quite unique compared to the Growth Areas—and it is quite clear a lot of the jobs—and I would like to think there would be some factories making things, by the way, not just what I call little jobs—but a lot of them, simply because of the access from the Channel Tunnel Rail Link post 2009, or 2007 on the one hand but 2009 when the domestic services will operate—I think that is the figure—the materials have been ordered, and the rolling stock was ordered a couple of weeks ago. The time factor for getting from across the Channel is really tiny. It is true, again, from Ebbsfleet it will only be 17 minutes to central London, so you have this issue of a major change in the transport infrastructure in the southern part of the Gateway, in the north Kent area.

**Q855 Mr Chaytor:** Is that not one of the paradoxes, that the faster it is to get into central London because of the improved infrastructure, the less likely people are to stay and work in the Thames Gateway?

**Lord Rooker:** It is a paradox in a way, but that is why you have got to manage it. As Sandy Bruce-Lockhart said this morning—and I think he gave a figure of something like 300,000 jobs—you have got to have the jobs there. It will not work if it is just people, because there is not the capacity inside London in that sense, because you do not want to build commuter-land. You want to build communities where people live, work, play, bring their children up, schools, so there is not this dormitory town aspect of it, and that is what we will seek to achieve. But it has got to be jobs-led. The Gateway is, if you like, slightly different to the other Growth Areas because the jobs are actually flowing in ahead of the population in some ways. In the Gateway, they clearly are not.

**Q856 Paul Flynn:** We were glad to hear the Government is going to respond in late 2005 to the Barker report. Is there any chance in the mean time that the Government can give an indication of those proposals, particularly the proposals that you reject, in order that the many people involved in the industry who are looking to try to plan for the future will have some preliminary idea of the Government's thinking?

**Lord Rooker:** I think the short answer to that is no.

**Q857 Paul Flynn:** When Kate Barker gave evidence to us, she seemed to be far more tentative in her ideas than the written text suggested, and she talked about the many practical difficulties that will come about. She talked about the market-based triggers for development, and I wonder whether this is something you are considering. Barker herself said that distinguishing between a long-term trend and cycles in house prices would not be an easy thing to

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10 November 2004 Mr Elliot Morley and Lord Rooker

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do—quite right too. Obviously, we appreciate that this work has to be done, but would you consider that option, market-based triggers? Is that one that you are seriously considering?

**Lord Rooker:** I really cannot go further into Barker because, honestly, I do not know because there is an enormous amount of consultation going on. A lot of people read a lot into Barker which clearly was not there, as implied, in a way, from what you have said about when she came to give evidence. We are dealing with what is an incredibly complex process, in a way. I am not criticising this, but her field was quite narrow and it took as its starting point the fulfilment of the Communities Plan operation, the extra 200,000 on top of what had already been agreed. Obviously, that has implications for many things, whether it is our building industry, land supply, learning to build at higher densities. We are creating brownfield land all the while. We keep a careful watch on the register which English Partnerships is putting together for us, and at the moment, with a very low level of production, we are meeting our brownfield target. It is quite complicated. I just cannot pre-judge what is going to happen. I think what we will do is pronounce on Barker as a package after the consultation. It is the end of next year. I am not being specific about a date, but in the timescale we are operating in, in terms of planning for land, planning policies, getting land put together and looking at perhaps restructuring the building industry and issues like that, it is a fairly small amount of time. I realise ministers are transient; they come and go, but in the big scale of things, this is a very small slot of time. I just ask for patience. By all means ask the Treasury about it; I always advise that, but it is something that is best to pronounce on as a package, to be honest, for the industry's purposes.

**Q858 Joan Walley:** Perhaps we can just end on Egan, because a lot has been said about Egan throughout the whole of the afternoon. Many of us were heartened by what you said just now, that there is going to be an announcement at the summit in January on the Centre of Excellence. It think that will be critical in terms of taking forward the whole skills agenda. I know you have not read the transcript of when Sir John Egan came to our Committee, but he did suggest to us that the Government was going to succeed in getting 125,000 houses built each year. Given the state of the construction industry, there is going to have to be a huge step change in terms of actually delivering that and taking on board the ability of construction workers and the industry as a whole to gear up to that. He particularly cited management techniques and project management, not just individual plumbers and expertise. How is that step change going to come about? If Egan himself is perhaps having doubts as to how it is going to be achieved, do you think that the establishment of a Centre of Excellence is going to be sufficient? What more needs to be done, and what has the Government got in hand to achieve that?

**Lord Rooker:** First of all, it is quite right what he said; he was not just looking at the number of brickies. He realised, once you start to look at this, looking at the number of brickies does not solve your problem. For example, even now, today, if a local authority gets a planning application for anything more than 500 dwellings on a site, they virtually freeze like a rabbit in headlights in the middle of the road. There is a real capacity problem, in other words, in dealing with large sites. This is something we know. We have talked to local authorities about it, and other experts, and we have had a panel working on this across Whitehall, which Keith Hill and I have looked at. It came up out of looking at what the barriers were to delivering the existing figures, for example, and one of them was an inability to get speedy decisions on large sites. I do not mean quick fixes, cutting corners, but there is a capacity problem there. It is the management skills, of project management, of putting this together and looking at the whole of the skills that John Egan looked at. We are working on this so that the Deputy Prime Minister can make an announcement at the end of January on a National Centre for Skills for Sustainable Communities, or whatever it will be called. I am sure there will be a new logo and a title, which we will waste a lot of money on probably. These issues are the nub, because if you cannot get good management, then it will not matter about dealing with the plumbers and the bricklayers and the wet trades—because there will still be wet trades, even if we get a big increase in modern methods of manufacture. Nevertheless, there are now far more traditional building companies, for example, actually investing in factories for modern methods, having learned some of the lessons, they have got to to manage processes out on sites. So it is actually trickling down, but it does need to be given a big push.

**Q859 Joan Walley:** Just before we come on to the construction skills of individual workers, one of the concerns I have is that you could well find that that project management that you are seeking to improve could be improved in the larger areas and the Gateway areas, but given the recruitment that some areas, particularly the Pathfinder areas, have, how can you get a national spread of improved design management techniques right the way across the country, and how can you link that to the regeneration agenda in order that you can deliver the Pathfinder programme?

**Lord Rooker:** Not everybody wants to live and work in the South East. This is a natural assumption of people.

**Q860 Joan Walley:** I do not have that assumption. I think Sir John Egan did when came here.

**Lord Rooker:** My answer to your question is not as stupid as it sounds. You have only got to look at what has happened in some of the great northern cities which are undergoing a renaissance now, the Newcastle and the Leeds and the Manchesters, to see that there are people there with skills, imagination, innovation and drive, to actually

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10 November 2004 Mr Elliot Morley and Lord Rooker

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manage these big renaissance projects that are transforming these cities and, what is more, the region that surrounds the city, because that is the way they are looking at it these days. I am not saying there is not a shortage of people, but what I am talking about is the concentration to start with, because the figures are bigger. I understand the concentration. When you start talking about half a million in what is a relatively small area of the country, this is big news. I understand that, and therefore there is a concentration on that, that hides the fact that in the rest of the country there is an enormous amount of work going on. The way that the three regions have taken up the challenge that John Prescott gave them for the Northern Way, to find a way of being able to use—because there is huge infrastructure up in that part of the world that actually could be exploited in the sense that it is not at the present time, and the way they have picked that up. We need to learn the techniques, because some things are going to be done in the Growth Areas, because the nature of the beast is different, which we can apply elsewhere. The same in the Pathfinders. They were called Pathfinders for that reason, those nine areas of the country designated. We want to apply the techniques of the Pathfinders maybe to some parts of the South West, where there are not any Pathfinders. But the management techniques and the planning techniques of that we can apply elsewhere. That is part of the Communities Plan, to share what is happening through the construction of delivery vehicles and not leave everything just to the market or to the whim of local authorities. If you do not drive it and manage it, you will end up with unsustainable sprawl. That is the lesson of the past.

**Q861 Joan Walley:** Can I say that I hope very much that we will have an opportunity to lead the way, certainly in the Pathfinder in West Staffordshire, because that is important. Just turning to the issue of construction skills, when the Committee went to Aberdeen, what we found there was that there were a lot of new houses and new homes that had been built, but because of poor construction skills on the actual workplace, many of the houses had not really been built up to the standards that were required because of poor workmanship. How can you be convinced that in the local areas local employers will be able to get the procurements and the contracts and that they will have the capacity to take on the apprentices and provide the training that is needed linked to the education agenda? Without that, we will not get the 76,000 new entrants that are needed because of the number of people retiring at the older end of the scale.

**Lord Rooker:** Why did you go to Aberdeen? It is not my job to ask you questions really, but I know nothing about Aberdeen.

**Q862 Joan Walley:** We actually went to Aberdeen because we wanted to have a look at the way in which the oil foundation of the city was re-adapting

itself to the new economic and environmental issues, and in the course of that we saw best practice in terms of energy efficiency.

**Lord Rooker:** All I can say is I have nothing to draw on in the sense of answering the question, with respect. I am not in any way attacking Aberdeen, but the fact is, all I can say is that it has dawned on even the concerned populace quite slowly about the effect of designating those four Growth Areas, for example, and indeed the Pathfinders in some ways, but because of the sheer scale of the thing, the Growth Areas. I did a seminar the other week for the Countryside Agency in Letchworth Garden City, where they wanted to talk about growing in terms of growing properly, being near the Growth Areas. It was packed out with developers and others who were keen to know. People are waking up to the fact of the potential, because this is not a quick fix for two or three years. They cannot do that unless they have the bodies, and the chances are, a bit like some of the traditional building companies, the wet trade companies, are actually investing in static factories—which of course is a big investment for a building company that is used to getting rid of its labour; in the wet trade, you turn up on a site, you pick up your factory, and you move to another site. Once you have a factory, and you have to look after an asset to generate a return, you need to look at things with a bit more forward planning. So they are doing that as a result of us having the Communities Plan. It is not a master plan in terms of the totality of the detail, but they know there is a plan to be driven forward. Therefore, the private sector so far has shown itself willing to invest in those areas, and it is investing in new skills, new assets, new materials, new factories, and they have got to invest in people as well. It will not be even across the country. There is not one size fits all, as I say, but it is going in the right direction when we discuss with developers and builders who want to come in and talk to us, to explain to us what they are doing. I have someone knocking on the door now who has a first-class record, only builds on brownfield sites, wants to explain some of their future plans without prejudging anything. You have got to be careful who you listen to. So there is an awful lot going on out there at the moment which is all sending the right signals.

**Q863 Joan Walley:** I hope very much that, if nothing else, this inquiry that this Committee is doing will pass very strongly the message out to those people you have just referred to. One of the things in the report that Sir John Egan did was to propose 50 indicators for sustainable communities. The Government's response to that does not seem to be 100% in favour of that. Would you just like to comment on that?

**Lord Rooker:** Not really. I apologise. That is flippant. I think they were directed to local authorities, these 50?

**Q864 Joan Walley:** Do we not need some kind of uniformity? How else can we measure?

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10 November 2004 Mr Elliot Morley and Lord Rooker

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**Lord Rooker:** We do.

**Q865 Joan Walley:** So what do we do if we do not take his 50 indicators on board?

**Lord Rooker:** I am not going to tie myself to a particular number, but we do need to be able to judge performance. It is not so much us judging performance but it is those who are the doers. We are not the doers in ODPM, by the way; we are not a delivery department in the normal sense of the word. The actual deliverers will want to judge their performance, but in having the targets, it enables them to set up their management structures for what they are going to try and achieve, so that they have a target to work to. It is not just saying, "We will have a programme and build what we can, or we will refurbish what we can," but to have a target and know why they have the target as well, and know how missing the target affects one of the others. I think that is important.

**Q866 Joan Walley:** Should that not be linked to Treasury targets in some ways, to performance indicators?

**Lord Rooker:** I do not know. Probably not, but I do not know enough about the detail. The fact is that I think in every walk of life, when you are doing things, if you are going to manage and be professional about it, and you have an outcome that you want to achieve, you need to set some targets. You may hit them, you may not. It is not necessarily that if you hit them, they are soft. It is just that you have adjusted your management procedures and your assets and your resources to achieve those targets that you thought were worthwhile when they were set. I do not see any problem in setting the targets, but I am not going to tie myself to 50 or 40 or 60. I see nothing wrong in that. I know there is an argument the Government is suffering from "targetitis" from Whitehall. Compared to 1997, when I do not think there were any targets, you could make that charge, but on the other hand, we are trying to modify and wrap those practices into one and also have cross-departmental targets. We share targets with the DTI and the Treasury, particularly on regional growth and disparities in the regions.

**Chairman:** We have missed our target of ending at 5 o'clock, but, Lord Rooker, thank you.

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### Supplementary memorandum from Lord Rooker

When I gave evidence to the Committee on 10 November, I undertook to write to you in response to a question asked during the hearing. The Committee asked for a full list of how DEFRA have engaged in the Sustainable Communities Plan programme to date. As this hearing focused on the Growth Areas and Thames Gateway, and their sustainability, the supplementary evidence also focuses on the Growth Areas. I am sure you can appreciate that it is not practical to track the formal and informal involvement of ODPM with DEFRA and other Government departments at every level, so this evidence lists the main contact points. I am happy for you to publish my comments as part of your evidence.

### ODPM ENGAGEMENT WITH DEFRA (AND OGDs)

#### THAMES GATEWAY

##### *Defra*

- ODPM Thames Gateway Strategy Division engages with the Sustainable Land Use division of Defra on a regular basis. This division leads on co-ordinating Defra's input into the Sustainable Communities Plan, for example, *Greening the Gateway*: the joint document published in January 2004 by ODPM and Defra setting out the Government's vision for greenspace in the Thames Gateway.
- ODPM Thames Gateway Strategy Division also engages specifically with the Flood Management Division of Defra.
- ODPM Thames Gateway divisions work with Defra representatives from the Government Offices, for example, attending meetings with the Climate Change Partnership of Government Office London. We are also represented on the steering group for joint Defra and Three Regions Climate Change Partnership research into adaptation responses to climate change for new development in the Growth Areas.

##### *Defra's Agencies*

- The Forestry Commission, English Nature, Environment Agency and Countryside Agency all are represented on the Environment Sub-Group of the Thames Gateway Strategic Partnership.

*The Environment Agency*

- We are working with the Environment Agency to ensure sustainable flood management is planned into development in the Gateway. For example, we were joint partners with the Association of British Insurers, London Development Agency and Thames Gateway London Partnership in a conference on flood risk management in the Thames Gateway in July 2004.
- ODPM Thames Gateway Strategy Division are taking forward work with the Environment Agency following the conference by setting up a project group/s to ensure that strategic flood risk assessments are carried out throughout the Gateway. We have regular catch-up meetings with the Environment Agency to discuss policy issues of mutual interest.
- ODPM Thames Gateway Strategy Division are also represented on the high-level steering group of the Environment Agency's Thames Estuary 2100 project.
- The Environment Agency has been invited this week to be represented on the revised Thames Gateway Strategic Partnership.
- The Thames Gateway Delivery Unit has funded an Environment Agency project in Medway to model flood risk that will feed into the preparation of a strategic flood risk assessment.

*The Countryside Agency*

- The Countryside Agency is a partner in the Green Grid projects of East London, South Essex and North Kent. These are financially supported by ODPM funding and are major tools in delivering Greening the Gateway.
- The Countryside Agency is on the steering group of the North Kent Regional Park project, an ODPM Thames Gateway funded project.
- The Countryside Agency is chair of a working group involved in developing recommendations on sustainable development frameworks to feed into the Environment Sub-Group.

OTHER GROWTH AREAS

- Accelerating the Growth Areas requires up front provision of transport, health, education and environment infrastructure. ODPM is currently working closely with OGDs and their agencies to work up plans for future investment for the overall long-term strategy for the Growth Areas.

*DEFRA and its Non-Departmental Public Bodies (NDPB)*

- Through the Rural White Paper Implementation Plan DEFRA plans to influence development in the growth areas to enhance the rural/urban fringe and improve access to the countryside. DEFRA are developing partnerships and a suite of advice on how to deliver sustainable development.

*English Nature (NDPB)*

- English Nature is a partner on the MKSM Environment and Quality of Life Sub-group, which is developing the MKSM Green Infrastructure Strategy.

*Countryside Agency (NDPB)*

- The Countryside Agency work through influencing the plans, policies and decisions of others and by developing innovative tools and techniques with regional bodies and partnerships plus with a range of planning authorities and other organisations at the local level.

*Environment Agency (NDPB)*

- The Environment Agency is involved in delivering elements of Coton Nature Reserve (Cambridgeshire) and Ashford Corridor greenspace projects through the provision of specialist advice and potential funding to provide sustainable water management and flood relief systems.
- The Environment Agency is a partner on the MKSM Environment and Quality of Life Sub-group, which is developing the MKSM Green Infrastructure Strategy.
- In Ashford we are funding the Environment Agency (a total of £400,000 over three years) to provide, in liaison with relevant organisations, an Integrated Water Management Strategy for the Ashford Growth Area. The Strategy will cover water supply, waste water treatment and flood prevention and alleviation, taking account of the additional housing proposed under the Sustainable Communities Plan. The Strategy will feed into the current Masterplanning for the future growth of Ashford.

- ODPM attends regular meetings of the Delivery Managers Group (part of the Ashford Growth Area Delivery vehicle) at which representatives of partners on the Delivery Vehicle (including the Environment Agency) provide updates on progress with ODPM-funded projects. Engagement at this level has been positive (as it has at all levels in the Ashford Delivery vehicle) and the Strategy is making good progress.

#### SUSTAINABLE COMMUNITIES AND SUSTAINABLE DEVELOPMENT

##### *Sustainable Communities Strategy Meeting*

- This is a working group including officials from ODPM, DEFRA, Local Government, Government Offices and the Welsh Assembly to consider Egan's recommendations on Sustainable Community Strategies.

##### *CLP Sub-Group on Local Delivery of Sustainable Development*

- This was a Ministerial working group between ODPM and DEFRA. It discussed the local delivery of sustainable development, including the definition of sustainable communities and the development of sustainable Community Strategies.
- This was a time-limited sub-group, which was scheduled to hold four meetings. The last meeting of the group was held earlier this month.

##### *Sustainable Communities Inter-Departmental Officials Group*

- This quarterly meeting is held between ODPM officials and officials from a wide range of Other Government Departments.
- The meeting is used to discuss the key programmes of the Sustainable Communities Plan and related work being done by other departments.

#### CONSTRUCTION INDUSTRY

##### *Sustainable Buildings Task Group*

- In October of last year ODPM, Department of Trade and Industry (DTI) and DEFRA established the Sustainable Buildings Task Group which was tasked with identifying specific, cost-effective, improvements in the quality and environmental performance of buildings, which industry and Government could deliver.
- The Departments with membership of the Task Group at senior level were, ODPM, DTI, DEFRA, Her Majesty's Treasury (HMT) and the Office of Government Commerce (OGC). Secretariat function was provided by DEFRA.

##### *Code for Sustainable Buildings*

- The Senior Steering Group for the Code for Sustainable Buildings has members from ODPM and OGC on it.
- The official level project team includes members from ODPM, DTI, DEFRA and OGC.

#### RESPONSE TO BARKER

- DEFRA and ODPM are commissioning joint research ("Sustainability Project") that is going to look at the effects of additional housing on sustainable communities.
- The project will be jointly funded by ODPM and DEFRA. However, the contract will be managed on a day to day basis by ODPM.
- The study will be led by a steering group comprising representatives from ODPM, DEFRA, Department for Transport (DfT), HMT and the English Regions Network.

#### MARKET RENEWAL PATHFINDERS

- ODPM has held both formal and informal meetings with DEFRA, the Environment Agency (EA) and the National Urban Forestry Unit (NUFU), about the Pathfinders.
- ODPM are raising awareness amongst the Pathfinders about the services that both the EA and NUFU can offer.

RESPONSE TO THE EGAN REVIEW OF SKILLS

*National Centre*

- The National Centre project team have met with colleagues from Department for Education and Skills, the Sector Skills Councils (CITB ConstructionSkills, AssetSkills, LANTRA the Sector Skills Council for the Environmental and Land-based Sector, E-Business, Skills for logistics), Home Office—Crime Reduction Centre, Cabinet Office—Public Sector Leadership Consortium and OPSR, National Centre for School Leadership, Higher Education Funding Council for England, Learning and Skills Council, UK Trade and Investment, DTI—Construction Unit, GO Regional Director's, Disability Rights Commission along with other professional and private sector groups.

*November 2004*



# Written evidence

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## Taken before the Environmental Audit Committee

### APPENDIX 1

#### Memorandum from Scott Brownrigg

Thank you for the invitation to submit evidence to the Housing: Building a Sustainable Future Inquiry. Scott Brownrigg's interest in this inquiry is that it is instructed by Transcend Property to promote the development of some 200 hectares of undeveloped land to the north of Ashford to accommodate part of the town's growth as part of the Sustainable Communities Plan. I am a chartered town planner and qualified urban designer and I have a professional interest in the implications of the Sustainable Communities Plan.

The key issue I would like to focus on in this submission is:

- “where will the proposed new housing be built and what are the implications for land-use and flood-risk of the large scale proposed building projects?”

I consider this issue in relation to the Ashford growth area only.

The adopted Local Plan for Ashford and the Proposed Changes to RPG9 (currently out on public consultation until 17 June 2004) distribute new growth generally to the south of the town; however, much of this area is also within a flood plain.

Ashford Borough Council has commissioned a study (the Greater Ashford Development Framework) that reviews the spatial distribution of new development, which I believe is a vitally important step to ensure that the environmental implications of all development opportunities are considered afresh.

For example, there are some 200 hectares of land in a single location to the north-west of the town that remain undeveloped and are not within a flood plain (referred to as the North Ashford Development Corridor). Indeed, this land has no environmental designations (such as Sites of Special Scientific Interest or Protected Sites, Areas of Outstanding Natural Beauty and Special Landscape Areas) and no specific designations on the Proposals Map of the adopted Local Plan (ie it is “white land”).

In addition, much of this land has been used previously as a construction site for the Channel Tunnel Rail Link and consequently it could be a highly suitable area, in environmental terms, for development as part of Ashford's growth.

The North Ashford Development Corridor is also close to junction 9 of the M20 and whilst the capacity of this junction is currently being tested by consultants on behalf of Ashford Borough Council it is less constrained than junction 10 to which improvements are due to start this year. To accommodate new growth to the south of the town the Government has announced a new junction (10A) on the M20 that is subject to developer contributions. The North Ashford Development Corridor, served by junction 9, offers an excellent opportunity to provide early deliverable growth on a site prior to the construction of the new infrastructure. Indeed, Scott Brownrigg has been asked by the District Council to comment on the Ashford Delivery Board's options for raising private finance for public infrastructure.

Therefore, I submit that large scale proposed building projects can happen in Ashford in a short time frame and with few environmental costs (in particular flood risk), but to achieve this there must be the political will to consider the benefits of developing outside the favoured “southern arc” at this stage.

I am happy to follow up this submission if requested.

May 2004

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### APPENDIX 2

#### Memorandum from Sustainability Works

##### 1. OUR ORGANISATION AND ITS RELEVANCE TO THE COMMITTEE

1.1 Sustainability Works ([www.sustainabilityworks.org.uk](http://www.sustainabilityworks.org.uk)) provides a free web-based sustainable housing tool, hands-on training sessions, expert consultancy and assistance for housing associations, local authorities, consultants and developers needing guidance on how to develop housing in a sustainable way.

1.2 Based around a 2,000 page library of expertly researched, regularly updated information on sustainable housing, the on-line tool enables registered users to write a sustainable development policy for their organisation, set sustainability targets and check progress throughout the development process on individual projects, as well as compare projects against recognised standards such as the Building Research Establishment EcoHomes and Housing Quality Indicators.

1.3 Funded by the Housing Corporation until April 2005, Sustainability Works has two years proven success with over 1,000 registered users from all sectors of the housebuilding industry, plus an ongoing training programme comprising sessions on how to gain maximum use from the on line tool as well as bespoke training and consultancy on sustainable development for individual organisations.

1.4 The Sustainability Works on-line tool offers a set of recommendations guiding organisations to build up their own holistic framework for sustainable housing—this is of direct relevance to the EAC consideration of how any future building programmes can be made truly sustainable and take full account of environmental objectives as well as social and economic ones—our remit is to give guidance to housing organisations on exactly these issues. Sustainability Works also understands the concerns and priorities of the UK housing industry through regular contact with its registered users' database and face to face contact through training and consultancy.

1.5 Sustainability Works has responded to the issues of specific concern to the Committee in 2 below.

## 2. ISSUES OF SPECIFIC CONCERN TO THE COMMITTEE

### 2.1 *Are the conclusions of the Barker Review compatible with the general principles of sustainable development and the Government's own sustainable development objectives?*

The general principle of sustainable development is to meet basic needs and improve the quality of life, while ensuring that natural systems and resources are maintained and enhanced both for the benefit of existing and future generations. Put simply—passing on the planet in good shape to our children, grandchildren and beyond. The Government's own sustainable development objectives are for social progress recognising the needs of everyone, effective protection of the environment, prudent use of natural resources and high, stable levels of economic growth and employment. The conclusions of the Barker Review suggest that the rate of housebuilding ( particularly affordable housing) must dramatically increase to meet demand and to reduce the cost of UK housing. In order to achieve this massive increase in housebuilding, greenbelt designation should be revisited and the planning system changed.

A large programme of new housebuilding would not necessarily be in conflict with the principles of sustainable development. Making housing more affordable and having a housing stock which was medium to high density with good access to open spaces which fostered biodiversity, free from crime, sited in cohesive, inclusive communities which were involved in the development, management and maintenance of their homes, built from environmentally friendly materials, energy efficient, well designed with sustainable infrastructure, good public transport, local jobs and services all nearby—all this would be in line with the objectives of sustainable development and an asset to be handed on to future generations.

Also, for housing to be sustainable in the long term it is necessary for it to be designed and constructed to be adaptable to changing needs and expectations. Residents should have a role in the design and management of their homes. This implies a shift in the housing market towards stakeholders having a significant role in decision-making and away from housebuilders having the overwhelming say in what gets built.

So yes—the Barker review conclusions could be compatible if new housing adopted a holistic approach with stakeholder involvement and higher environmental standards than those currently implemented by the house building industry. Conversely, if the housebuilding industry's reaction was to produce more of the same, but in greater quantities—it would be a lost opportunity and not an asset for the future.

### 2.2 *In view of the Barker Review is there a need for an overarching national strategy to ensure that the environment is at the heart of any building programme?*

We think that there is already a good sustainable development strategy in place—"A Better Quality of Life" so a new national one would not add anything further, plus sustainable development requires local and regional solutions, not a "one size fits all" approach. What is lacking is any "teeth" to the implementation of sustainable development- better planning control and building regulation is needed which incorporates the sustainable development agenda, plus the requirement for any new development projects to have a holistic environmental strategy.

### 2.3 *Is the current planning system robust enough to ensure that the environmental implications of building projects are fully taken into account? How can the planning system be used to increase the building of more sustainable housing? Would the proposed changes to the planning system in the Barker Review have a positive or negative effect on the environment?*

We think the current planning system is not robust enough at present. As it stands the planning system confines itself to land use issues, requiring minimum densities of 30-50 dwellings per hectare (we think higher minimum densities may be appropriate for the majority of sites ), planning encourages mixed use, the sequential approach to previously developed land, and the percentage of affordable homes (usually dealt with by Section 106 agreements.) Some local authorities have Supplementary Planning Guidance which asks for a sustainable development checklist to be submitted, which covers a broader range of sustainable

development issues. In some authorities there is also a requirement for the scheme to be submitted for a BRE EcoHomes assessment, but this practice is not widespread. Local authorities are often worried about discouraging developers from investing in their area, so are loathe to impose more onerous requirements than neighbouring authorities. Environmental Impact Assessments are only required on some sites and even then are submitted after planning permission has been granted.

We think that the remit of planning needs to be widened beyond issues like density and the use of previously developed land to include other environmental aspects. Any new scheme should be considered in a holistic way—land use issues should be seen as inseparable from issues such as the potential for sustainable infrastructure, renewable energy generation etc on specific sites. Planning has the potential to look at these issues in the local context (rather than a one size fits all approach), which is essential to sustainability. All applications should be required to have a sustainability checklist assessment of some sort. The division between planning and building control should be remedied—this is recommended in the TCPA's Sustainable Housing Forum Report called "Building sustainably" October 2003.

The proposed changes to the planning system in the Barker review include changes to the decision making process governing the allocation and release of land at local level, as well as assessing land according to its relative value to society (which is a radical way of considering land value).

The environmental implication which is causing concern in some quarters is that greenbelt land will need to be released in certain areas where there is worsening market affordability and where brownfield land is difficult or slow to develop. Any developments which resulted in urban sprawl would be contrary to the principles of sustainable development, but it is true to say that some urban fringe land offers very little environmental benefit, as does agricultural land which is intensively cultivated and does not foster biodiversity. Any relaxation in greenbelt designation and loss of agricultural land would need to be compensated for by rigorous environmental standards being insisted upon, such as efficient use of land, high ecological value landscaping, sustainable transport and infrastructure provision. Only if the release of greenbelt was seen as an opportunity to build projects to higher environmental standards than the norm, would there be an overall environmental benefit.

#### *2.4 Where will the proposed new housing be built? What are the implications for land-use and flood risk of the large-scale proposed building projects?*

New housing will probably be built in the growth areas identified in the Sustainable Communities Plan. Some may be built on urban fringes or agricultural land, particularly in areas where brownfield land is difficult or costly to develop due to land contamination or land assembly problems and delays. Any redesignation of the green belt should have sustainable development strings attached—eg higher density/mixed use/local public transport/local facilities and services/local energy generation etc all provided by the developer.

A large amount of the development proposed in the Thames Gateway is at potential risk from flooding. So new developments will effect flood risk. The use of permeable surfaces, local retention ponds etc should be mandatory for new developments. Flooding may become particularly problematic with adverse weather conditions predicted due to climate change—a precautionary approach should be taken.

#### *2.5 Is it possible to ensure materials and resources used, and waste produced, during building do not have a harmful impact on the environment?*

It would be possible to significantly reduce the impact on the resource use and waste from housebuilding by adopting the use of environmental assessment methods including Life Cycle Analysis, Green Specification for Housing and Environmental Preference Method. These methods assess the environmental impacts of the air and water pollution produced by the extraction, transport, manufacture and disposal of materials. The Building Regulations do not currently cover the environmental impacts of materials.

BRE EcoHomes currently assesses a limited range of impacts, from the use of timber for example, and could be extended to cover the impacts of construction as a whole. The market for low impact materials and products is relatively small at the moment and many materials are imported or expensive or both and increased regulation in this area would create a competitive market for green products.

#### *2.6 Are the building regulations as they stand capable of ensuring that new housing is truly sustainable in the long term? How could they be improved? Could greater use be made of existing environmental standards for housing?*

Ensuring that new housing is truly sustainable requires amongst other things that the Building Regulations are extended to include higher standards of energy conservation, the conservation of water and the environmental impacts of construction. However, the Building Regulations cannot of themselves ensure that new housing will be sustainable; this requires a sustainable approach to planning issues which include density, transport and access to facilities.

2.7 *How will it be possible to ensure a sustainable infrastructure, including transport and water supply, which will be necessary to support any extensive house building, is put in place?*

The technology for providing sustainable forms of infrastructure exists; the problem will be persuading developers to implement it. Again, better building control and planning regulation which insists upon a holistic approach will be necessary.

A more imaginative use of section 106 agreements might include developers funding or contributing to sustainable public transport systems, local water supply and renewable energy generation for example.

2.8 *Do those involved in housing supply, both in the public and private sector, have the necessary skills and training to ensure new housing meets environmental objectives? If not, how can the knowledge base of those involved in the planning and building process be improved?*

No, in our experience there is a general lack of skills and awareness, particularly in the private sector. We have trained around 250 people involved in housing development in the last 18 months, mostly from the HA sector but increasingly from private housebuilders, consultants and local authorities.

Our training and dissemination programme has shown that housing associations are starting to address the environmental agenda due to the Housing Corporation's requirement for a sustainable development strategy and for all new schemes to achieve an EcoHomes "good" rating. The result is general awareness raising. Most housing associations are working up their own sustainable development policy and there is currently some really innovative work coming from the HA sector.

Also, there are isolated attempts from housebuilders who are becoming more environmentally aware and who realize its potential as a marketing strategy. The publicity and coverage surrounding Bedzed and Greenwich Millenium Village for example has been immensely positive in this respect. But there is still a general lack of knowledge and skills amongst the majority of clients, housebuilders and consultants.

There are various tools available to improve the knowledge base, including the Sustainability Checklist, BRE EcoHomes, Green Street (a Sustainable Homes initiative) and our own Sustainability Works. All of these tools have benefited from seed funding but actually need continued funding and support, as well as endorsement from central and regional government to ensure that organisations continue to use them. In our case, we only have guaranteed funding until 2005 from the Housing Corporation to continue to run the website and carry out our subsidised training programme.

A critical element of knowledge base improvement is regular monitoring and self review. We emphasise on our training courses that it is not sufficient to just set a sustainable development policy, but the policy must filter down to individual development schemes and be monitored through the life of the project, plus lessons learnt fed back into future developments.

May 2004

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### APPENDIX 3

#### Memorandum from the Council of Mortgage Lenders

##### INTRODUCTION

1. The Council of Mortgage Lenders (CML) welcomes this opportunity to offer evidence to the Environmental Audit Select Committee enquiry on sustainable housing.

2. The CML is the representative trade body for the residential mortgage lending industry. Its 143 members currently hold over 98% of the assets of the UK mortgage market. In addition to lending to the owner occupied and private rented markets, the CML members also lend for new-build, repair and improvement to social housing.

3. Comments below are structured around the questions posed by the Select Committee.

*Are the conclusions of the Barker Review compatible with the general principles of sustainable development and the Government's own sustainable development objectives?*

4. The Barker review proposes a large number of additional houses (an additional 70,000+ above current levels of building). To build this number of additional properties would have impacts on the environment, and extra effort will need to be expended to ensure that this building is carried out sustainably. In paragraph 1.46, Kate Barker comments "Extra house building will have environmental consequences and this cannot be ignored, however, the impact can be reduced by ensuring that land which society values least is used and tackling issues of water usage and waste management". The CML believes this underplays the potential impact of building thousands of additional houses. Local authorities will be under considerable government

pressure to approve development plans. It is vital that the government recognises this and ensures that high environmental standards are maintained, and that any development is sustainable in both economic and environmental terms.

*In view of the Barker Review is there a need for an overarching national strategy to ensure that the environment is at the heart of any building programme?*

5. Yes. The CML believes there is a need for an overarching national strategy. The Barker Review estimated that, at current rates of replacement, properties built today will need to last for 1200 years. This means that properties need to be built sustainably and able to adapt to significant climate changes during their lifetime. Results from the United Kingdom Climate Change Impacts Programme scenarios show that:

- The UK climate will become warmer.
- Winters will become wetter and summers may become drier throughout the UK.
- Heavy winter precipitation will become more frequent.
- Relative sea level will continue to rise around most of the UK's shoreline.
- Extreme sea levels will be experienced more frequently.

6. Buildings, therefore, need to be built to cope with these conditions. They also need to be built in a way that does not exacerbate other climate changes; for example, that new building does not increase run-off and, therefore, flooding. A national strategy could begin to ensure that these factors are taken into account. Planning Policy Statement 1 (PPS1) which is currently out for consultation by the ODPM could provide this opportunity (see below).

*Is the current planning system robust enough to ensure that the environmental implications of building projects are fully taken into account? How can the planning system be used to increase the building of more sustainable housing? Would the proposed changes to the planning system in the Barker Review have a positive or negative effect on the environment?*

7. The CML is not convinced that the current planning system is robust enough to take account of all the potential environmental implications of building projects. The Planning Policy Guidance note 3 (PPG3) on Housing does not address issues of the environment or sustainability. Considerable effort has been put into developing Planning Policy Guidance note 25 *Development and Flood Risk* (PPG25) to try to ensure that inappropriate development does not take place in the floodplain and that it does not increase run-off. But it is still difficult to estimate what impact PPG25 has had. Local authorities are required to report developments that have gone ahead against the Environment Agency advice under the Department for the Environment, Food and Rural Affairs (DEFRA) High Level Target 12. As a result of the strengthening of PPG25, there have been significant reductions in new developments going ahead in flood risk locations. However, last year (2003/04), at least 21% of planning applications went ahead against EA advice (DEFRA (2004)). The actual number of developments going ahead in flood risk locations could be up to twice as high, because the EA is only consulted in about half of all the planning applications.

8. PPS1 provides an opportunity to put sustainable development at the heart of planning. While it covers some of the broad principles to which planners should adhere, there is currently little accountability or monitoring of planning decisions. Without this accountability, local level decisions could be taken that work against national goals of sustainability. It is proposed that a number of changes for delivering housing should be taken forward through Regional Housing Boards (RHBs). It is, therefore, important that strong national guidelines are in place, and that RHBs do not simply interpret their task as getting homes built regardless of quality or consequences.

*Where will the proposed new housing be built? What are the implications for land-use and flood risk of the large-scale proposed building projects?*

9. As noted above, the Barker Review proposes that a number of decisions about where new housing should be built should be taken through RHBs. RHBs would need to take into account environmental factors and the potential impact of climate change when deciding where new properties should be built.

10. In terms of flood risk, for a number of years, insurers have been working with the Government on development and flood risk issues. Insurance against flood risk is currently available as part of standard buildings, and contents insurance in the vast majority of the UK. Insurers are keen to offer cover to as many properties as possible. However, if properties are built in inappropriate places, against Environment Agency advice, then insurance cover cannot be guaranteed. As insurance is a standard condition of obtaining a mortgage, if insurance is unavailable mortgages will also be unavailable. Building under these circumstances would be unsustainable. The insurance and mortgage implications of large-scale building projects, therefore, needs to be considered at the planning stage.

*Is it possible to ensure materials and resources used, and waste produced, during building do not have a harmful impact on the environment?*

11. This is not an issue for lenders.

*Are the building regulations as they stand capable of ensuring that new housing is truly sustainable in the long term? How could they be improved? Could greater use be made of existing environmental standards for housing?*

12. While the building regulations offer an assurance as to lifespan and durability, they do not cover all aspects of the design and construction of properties built by Modern Methods of Construction (MMC), rather than by traditional (brick and block construction). Lenders have taken a heightened interest in MMC due to the Government's drive to utilise it as one means to boost housing supply, as set out in the *Sustainable Communities* plan. While lenders have no specific interest in any particular mode of construction they have a general requirement that a property must be of a standard to be fit to stand as security for a mortgage of up to 30 years. The past track record of MMC has not been good in this respect, and the Government was forced to develop an accredited repair scheme (The PRC Homes Scheme) to deal with outstanding defects. Sadly, the scheme was wound up leaving many properties unremediated.

13. A number of concerns have been raised by lenders regarding the new generation of MMC. These frequently fall outside the building regulation-based approach to certification adopted by bodies such as BRE and BBA. These concerns embrace:

- Lifespan—can this property with regard to its specific design/construction features be expected to meet the requirement for a 60-year minimum lifespan?
- Whole life costs; how does the property compare with a traditional design?
- Reparability—can the property be repaired by non-specialists and owners themselves?
- Adaptability—can the property be altered over its expected life to meet changing needs; eg, can a conservatory be added?
- Insurability—can buildings insurance be obtained on normal terms?
- Flood resilience—can unconventional materials, sometimes used in unusual ways, stand up to sustained contact with/immersion in water?

14. The CML is currently consulting with BRE over a proposed new certification standard for MMC properties that will cover the above concerns, and will move beyond a purely building regulations based approach. The CML is also urging Government to take a lead in promoting high standards for the new generation of MMC, and to ensure that there is again an accredited repair scheme to deal with problems that already exist with previous generations of MMC.

15. Barker is clearly aware of the risks, and has indicated that mistakes of the past should be avoided when seeking to increase supply. It would be very unfortunate if new levels of output were achieved only by using techniques which, over time, failed to deliver homes that had a reasonable life and remained in demand. The Committee needs to reinforce this message.

16. In addition, building regulations could also be strengthened to incorporate resilience to climate change including flooding. Building in resilience at an early stage can prevent future damage, and is cheaper than trying to retrofit existing buildings.

*How will it be possible to ensure a sustainable infrastructure, including transport and water supply, which will be necessary to support any extensive house building, is put in place?*

17. Whilst this is not particularly an issue for lenders, it seems to us that decisions about infrastructure need to be taken at an early stage, including building in contingency that can cope with further development in the future.

*Do those involved in housing supply, both in the public and private sector, have the necessary skills and training to ensure new housing meets environmental objectives? If not, how can the knowledge base of those involved in the planning and building process be improved?*

18. The short answer is probably no. The Barker report points up the skills shortages in the house building industry and the increasing reliance on imported labour. This might suggest a greater risk of "shortcuts" and a reluctance to apply/lack of awareness of environmental objectives. Without doubt, the knowledge base can and must be improved given both the likely life of new homes and the extent of environmental change taking place. This is no longer a luxury; it is a necessity, especially if these homes are to be mortgageable over the longer term. Planning courses need to incorporate new awareness of these issues, and building courses must include the skill and technique basis for dealing with the problems that will arise.

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## APPENDIX 4

### Memorandum from Ropemaker Properties Limited

#### 1. INTRODUCTION

1.1 Ropemaker Properties Limited welcomes the opportunity to submit evidence to the Environmental Audit Committee.

1.2 In particular, we would like to focus on two of the specific issues of concern to the committee set out in the Press Release of 30 April 2004.

- Where will the proposed new housing be built? What are the implications for land-use and flood risk of the large scale building projects?
- How will it be possible to ensure a sustainable infrastructure, including transport and water supply, which will be necessary to support any extensive house building, is put in place?

#### 2. ABOUT ROPEMAKER PROPERTIES LIMITED

2.1 The BP Pension Fund purchased its holding north of Harlow as an agricultural property investment in 1979.

2.2 When the Fund reviewed its holdings in the agricultural sector in the mid 1990's, this block of land was identified as having potential for residential development as it was close to an existing urban area and transport corridor.

2.3 Through its property nominee, Ropemaker Properties Limited (Ropemaker), the Fund initially promoted the concept of a satellite extension to Harlow, on the northern part of the site, beyond the Green Belt. This area had previously been used as the wartime Hunsdon Airfield.

2.4 Ropemaker's proposal, known as Maplecroft, was submitted to Hertfordshire County Council for consideration as part of their Structure Plan Review but the County Council opted for expansion of Stevenage, even though it would result in a loss of Green Belt land. Although the County Council's preference for Stevenage was challenged at the Public Enquiry, the Inspector endorsed the decision.

2.5 Ropemaker then produced a new scheme on the southern part of the site, in the form of a sustainable urban extension to Harlow, completing a circle of development centred on the railway station and thus giving the town the opportunity to re-establish itself as a significant regional centre. A submission was made on this basis to the Public Examination into the South East Regional Planning Guidance (RPG9) in 1999.

2.6 The Inspector's report on RPG 9 indicated that proposals for major developments should not be automatically rejected because they are on greenfield sites but regard should be had to positive locational criteria, particularly those relating to sustainable transport and the creation of a good residential environment. The report also commented that there might well be circumstances where, in order to achieve the right development solution, it will be necessary to consider altering the Green Belt boundaries.

2.7 Harlow was identified as a Priority area for Economic Regeneration in RPG 9. The Harlow Options Study, published in July 2003, included one option that envisaged 9,000 houses being built at North Harlow. Ropemaker, having regard to these and other studies being undertaken in respect of the London/Stansted/Cambridge M11 corridor and the Government's call for an additional 18,000 homes in the M11 corridor, commissioned an Enquiry by Design undertaken by the Prince's Foundation in February 2004, to consider the feasibility of its proposals and the extent to which they would meet sustainability criteria.

#### 3. THE ENQUIRY BY DESIGN

3.1 In February 2004 The Prince's Foundation ran an Enquiry by Design (EbD) exercise to explore the scope for a large-scale sustainable urban extension to the north of Harlow. During the five-day Enquiry submissions were received from a wide range of specialists; some of whom had examined the feasibility of such an extension over many years on behalf of landowners and prospective developers Ropemaker Properties Limited.

3.2 Enquiry by Design is a very effective and increasingly popular planning and design tool. It ensures a sophisticated interaction between a wide range of factors in the complex processes of planning and place-making. It is emphatically inter-disciplinary and enables explicit trade-offs between the competing and sometimes conflicting objectives that any significant new development faces. Environmental issues and concerns are weighted against social and economic objectives, good urbanism and design is mapped out and costed, "whole life" issues are explored and core values and clear principles are drawn out to ensure the best possible foundations for a new community.

3.3 In relation to land use, flood risk and sustainable infrastructure, the EbD specifically considered:

- National and regional policy regarding growth and the sustainable communities agenda.
- Best practice in urbanism and place-making, drawing upon literature and case studies from across Europe and North America and policy and guidance from the ODPM, CABE, EP and the Housing Corporation among others.
- Transport, energy, water, waste, and other infrastructure requirements for a sustainable place.
- Environmental constraints and opportunities (including a major “gateway” link on the line of the existing causeway and road bridge across the flood plain between Harlow North and the town), with a view to minimising impact and optimising biological diversity and ecological interest.
- How best to integrate the proposed new neighbourhoods with Harlow to create a “Greater Harlow” with the many economic and cultural advantages of a larger, sub-regional centre close to London, Stansted and Cambridge.
- Accessibility and ease of movement around the new neighbourhoods and between these and the existing town.
- Strategies for maximising the economic opportunities for local people arising from the creation of up to 30,000 new jobs in the area.
- Opportunities for people to live near their place of work.
- How to integrate residential, commercial and civic activities and facilities to create vibrant, diverse and genuinely mixed-use places and communities.
- Current and likely future overflying and consequent noise and pollution, taking full account of the planned expansion of Stansted.
- The benefits both general and specific, that ought to arise for the people of Harlow from the development of a high quality extension to their town.
- The deliverability of the project, given the consolidated land holdings and the determination of Ropemaker to ensure a sustainable place and community.

#### 4. PRINCIPAL FINDINGS FROM THE ENQUIRY BY DESIGN

4.1 The consolidated land ownership, urban plan and strategic capacity that exist should allow Harlow North to become an embodiment of the Government’s sustainable communities agenda, while addressing and effectively managing burgeoning growth pressures and needs in a fast growing region.

##### 4.2 *Benefits for Harlow*

The successful developments of Harlow North would bring widespread benefits to the people of Harlow including economic opportunity, critical mass for the provision of educational and cultural facilities, Council Tax revenues to support essential public services and physical and other regeneration.

The concentration of growth in a thoughtfully planned, sustainable urban extension offers many potential environmental and other sustainability benefits over the current relatively uncontrolled incremental growth in the area.

Harlow North could be successfully integrated with Harlow to create a larger, resolved and convivial town with the status and amenity of an important sub-regional centre.

Harlow North would have attractive, mixed use, walkable neighbourhoods with diverse and vital communities.

##### 4.3 *Minimal ecological impact*

It is unlikely that the development of Harlow North would have a deleterious impact upon the overall ecology of the area. All significant sites of ecological interest and value could be conserved and even enhanced, and the land’s biodiversity could be increased by changing from the somewhat ecologically sterile mainstream agricultural uses to which most of the area is currently put.

##### 4.4 *Energy Efficiency*

It would be possible to develop a settlement, street pattern and build quality that would make Harlow North an exemplary low carbon development, conforming to best practice in energy-efficient development and providing opportunities for low impact living.



#### 4.5 *Flood Risk*

Building within the flood plain will be avoided, with the exception of essential bridge crossings. Development proposals will be produced in close liaison with the Environment Agency (EA). A detailed hydraulic model will be produced for the River Stort, the associated catchment and flood plain. This will form the basis of a Flood Risk Assessment, which will be used to ensure that the new development meets the EA's flood protection criteria and does not increase flood risk to adjacent sites.

Harlow North will be developed in accordance with PPG25 "Development and Flood Risk" and with reference to the future scenarios outlined in the recent DTI Foresight Future Flooding Report.<sup>1</sup> A Sustainable Urban Drainage Strategy (SUDS) has been scoped. This incorporates drainage techniques designed to control the quantity and quality of surface water runoff from the site. The SUDS will ensure that the quality and nature of the River Stort, the Stort Navigation and associated tributaries are not diminished by the development, and where possible are improved.

The valley floor of the Stort floodplain would be restored and enhanced as an informal recreation park linking Harlow and its northward extension. Any minor loss of floodplain capacity from the development of bridge crossings will be compensated by adding volume upstream.

#### 4.6 *Sustainability*

The plan and designs for Harlow North that emerged during the EbD perform well against independent and well-established measures of sustainability.

#### 4.7 *Deliverability*

Ropemaker has the resources and desire to enable a sensitive, attractive and well-judged urban extension that could become a jewel in the crown of the region.

#### 4.8 *Commitment to excellence*

There is a need for a series of detailed and explicit policies, protocols and covenants that help to ensure that the landowner and developers' commitment to the principles and processes of first class sustainable urbanism is carried through into implementation.

### 5. SUSTAINABILITY STRATEGIES

5.1 Developing strategies and design for the sustainability of the proposed new settlement in social, economic and environmental terms was the principal objective and driver of the EbD. Sustainability considerations were fed into all design debates and iterations and a running audit of progress and performance was conducted by specialists Beyond Green and the BRE. At the end of the week the emergent plan and design for Harlow North were measured against the Building Research Establishment Sustainability Checklist.

5.2 It was felt that the emerging proposals for the new settlements could enhance the environmental quality of the area, and achieve net overall ecological gain. A range of conservation measures were considered including connecting important habitats and improving their management in close co-operation with local and regional conservation groups.

5.3 The high amenity, compact, "walkable" neighbourhoods that are envisaged with mixed-use development, excellent connectivity and the optimisation of public transport routes and connections represent best current practice in sustainable urban planning. A detailed exploration of sustainable urban drainage systems is planned and a renewable energy strategy is to be developed. Whole life values and costs will inform the design and building budgets. The town plan and design of individual elements will also encourage people to live more sustainably. Local food markets will be enabled and space and facilities will be provided for recycling, composting and efficient resources management.

5.4 Ropemaker Properties Limited is commissioning a series of detailed studies of how best to achieve its sustainability objectives and embed them fully into its vision, plan and designs for Harlow North. These will be bought together as a detailed Sustainability Protocol that will also embrace construction policy and practice. The process of planning, design and development will be run at each stage of its evolution.

5.5 Harlow North is intended to be a national exemplar of sustainable development—at the leading edge of the fulfilment of the ODPM's aspirations for sustainable communities.

<sup>1</sup> DTI, April 2004.

## 6. DELIVERABILITY

6.1 One of the chief and potentially unique attributes of the Harlow North proposals is that they can help deliver national, regional and sub-regional policy for growth relatively quickly as well as sustainably. The consolidation of land ownership, the determination of Ropemaker to rise to best practice in urban and environmental planning and design and the organisational agency and resources at Ropemaker's disposal make for a very attractive policy-delivery opportunity and vehicle.

6.2 Ropemaker owns the central core block over 1,000 hectares and has agreement in principal with adjacent landowners totalling a further 500 hectares. It is expected that a "land equalisation" agreement with the other landowners will be concluded within the next few months.

6.3 Ropemaker propose to establish a local "delivery vehicle" comprising Hertfordshire and Essex County Councils, Harlow and East Herts District Councils and themselves. The purpose would be to establish agreed common objectives, procedures, content, community involvement, funding and programming. It would also act as the link with central government for any actions or funding decisions.

6.4 It is intended that, after due consultation, Design Codes for the whole development would be adopted. Together with the sustainability protocol currently being developed for the site, this would enable Ropemaker to transfer tranches of land to house builders, knowing that the fundamental, conceptual design ethos for the site would be delivered.

6.5 All of the foregoing, together with the extensive detailed preparation already undertaken, means that Ropemaker is in a unique position to take the project forward at an early date and to optimise delivery on the ground. We would be delighted to elaborate on this in more detail should the Committee considered this to be of assistance.

May 2004

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## APPENDIX 5

### Memorandum from Kevin Cahill

Memorandum by Kevin Cahill FRSA, MBCS, BA, author of *Who Owns Britain*, the first book on landownership in the UK in 126 years. (Canongate 2001/2002) Kevin Cahill is the RSA (Royal Society for the encouragement of Arts, Manufacturing and Commerce) spokesperson or "champion" on land issues and will be publishing a book called *Who Owns the World* in May next year. This book will be the first book ever written on landownership worldwide and will identify over 1,000 of the world largest landowners by name. The book will cover landownership and landownership systems in all 231 countries and territories on the planet. The author is working with the World Bank on its survey of landownership systems in 135 countries world wide, due for publication in July.

Summaries of elements of *Who Owns Britain* were read into the Hansard record of the debate on the new Land Registry Bill in December 2001. Kevin Cahill has also contributed to Ms Barkers report. Kevin Cahill is a former research assistant in both the House of Commons and the House of Lords.

### SUMMARY

The issue of house building in the UK turns, not upon environmental issues, but mainly on the issue of the availability of land, which in turn is directly related to how land is used in the United Kingdom. How land is used is a direct function of how it is owned in the United Kingdom. But the debate so far has been conducted without a clear and simple guide to both land use and land ownership in the UK. This very short paper aims to provide the committee with the basic facts and figures, to enable the debate to actually arrive at the environmental issues, which is when the factual consequences of the proposed house building programme can be seen in relation to the use of the land surface of the UK as a whole.

The Committee should note that those who own potential building land in the United Kingdom are at pains to encourage the idea that land is scarce in the country; that there is a shortage of potential building land. Such shibboleths as "crowded" island, are commonplace, when the real facts are radically at variance with such notions. To quote Professor Martin Wolf, the deputy editor and chief economic writer at the *Financial Times*. (May 14th 2004)

"Asked the wrong question, the most intelligent analyst will fail to reach the right answer. An example is the review of housing supply by Kate Barker of the Bank of England's monetary policy committee. Her recent report makes an invaluable contribution to debate on the UK's biggest economic failure; the huge distortions in land use. But the question posed by the Treasury was too narrow. It is not how to increase housing supply, but how to use the country's scarce land efficiently.

Start with planning. Even in the South East of England, just 7.8% of land is in urban use, while nearly 60% is protected from development. A 50% increase in the land covered by urban development would cut the non urban remainder by just 4%."

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## APPLYING MARTIN WOLF'S OBSERVATIONS TO ONE COUNTY, DEVON

Now let me put Professor Wolf's percentages into the real world.

Devon is a county of 1,658,278 acres. The population of Devon is 1,300,000 people, approximately. This means those of us who live in Devon have a notional 1.2 acres for our individual use. In practice, 1,265,853 acres of Devon are agricultural land, where, excluding villages, about 44,000 people live. (11,000 farms, approx) The agricultural population of Devon have a notional 28.7 acres per person for their individual use. About 6% of the land of Devon is rated as urban land, covered with bricks and mortar. This is about 99,500 acres, leaving 292,925 acres of waste, moorland and other unspecified land, in all, almost three times the urban plot. (Excluding agricultural land)

The purpose of these figures is to show the size of the urban patch, 99,500 acres, and the size of the rest of Devon, 1,558,778 acres.

The pattern in the rest of the UK is little different from this, excluding metropolitan areas.

And what of the agricultural plot of 1,265,853 acres in Devon? This part of Devon receives about £126,000,000 in subsidies of various sorts (calculated at £100 per acre, which is conservative) If the whole of the agricultural plot was economically efficient there would be no need for subsidies, logically. What the subsidy means is that a percentage of Devon's agriculture is not economic, and the same for agriculture in the rest of the country.

The Committee in its briefing mention a forecast figure of 245,000 new houses needed in Britain each year. To illustrate the point I am making about land availability and land use, let us see how Devon would cope with that.

At current building densities, which are around 10 to 12 dwellings per acre, Devon would lose just 24,000 acres, or 1.4% of its total acreage, were it to accommodate the entire British house building programme for one year. And I can assure you that a subsidy of £126 million means that a lot more than 24,000 agricultural acres are economically unproductive.

## THE UNITED KINGDOM. THE REAL PICTURE OF LAND USE AND OWNERSHIP

To conduct a meaningful debate about house building, it is first necessary to have a clear and simple idea of how land is used and owned in the country as a whole. Here is that simple picture.

- The total land area of the United Kingdom is 60,318,577 acres.
- The total population of the United Kingdom is 60,000,000 (Est 2003).
- The notional availability of land is 1 acre per person.

But in detail:

- Agricultural land occupies 41,915,863 acres of the UK. This is about 69% of the land of the country. There are 237,000 agricultural holdings on that plot.
- At four persons per dwelling, there are 948,000 people living on 41,915,863 acres. That is 44 acres per person.
- Of the 237,000 agricultural holdings, about one third, 79,000, are rented from the other 158,000.
- 158,000 families own 41,000,000 acres, over two thirds of the country.
- The cost of maintaining those 158,000 families in business, and of maintaining the rural plot, is £4,000,000,000 to £6,000,000,000 a year in taxpayer subsidies.
- It follows that if subsidies are necessary a percentage of the agricultural plot is uneconomic. Perhaps those of a fiscal turn of mind might note the advantage of converting some revenue negative land, agricultural land, into revenue positive land, that of urban dwellings.

A further breakdown, excluding agriculture.

- After agriculture is taken away there remain 18,402,271 acres of the United Kingdom.
- Of that acreage, about 3,619,114 acres are reckoned to be urban, built upon with bricks and mortar. (This is the higher of two estimates, one of 4% the other of 6%, of urban land in the UK as a whole)
- The actual acreage in use for living by individuals in the UK population is .06 of an acre.
- The urban plot is not subsidized and produces revenue of about £13,000,000,000 per year. (Council tax).
- This leaves about 14,783,157 acres of the UK as mountain, bog, moor, waste, roads etc.

The question then is what are the land use consequences of placing housing on about 24,500 acres of the UK each year?

First of all there is a "loss" of land equal to 0.04% of the land of the UK. And that, might I humbly suggest, should be the starting point about a debate on the environmental consequences of the projected figure for house building.

At which point it is worth noting that for a population of 4,000,000 the Irish Republic is building 70,000 dwellings this year. For a population of 60,000,000 we are currently building about 165,000 houses a year.

The two questions that arise are these. Are the Irish overbuilding and are we under building? The answer to both questions is probably, yes. (The acreage notionally available to each Irish person is 4.3 acres.)

#### IN CONCLUSION

To accelerate the current house build rate of around 165,000 per annum, to 245,000 per annum, in the UK, would involve a change of use to land in the UK of 0.04% of the land surface. Over ten years, a change of use to just 0.4% of the land surface. It would increase the size of the urban plot from 3,619,114 acres to 3,864,114 acres, out of 60,318,577 acres.

#### THE ENVIRONMENTAL AND CONSERVATION QUESTIONS WHICH ARISE

The environmental issues that arise are first of all whether 69% of the country, the agricultural plot, parts of which are hugely uneconomic, should be wholly protected from development, and at what is the cost of that protection? And the 2nd question is whether properly constructed housing, with all conservation, energy and environmental issues addressed, is not a better use of some of the agricultural land of the country anyhow. After all, the purpose of environmental rectitude is to provide a better and safer environment for the people of the country. And maybe squashing families into densities of 10 to 12 per acre, without gardens, when so much land is available, is neither environmentally sound, nor good conservation. Too much of the environmental debate centres around visual amenity in the country side, without notion of cost, when the heart of environmental concern should be about the immediate environment in which people live, their home.

*May 2004*

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## APPENDIX 6

### Memorandum from the Henry George Foundation

#### RESPONSE TO THE BARKER REVIEW OF HOUSING SUPPLY BY THE HENRY GEORGE FOUNDATION

In the context of soaring house prices and record levels of homelessness, a consensus has emerged that the cause of these problems is the historically low level of new house building. The assumption, expressed in the very name of this review, is that the problem is one of supply.

This paper argues that the problem is in fact one of excess demand, caused by the perversities of the land market, and exacerbated by the iniquitous and distortionary effects of government taxation and subsidy policies.

Consequently, the solution lies in correcting perverse incentives and harmful market interventions, reducing effective demand and therefore lowering house prices to more affordable levels.

#### A PROBLEM OF SUPPLY?

It is undeniable that in many parts of the country there is a genuine crisis of affordability, but it is not clear that the problem is exclusively one of under supply. In fact, there is a tendency to read the market signals backwards, identifying effects as causes and assuming that choices made in the market represent absolute preferences. While there may be a place for perfect market hypotheses, the UK housing sector is clearly not it.

Firstly, there is evidence that population growth may be less than predicted. The population recorded by the 2001 census was 900,000 lower than the official estimate for that year, yet predictions of housing need have followed the earlier, higher figure.

Secondly, there is a general assumption that changing patterns of family formation mean that there is insatiable demand for smaller, one or two bedroom dwellings. This is to read the signals backward: with unprecedented rises in houses prices, it is inevitable that people will be squeezed into the lower end of the housing market, but this does not mean that this is where they want to be. Rising affluence and increased consumption makes people more likely to seek larger dwellings than previously. Also, the extremely conservative nature of the mortgage lending market means that borrowers are channeled into single person or couple-based housing, regardless of their preferences.

There are plenty of houses in the UK—and many of them are underused. Many regions have serious problems with housing dereliction and abandonment, while the south of England faces continuous housing pressure in the opposite direction. The problem is not one of absolute shortage, but of geographical

imbalance. There are plenty of affordable homes, but they are not in the right places, in other words, they are not where the jobs are. This can be seen as a northern employment shortage as much as a southern housing shortage.

A further source of underused housing is the market in second homes. There are an estimated 500,000 second homes in the UK—and most of these are in very high value areas. This implies that the problem may be one of wealth distribution rather than housing *per se*.

Almost all the attention in this debate is focused on the supply of new, affordable housing. At present, this amounts to around 20,000 dwellings per year. The Interim report suggests that this needs to be raised to 101,000 to retain the affordability levels of the 1980's. Again, the assumption is that only supply effects prices. But whether we build 20,000 or 100,000 houses each year, the supply of new build is only a tiny fraction of the total housing supply. 99% of the supply is in the form of existing houses.

Similarly, the assumption that the solution must lie in the social housing sector is misleading. Almost 80% of the housing stock is privately owned, and despite the reduction in the right to buy, this is unlikely to change dramatically. Even if one million new homes were built for the social sector, and no new homes were constructed for the private market, the proportion of social housing would only rise from 21% to 25% of the total housing stock.

#### A PROBLEM OF EXCESS DEMAND

House price growth is caused by the pressure of demand. There are good reasons for considering the level of demand to be excessive, and these imply that the housing market is impossible to influence significantly using purely supply-side interventions.

Firstly, rising house prices represent growing levels of debt. The majority of money creation in the UK is in the form of mortgage debt. House buying is therefore the primary cause of inflation. More than any other goods, the price of houses represents not what people can afford to pay, but what they can be persuaded to borrow.

Secondly, the main source of rapidly rising housing demand is not need, or expectations of productivity gains, but expectations of further price rises. Demand can be considered genuinely excessive to the extent that it represents expectations of future house price growth, rather than the ability to pay off mortgages out of earnings. While speculative motivation is hard to quantify, it is undeniably a major source of rising prices in high value areas.

Such speculation is not irrational, because houses are almost unique in that they tend to grow in value, despite wear and tear. Of course, it is not the bricks and mortar that gain value, but the land underneath them. Houseboats, it should be noted, depreciate rapidly. The unique nature of the land market is therefore one of the root causes of over inflated house prices.

Mortgage borrowing based on expectations of future land value rises creates a dangerous bubble economy which the UK has been riding for many years. Land is uniquely suited to this sort of speculation, because of the monopolistic characteristics of land ownership. Locations are essentially monopolies that attract monopoly profits. Since Adam Smith and David Ricardo, economists have recognised the special nature of land rent, but policy makers have been slow to take on the implications.

#### GOVERNMENT INTERVENTIONS

Given the importance of housing both for the UK economy and for wider social and environmental wellbeing, it is not surprising that the state intervenes extensively in the housing market. However, the existing tax and subsidy system actually worsens the problem.

Housing costs the public purse around £22.7 billion each year.<sup>2</sup> This breaks down as follows:

£5 billion on social housing investment;

£2.7 billion on council tax benefit;

£2.9 billion on foregone taxes (CGT foregone minus inheritance tax and stamp duty on housing);

£12 billion on housing benefits.

Only 22% actually goes on social housing. 12% subsidises local authorities in the form of council tax benefit, but 66% of state housing spending effectively goes to landowners as tax foregone and housing benefit used to pay rent. This represents a massive £15 billion subsidy for landlords, and is a further source of house price pressure, pumping public money into an already overheated market.

<sup>2</sup> All figures in this section are for 2001–02 and taken from the UK Housing Review 2003–04, by Steve Wilcox, University of York Centre for Housing Policy.

The harmful influence of the tax system is not restricted to the exemption on CGT—all existing taxes on property have harmful effects. Stamp duty and inheritance tax lower liquidity, and the other property taxes are specifically targeted at occupiers, not owners. Council tax is famously regressive and inefficient, while UBR is zero-rated on derelict property and half rated on unused property, a clear tax preference for dereliction over employment.

It is clear that the effects of the property tax system are perverse. By subsidising landownership it encourages further rent-seeking and helps drive prices upward. As there is a negative tax cost of homeownership, and the realistic expectation of future price rises, houses have a negative user cost.

#### A DEMAND-SIDE SOLUTION: TAXING LAND VALUES

Beyond the various supply-side solutions that have been proposed, it is clear that demand-side measures need serious considerations. Reforming the tax system to remove the distortionary incentives to landownership which drive prices up is essential. The most effective and efficient way to do this would be to replace current property taxes with one based on land values alone.

It has long been noted that taxes on land rents are the least distortionary taxes possible. Replacing the current property taxes with a genuine land tax would therefore enable the housing market to function more efficiently.

An annual charge levied on the unimproved site value of landholdings would also address most of the issues raised by the review. It would remove the incentive to hold underused land, encouraging its release into the market for more productive use. It would increase the cost of landholding, thereby removing the potential to make supernormal profits from property. It would rebalance the tax burden, ending the perverse tax advantages of landowners over occupiers.

All these effects would, in turn, reduce the speculative pressures on land prices, which would decrease the volatility of the housing market dramatically, and would ultimately lead to lower house prices in general.

Taxing land values makes land cheaper to buy, but more expensive to hold, encouraging a liquid market and greater allocative efficiency.

#### PREVIOUS DEVELOPMENT TAXES

Although there have been repeated attempts to capture land rents for the public purse, they have all been seriously flawed. This is widely interpreted as a sign that land rent cannot be captured, but in fact it represents merely the overly complex, confused and compromised nature of the acts.

The three attempts at land taxes by Labour governments since 1945 all targeted the profits made by developers at the point of sale, or of planning permission being granted. This simply added a further distortionary incentive to hold land rather than release it, and as such cannot be considered genuine taxes on land rents, but rather development taxes. Development taxes discourage development, which is counterproductive—and place further pressure on developers who are already severely squeezed between high land prices and government interventions.

A true land value tax would be levied annually, on the unimproved value alone. This would have the opposite effect of previous development taxes, and would stimulate the construction market by making housing cheaper to build and developers less risk averse.

#### CONCLUSION

In sum, there is a lack of affordable housing in certain regions because the existing stock of privately owned houses is too expensive. That houses are not affordable because they are too expensive is glaringly tautological, yet in all the debate around this review, few commentators have expressed this simple truth. Houses themselves are not overpriced, land in the right locations is. This is because landowners can make supernormal profits, or rents, from their land, which in turn creates excess demand that is converted in to effective demand by the mortgage lenders.

While the market remains structured in this way it is futile to attempt to improve affordability by increasing salaries or subsidising home buying, as all such attempts run into Ricardo's law of rent. While each individual home buying grant—such as those under the Starter Homes Initiative—may help the recipient enter the housing market, the combined effect of such grants is to push the market up further, making entry even harder for the next grant recipient. The same is true of subsidised development—it simply pushes up the cost of subsequent development. The solution to the problem of affordability must therefore be to reform the land market itself, with the result of reducing the cost of existing houses and of development land.

This is a politically dangerous idea, and the government has shown themselves to be highly wary of the perceived threat from the wealthy homeowners of middle England. In particular, negative equity is seen to be unacceptable in any form. However, the consequences of this position are clearly unsustainable. For negative equity to be avoided, homeowners must be effectively subsidised *ad infinitum*. The assumption

appears to be that homeowners have a right to profit from rising prices, but no corresponding duty to carry the risk of a price fall, creating an obvious problem of moral hazard. It also implies that current owners have a right to perpetually extract wealth from first-time buyers, and that speculators on the housing market have a right to keep all their winnings, and yet also have a right to state compensation if they lose. It is hard to imagine how we would treat any other group that demanded such a settlement.

The housing market as it stands is a brilliant device for channeling wealth away from those who do not have it and from those who created it, into the hands of those who occupy the most privileged positions in society. If we are to solve the housing problem, we have to stop being complacent about the nature of the housing market. We have to admit that the housing market as it exists is inefficient, iniquitous and ultimately unsustainable. We have to stop tinkering with the edges of the market, and tackle the fundamental issues. We have to accept that affordable housing requires house prices to come down. Taxing land values would be the simplest, fairest and most effective way to make housing permanently affordable.

March 2004

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## APPENDIX 7

### Memorandum from the Association of British Insurers

The Government's plans to tackle the country's profound housing shortage are necessary, but should not be pursued at any cost. Insurers would like to see long-term risks, such as flooding and climate change, built into the design and planning of new developments at the earliest stage, so that effective financial protection for flooding and other risks can continue to be offered to residents and businesses.

The proposals set out in the Barker Review to double the rate of house-building are necessary to stabilise house prices and promote a strong economy. However, this approach will only be successful and sustainable for the future, if it is accompanied by a stronger, more transparent planning system and tighter building regulations.

Policies to minimise long-term risks will have the effect of reducing the costs of insurance to the customer, and therefore promote economic development. At the same time, sustainable development can be achieved by taking into account the social and environmental impacts of planning decisions—for example, avoiding social exclusion by reducing risks to property for lower income groups so that affordable financial risk protection is available.

1. The Association of British Insurers (ABI) is the trade association for insurance companies operating in the UK. It represents over 400 members who, between them, transact around 95% of UK insurance business.

#### ROLE OF INSURANCE IN BUILDING SUSTAINABLE HOMES

2. Kate Barker's report to the Government in March this year<sup>3</sup> highlighted the depth of the housing shortage in this country, and the knock-on effect for spiralling house prices. House-building rates need to almost double from 140,000 to 260,000 a year to stabilise increases in real house prices at 1.1%—in line with average EU levels.

3. This is a phenomenal challenge for any Government, but clearly an important aim—if we are to achieve economic stability and reduce social exclusion in the poorest communities.

4. There are two key strands to the Government's policy to bring about a step-change in house-building rates.

- Making more land available for development, particularly in the South East where housing shortage is most acute.
- Promoting innovative construction techniques to speed up rates of house-building and reduce costs.

5. The insurance industry is central to the operation of UK's housing market, because lenders will usually only offer a mortgage on a property with adequate building insurance. As a result, insurers have a strong interest in a thriving and sustainable housing market.

6. In today's competitive UK insurance market, insurers are increasingly using an assessment of risk to price their products, particularly as reinsurers are placing greater emphasis on this approach. If the risks to new developments are not managed for the future, affordable financial protection may not remain readily available.

7. The insurance industry would like to see that the Government has conducted a proper assessment of the sustainability of proposals to address the country's housing shortage, including implications for the availability and affordability of insurance.

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<sup>3</sup> Delivering stability: securing our future housing needs, Kate Barker Review on Housing Supply, March 2004, [http://www.hm-treasury.gov.uk/consultations\\_and\\_legislation/barker](http://www.hm-treasury.gov.uk/consultations_and_legislation/barker)

8. Sustainability should be a central consideration for any large-scale plans for re-development. New infrastructure is typically designed to be in place for many decades, and so planners should always take a long-term view. Infrastructure decisions leave a substantial legacy. The built environment turns over at a rate of around 1% each year, and so is slow to respond to external factors.

9. Furthermore, large-scale regeneration projects often attract considerable investment in service infrastructure (transport, utilities, schools, hospitals), leading to a commitment to continued development of that area in the future. For example, transport investment in the Government's flagship Thames Gateway project is expected to exceed £600 million, compared to the £450 million of directly targeted resource from the Office of the Deputy Prime Minister (ODPM) to deliver new homes in Thames Gateway.

#### GROWTH AREAS AND FLOOD RISK

10. The Barker report recognises the critical role that land availability plays in promoting house-building. Suitable sites need to be made available to encourage speculative developers to build more houses.

11. Pro-active policies need to be put in place to free up land, as there is currently a severe shortage, particularly in the South East. The Barker report estimates that if all the new homes (120,000 per year) were built in the South East, they would occupy a significant 0.75% of additional land per year.

12. Current Government policy (Planning Policy Guidance 3)<sup>4</sup> aims to re-develop brownfield sites first, before looking at greenfield options. Similarly, according to Planning Policy Guidance 25 (PPG25)<sup>5</sup>, previously developed areas in high flood risk locations should be given preference over undeveloped or sparsely-developed areas, which are generally not suitable for new development in the floodplain. The Barker report further speculates on the limitations of this approach of always developing brownfield over greenfield, and whether broader sustainability criteria should be applied to land use decisions.

13. Brownfield sites are certainly a target of the Government's push for new housing in the South East, laid out in last year's Communities Plan.<sup>6</sup> Much of the land for the 200,000 additional homes in the South East by 2016 will come from former commercial and industrial use. Parts of these areas are in flood risk locations, representing additional properties currently at risk of flooding.

- Many of the homes will be located in the Thames Estuary floodplain, potentially vulnerable to a large-scale storm surge event.
- Ashford in Kent, and parts of the Milton Keynes and Stansted-Cambridge corridors, are on river floodplains and thus vulnerable to inland flooding risk.
- The high housing densities proposed could increase sewer flooding, if the capacity of the existing drainage system is compromised.

#### SUSTAINABLE FLOOD MANAGEMENT IN THE GROWTH AREAS

14. Developing on the floodplain is not sustainable, because it puts new and existing properties at higher risk of flooding. In addition, it typically involves greater investment in flood defences, leading to greater net cost. For example, the Environment Agency estimates that developing in the Thames Gateway will cost at least an extra £4,000—£7,000 per property to pay for the additional flood defences required.<sup>7</sup>

15. Large-scale new development in the floodplain will substantially increase insurers' exposure to flooding. If flood risk is not managed sustainably, the insurance industry will be unable to provide affordable cover for development in the most vulnerable parts of the floodplain.

16. The consequences of flooding will be determined by the physical characteristics of the flood (see Table 1). However, the impacts could be minimised by sustainable approaches to flood risk management, including:

- the nature of the flood defence to reduce accumulated exposure to flood risk;
- the location of development in relation to the flood defence and local topography; and
- the types of properties and their resilience to flooding.

17. Even well-developed areas of the floodplain need to consider flood risk. While flood defences can reduce the risk of flooding, they cannot eliminate it. Defences can always be overtopped by an extreme event, or breached, if their condition is not maintained. Even if Thames Gateway sites continue to be defended to the current very high standard (0.1 % annual probability), increased development could potentially increase exposure to tidal flood risk considerably, adding £1 billion to the potential flood damage.<sup>8</sup>

<sup>4</sup> Planning Policy Guidance 3: Housing, Office of the Deputy Prime Minister, March 2000, [http://www.odpm.gov.uk/stellent/groups/odpm\\_planning/documents/page/odpm\\_plan\\_606933.hcsp](http://www.odpm.gov.uk/stellent/groups/odpm_planning/documents/page/odpm_plan_606933.hcsp)

<sup>5</sup> Planning Policy Guidance 25: Development and flood risk, Office of the Deputy Prime Minister, December 2001, [http://www.odpm.gov.uk/stellent/groups/odpm\\_planning/documents/page/odpm\\_plan\\_606931.hcsp](http://www.odpm.gov.uk/stellent/groups/odpm_planning/documents/page/odpm_plan_606931.hcsp)

<sup>6</sup> Sustainable communities: building for the future, Office of the Deputy Prime Minister, February 2003, [http://www.odpm.gov.uk/stellent/groups/odpm\\_communities/documents/page/odpm\\_comm—023261.hcsp](http://www.odpm.gov.uk/stellent/groups/odpm_communities/documents/page/odpm_comm—023261.hcsp)

<sup>7</sup> Thames Gateway and Flood Risk Management—A Preliminary Assessment, Environment Agency, May 2003.

<sup>8</sup> Thames Gateway and Flood Risk Management—A Preliminary Assessment, Environment Agency, May 2003.



Table 1

## KEY CHARACTERISTICS OF DIFFERENT KINDS OF FLOOD IN GROWTH AREAS

<i>Flood Type</i>	<i>Driver</i>	<i>Water Type</i>	<i>Quality</i>	<i>Growth Area</i>
Tidal	Sea level and storm surge	Saltwater	Clean	Thames Gateway
River	Rainfall quantity	Freshwater	Mixed	Ashford, Milton Keynes, Stansted
Urban	Rainfall intensity	Freshwater	Polluted	All, but particularly high density developments

18. A precautionary approach is needed to ensure the sustainability of new housing in the growth areas.

- Climate change will increase flood risk in the future. The recent Foresight report<sup>9</sup> suggested that annual average damages could increase from £1 billion to between £2 billion and £21 billion if we take no action to manage the increased risk. Government guidance<sup>10</sup> for coastal defence projects already includes an allowance of 4–6mm for climate change over the lifetime of the project, and a 20% sensitivity test for peak river flows for inland flood defence projects. However, there is still considerable uncertainty over the impacts of climate change on storm surge in the future, even though this could have the largest influence on extreme high sea levels in the future. UKCIP scenarios<sup>11</sup> suggest that by the 2080s, climate change could add more than 1 metre to present-day storm surge heights along parts of the coast.
- Strategic flood management plans for the growth areas, most noticeably Thames Gateway, will not be ready until at least 2009–10. Given that many new developments will be built before these plans are completed, new developments should not compromise the range of flood management options in any way, and nor take place in locations whose effective flood defence depends on one particular flood management option (which may end up not being chosen).

19. Flood risk needs to be carefully and cautiously managed, so that the chance of flooding as well as the consequences are minimised. The Environment Agency has been developing creative options for managing flood risk in Thames Gateway in the long term.<sup>12</sup> Regional strategic plans for Thames Gateway, such as the London Plan,<sup>13</sup> recommend that developments are set back from the river's edge to allow for the replacement and upgrading of defences in the future.

20. However, clear and consistent messages on all these flood issues need to be passed to planners and developers, so that sustainable approaches to flood protection can be incorporated into all stages of the process—from master-planning to individual site development.

21. The Environment Agency will soon be releasing high-level guidance for managing flood risk in the growth areas—known as the “Strategy Envelope”. To complement this, the ABI will be launching its own guidance, setting out the key considerations that should be addressed to prevent flood risk increasing to a level where insurance could be unavailable or unaffordable.

#### PLANNING POLICY AND FLOOD RISK

22. Guidance on flood risk may not be effective enough to ensure that the new developments are truly sustainable—particularly with regard to flood risk. The Government should put in place a clear policy framework for successful delivery of their Communities Plan.

23. The Barker Review recommends that the planning system becomes more responsive to market signals. Insurance can provide a useful mechanism by which risks are costed directly into the price of the land and housing. Higher risk locations might attract higher insurance premiums. However, currently the planning system does not recognise these external costs in its assessment of the suitability of new locations for development.

<sup>9</sup> Foresight Flood and Coastal Defence Project, Office of Science and Technology, April 2004, <http://www.foresight.gov.uk/fcd.html>

<sup>10</sup> Flood and coastal defence project appraisal guidance: overview, Department for Environment, Food and Rural Affairs, July 2001, <http://www.defra.gov.uk/environ/fcd/pubs/pagn/fcdpag1.pdf>

<sup>11</sup> Climate change scenarios for the United Kingdom, UK Climate Impacts Programme, April 2002, <http://www.ukcip.org.uk/scenarios>

<sup>12</sup> Thames Gateway and Flood Risk Management—A Preliminary Assessment, Environment Agency, May 2003.

<sup>13</sup> The London Plan—the Mayor's Spatial Development Strategy, Greater London Authority, February 2004, <http://www.london.gov.uk/mayor/strategies/sds/index.jsp>

<sup>14</sup> Planning Policy Statement 1 (PPS1)—Creating Sustainable Communities, Office of the Deputy Prime Minister, February 2004, [http://www.odpm.gov.uk/stellent/groups/odpm\\_planning/documents/page/odpm\\_plan\\_027494.pdf](http://www.odpm.gov.uk/stellent/groups/odpm_planning/documents/page/odpm_plan_027494.pdf)

24. A strong planning system is required to ensure that a long-term sustainable view is taken. The ABI welcomes the emphasis of the new Planning Policy Statement 1 on sustainable development.<sup>14</sup> This is the only way that the legacy of development decisions can incorporate both current and future risks. However, the ABI would like to see the policy strengthened so that the sustainability of planning decisions is more transparent and accountable.

25. The Egan Review<sup>15</sup> recently recommended that “planning authorities need to review their planning application processes to maximise transparency and efficiency.”

26. While PPS1 does cover some of the broad principles to which planners should adhere, there is currently little accountability or monitoring of planning decisions. Incorporating a sustainability template or checklist for planning authorities to make publicly available (perhaps a national website) would make planning decisions more transparent.

27. Without this accountability, local-level decisions could be taken that work against national goals of sustainability. For example, the Environment Agency’s High-Level Target 12 Report<sup>16</sup> shows that there is still inappropriate development taking place on the floodplain, despite Government guidance discouraging this approach. In England and Wales, at least 21% of planning applications in 2002–03 were permitted, despite formal objections by the Environment Agency on the grounds of flood risk. The actual number of developments going ahead in flood risk locations could be up to twice as high, because the Agency is only consulted in about half of all planning applications.

28. Since land use planning plays such a key role in the sustainable management of flood risk in the long term, particularly with the added pressure of climate change, ABI would like to see the specific Government guidance on development planning and flood risk (PPG25) strengthened. The sequential test set out in PPG25 is a useful tool for planning authorities, but it mostly focuses on the probability of flooding (particularly the standard of defence).

29. New development on previously-developed land is generally permitted, provided the defences will provide the minimum indicative standard of defence over the lifetime of the development. However, unchecked development in the floodplain increases the consequences of flood (should it occur), and will certainly increase the insurers’ exposure to flood damage. PPG25 principle aim should be to ensure that new development does not cause any net increase in flood risk for the area. This means that aggregations of risk should be reduced—for example, by subdividing developments with embayments and defences set back from the water’s edge. The standard of defence could also be increased to a degree to offset the increase on potential exposure.

30. Stronger planning policy would increase the chance that the growth areas develop sustainably, with due regard to risks of flooding and other hazards, so that financial protection could continue to be offered in the short term and for the foreseeable future.

#### QUALITY OF CONSTRUCTION

31. Innovative construction techniques offer another key mechanism to speed up rates of house-building and reduce costs. The Housing Corporation itself has a target that at least 25% of grant-funded homes from 2004 will be built using modern methods of construction. In fact, based on Housing Associations’ bids, the actual proportion of new homes built using modern methods on construction will be closer to 50% in the growth areas.

32. However, this approach could prove to be a double-edged sword. As with all new technological approaches, there are some risks and uncertainties that need to be carefully managed.

33. For developers, off-site modular homes have the potential to offer considerable cost-savings during construction, as modern methods of construction can reduce project time and individual components can be imported from outside the UK at reasonable prices. But it is important that we understand more about the longevity of homes constructed using modern methods, and their resilience to flooding and other weather hazards in the long-term.

34. Insurers and lenders are now supporting development of an independent certification scheme for modern methods of construction, in order to provide recognised reassurance on designs that we have little experience of in the UK. This scheme could provide a market mechanism for dealing with these new risks.

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<sup>14</sup> Planning Policy Statement 1 (PPS1)—Creating Sustainable Communities, Office of the Deputy Prime Minister, February 2004, [http://www.odpm.gov.uk/stellent/groups/odpm\\_planning/documents/page/odpm\\_plan\\_027494.pdf](http://www.odpm.gov.uk/stellent/groups/odpm_planning/documents/page/odpm_plan_027494.pdf)

<sup>15</sup> The Egan review—skills for sustainable communities, Office of the Deputy Prime Minister, May 2004, [http://www.odpm.gov.uk/stellent/groups/odpm\\_urbanpolicy/documents/page/odpm\\_urbpol—028549.hcsp](http://www.odpm.gov.uk/stellent/groups/odpm_urbanpolicy/documents/page/odpm_urbpol—028549.hcsp)

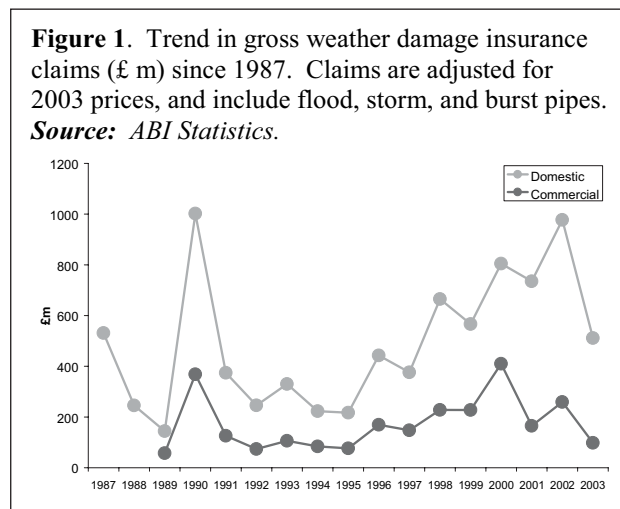
<sup>16</sup> High Level Target 12—Development and flood risk, Environment Agency, August 2003, <http://www.environment-agency.gov.uk/subjects/flood/571633>

## BUILDING RESILIENCE INTO NEW HOMES

35. Developments should be resilient to natural and man-made hazards, such as flooding, windstorm and driving rain, if they are to be considered truly sustainable. The costs of weather damage and subsequent repair will be reduced if developments are designed and constructed to be resilient.

36. Climate change is likely to increase the frequency of damaging weather events, making it even more important that resilience is incorporated into the design and construction of new buildings. Buildings constructed today will typically still be in place in coming decades when the impacts of climate change are felt more intensely.

37. Globally, we have already seen that economic losses due to natural weather catastrophes have increased ten-fold in the last 40 years.<sup>17</sup> Losses caused by natural disasters worldwide in the last 15 years have totalled \$1,000 billion, about three-quarters of which are directly linked to climate and weather events. Over the past six years in the UK, storm and flood losses have totalled £6 billion—double that of previous years (Figure 1).



38. The most cost-effective and sustainable approach is to build resilience in at an early stage. For example, climate-proofing new buildings in southern England against subsidence may only total £32 million, compared to a possible annual cost of £200–400 million from damage claims if we take no action.<sup>18</sup>

39. The Government already has comprehensive guidance on making buildings resilient to flooding.<sup>19</sup> Furthermore, the ABI has recently published its own factsheet on ways that homeowners can limit the damage caused by floodwater once it enters a property<sup>20</sup> eg, concrete floors, lime-based plaster, electrical sockets and service meters located above the likely flood level. The report examines the additional cost of installing flood resilient measures during renovation against the costs saved the next time the property floods. All the measures highlighted pay for themselves after a single flood.

## BUILDING REGULATIONS AND RESILIENCE

40. In a similar way to locating new developments away from high risk sites, the resilience of buildings can only be assured through changes in regulation. Currently, the building regulations are primarily concerned with health and safety issues, although this has been broadened recently with the introduction of energy efficiency standards for buildings.

41. The ABI would like to see the building regulations expanded further to consider issues of resilience and durability. There should be a minimum level of durability for all new homes to ensure that damage and repair costs do not escalate over time, so that maintenance of buildings is affordable and sustainable over their lifetime. A move towards low-quality housing could mean higher insurance costs, if insurers believe the risks and costs of damage to be increasing.

42. The Sustainable Buildings Taskforce<sup>21</sup> recently recommended that building regulations should require modern standards of flood resistance and resilience for all construction within areas of flood risk.

<sup>17</sup> Topics—annual review of natural catastrophes, Munich Re (2002), <http://www.munichre.com>

<sup>18</sup> Potential implications of climate change in the built environment, Building Research Establishment (2000).

<sup>19</sup> Preparing for floods, Office of the Deputy Prime Minister, October 2003, [http://www.odpm.gov.uk/stellent/groups/odpm\\_buildreg/documents/page/odpm\\_breg\\_600451.pdf](http://www.odpm.gov.uk/stellent/groups/odpm_buildreg/documents/page/odpm_breg_600451.pdf)

<sup>20</sup> Flood resilient homes, Association of British Insurers, April 2004, [http://www.abi.org.uk/Display/File/Child/228/Flood\\_Resilient\\_Homes.pdf](http://www.abi.org.uk/Display/File/Child/228/Flood_Resilient_Homes.pdf)

<sup>21</sup> Better buildings—better lives, Sustainable Buildings Taskforce Report, May 2004, [http://www.dti.gov.uk/construction/sustain/EA\\_Sustainable\\_Report\\_41564\\_2.pdf](http://www.dti.gov.uk/construction/sustain/EA_Sustainable_Report_41564_2.pdf)

#### SOCIAL EXCLUSION AND AFFORDABLE HOUSING

43. 50% of new homes in the growth areas will be affordable, and targeted at key worker schemes. We have already seen that, without careful planning, these new developments could face higher risks than other parts of the country, due to their exposure to flood damage, and the potential vulnerability of their construction.

44. The insurance implications of new developments or large-scale regeneration projects should be considered at the planning stage. Developments exposed to higher risks should not necessarily be targeted for lower income groups, eg large quantity of social housing in the indicative floodplain. Otherwise, this kind of development planning could reduce the availability and affordability of insurance for those on lower incomes. Because adequate buildings insurance is a prerequisite for obtaining a mortgage, insurance availability could affect someone's "right to buy" a property after renting.

#### CONCLUSION

45. The insurance industry has an active role to play in working with the Government to solve the housing shortage in this country. If long-term considerations, such as flooding and climate change, are incorporated into the plans at an early stage, creating truly sustainable communities can be a very real goal.

*May 2004*

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### APPENDIX 8

#### Memorandum by The Royal Society for the Protection of Birds (RSPB)

##### INTRODUCTION

1. The RSPB is Europe's largest wildlife charity with over one million members. We manage one of the largest conservation estates in the UK with more than 180 nature reserves, covering more than 100,000 hectares.

2. The RSPB's policy and advocacy work covers a wide range of issues including climate change, energy, education for sustainable development, marine issues, water trade and agriculture. The RSPB's professional conservation and planning specialists make representations on over 400 items of planning casework each year throughout the UK, including national planning policy guidance, regional planning, development plans and individual planning applications and proposals. We have considerable planning experience. For example: we worked with the Sustainable Development Commission on the new sustainable development duty in the Planning and Compulsory Purchase Act 2004; and have been involved in the Office of the Deputy Prime Minister's Planning Advisory Group in relation to the development of Planning Policy Statement 1.

3. The RSPB is the UK member of the BirdLife International Partnership, a global alliance of independent national conservation organisations working in more than 100 countries worldwide. The RSPB was actively engaged with the World Summit on Sustainable Development (WSSD) and are now working to ensure sustainable development is central to policy, decision making and action at all levels.

##### SUMMARY

4. The RSPB is concerned about the impacts that the location and design of house building will have on wildlife and the environment. We agree with a recent report for Defra (2004) that if EcoHomes are built, more houses can be accommodated at less cost to the environment. To demonstrate the efficacy of this, we estimate a cost-benefit ratio for higher energy standards for new housing.

##### SUSTAINABLE DEVELOPMENT AND THE ENVIRONMENTAL IMPLICATIONS OF HOUSE BUILDING

5. The RSPB is concerned that the conclusions and implications of the Barker Review are potentially incompatible with the general principles of sustainable development and the Government's own sustainable development objectives. Neither the Barker Review, nor the Government's Sustainable Communities Plan, has been subjected to any kind of sustainability appraisal or strategic environmental assessment. Therefore, an overarching national strategy, which is subject to a proper and rigorous assessment, is needed to ensure that the environment is at the heart of any building programme and that the outcome would be beneficial for society.

6. The planning system is currently undergoing major change. It is essential that it remains robust enough to ensure that the environmental implications of building projects are fully taken into account. Although there is a new statutory requirement for all Regional Spatial Strategies and Local Development Documents to be subject to sustainability appraisal, we are concerned that this may not be sufficiently rigorous to identify fully the environmental impacts of major house building programmes in the South East of England or elsewhere. We are particularly concerned about the Office of the Deputy Prime Minister's (ODPM)

proposals to incorporate the requirements of the Strategic Environmental Assessment Directive within the sustainability appraisal process; further guidance on this has not yet been published by the ODPM. All environmental impacts need to be properly considered and mitigated for where necessary, not “traded off” against economic or social objectives.

7. Such assessments should identify priority environmental issues. For example:

- (i) Water shortages vary across English regions; sustainability appraisal of regional or sub-regional strategies should identify the most water stressed catchments, so that the highest water efficiency standards can be pursued in those areas.
- (ii) A proposed new housing development at Holton Heath in southeast Dorset was rejected at public inquiry in 2002 due to the intolerable pressures it would have placed on designated wildlife sites of international importance. Any strategic assessment of house building or other development proposals should identify the cumulative national impacts on designated wildlife sites.

8. The Barker Review could have serious negative impacts on the environment and society, not only through a significant house building expansion, but also through the wider infrastructure and development that will accompany it. Many of these significant environmental impacts will be external to the market. Regulation must be used to minimise these externalities, for example, on issues like water supply and flood risk, to prevent loss of “functional green infrastructure”<sup>22</sup> and to improve the wildlife value of developments.<sup>23</sup> If such factors are not mitigated by genuinely sustainable development, society will face higher costs in the long term. This is why sustainable use of natural resources makes sense for current and future generations.

9. However, regulation cannot provide all the solutions. Therefore, the use of economic instruments is essential to encourage the efficient use of natural resources, minimise impacts on the environment, and drive technological change.

10. Sustainable development policies have been in place, and recognised as an issue within the construction sector, for a number of years. However, there remains inertia in the industry to delivering improved environmental performance, for example due to skills barriers. Policy objectives and voluntary approaches have clearly not brought sufficient change. Therefore, regulation and economic instruments are justified and essential to drive improvements in the environmental performance and standards of the industry; owing to the longevity of the housing stock, its output will form a significant part of the world we pass on to future generations. Improvements to the environmental performance of new buildings are known to be feasible and affordable; if we fail to achieve them, we will fail future generations and the environment.

#### COST-BENEFIT ANALYSIS OF HIGHER ENVIRONMENTAL STANDARDS FOR HOUSING

11. The RSPB believes that building regulations should be strengthened to ensure much better environmental performance from new housing. We believe this is our obligation to future generations and the environment, and is justified in terms of current costs and benefits.

12. An analysis of costs and benefits of house building standards is possible using reports from Defra (2004) and the Housing Corporation (2002). These studies were not designed for direct comparison, so analysis should be undertaken with caution. For simplicity, only comparison of the costs of energy efficiency measures and carbon savings has been made. The comparison is based on the BRE EcoHomes “excellent” standard, and the scenario in the Defra study that represents the expansion requirements outlined by the Barker Review.

13. The costs of achieving EcoHomes “excellent” standard have been estimated at around £1,760–£3,000 per home. This represents just 1.2%–2% of the average house price. However, the work for the Housing Corporation identified additional costs for social housing of the energy efficiency measures necessary within this standard of just £130 per home. The benefits of reducing carbon emissions are estimated in the Defra (2004) study at £19 per tonne, which the RSPB considers to be a very conservative figure. The costs and benefits are discounted at 3.5%, and are compared in the table below.

	<i>Total homes built per year</i>	<i>Cost of EcoHomes “Excellent” energy standard on all new homes over 15 years</i>	<i>Damage avoided over 30 years, from carbon emissions reductions</i>	<i>Benefit: Cost Ratio</i>
High	301,000	£466 million	£2,900 million	6.2:1

14. The benefits, from reduced energy use, of building to EcoHomes “excellent” standards are six times greater than the costs. The RSPB believes that higher estimates of the potential future damage from climate

<sup>22</sup> Described in the ODPM plans for the Thames Gateway at: [http://www.odpm.gov.uk/stellent/groups/odpm—communities/documents/page/odpm\\_comm\\_026908-06.hcsp](http://www.odpm.gov.uk/stellent/groups/odpm—communities/documents/page/odpm_comm_026908-06.hcsp)

<sup>23</sup> Eg: RSPB Good Practice Guide for Prospective Development (RSPB, 1997), Biodiversity Impact (RSPB, 2001) Working with Wildlife Pocketbook (CIRIA, 2004), all available through the RSPB.

change can be justified, and if these are adopted, the case for greater energy efficiency becomes even stronger. Even if a discount rate of 10% is used, the ratio stays above 4.5:1. The case for strengthening building standards is overwhelming.

15. In addition to climate change, housing produces significant environmental impacts in the form of land take, waste generation, resource consumption (eg aggregates and timber) and water use. Cost-benefit analyses of each of these impacts are required to justify the increased consumption of resources implied by the Barker Review. The RSPB believes that tighter resource use standards are justified, and will produce social as well as environmental benefits. For example, simple technologies, such as dual/low flush toilets, mixer taps, water butts, and low flow showers, can save 23 litres per occupant per day (5% of water use) (Environment-Agency OFWAT, 2001). This can reduce the average household water bill by £43 in the first year.

May 2004

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## APPENDIX 9

### Memorandum from Legal & General Assurance Society Limited

#### INTRODUCTION

1. DTZ Pidea Consulting submit on behalf of Legal & General Assurance Society Limited (L&G), these representations on the recent briefing paper prepared by the Environmental Audit Committee, which aims to review the Barker Final report entitled "Review of Housing Supply" and dated March 2004.

2. The Barker report recommends an additional 120,000 houses to be built on an annual basis throughout the UK over and above commitments identified within the growth areas of Thames Gateway, Milton Keynes and South Midlands, Ashford and London/Stansted/Cambridge. These areas are the subject of local studies, feeding into the review of regional planning guidance.

3. We understand the purpose of the Environmental Audit Committee's review is to consider the environmental implications of this anticipated level of housing growth, in order to ensure that new strategic development is provided in a sustainable manner and meets the Government's current sustainability agenda.

4. L&G own a mixed land portfolio comprising strategic landholdings in the form of previously developed land (PDL) and greenfield sites located at strategic locations on the periphery or outside existing urban areas. Some of these landholdings are located within the recognised growth areas identified within ODPM's Sustainable Communities Plan. The corporate approach to the future development of these strategic sites is through L&G's commitment to a sustainable policy agenda, which promotes the implementation of higher environmental and design standards, throughout the planning and development processes. As strategic landowners within the identified growth areas of the Government's current housing plans, L&G take this opportunity to provide comment on anticipated housing growth and suggested ways to mitigate potential environmental impacts within these strategic locations.

#### SUSTAINABLE DEVELOPMENT (CONSULTATION QUESTIONS 1, 2 AND 3)

5. We are of the view that the Barker report reflects the general principles of sustainable development within identified growth options of the south east and in accordance with ODPM's Sustainable Communities Plan. Appropriate locations within these identified growth options are currently being tested through local studies in order to ensure that the anticipated level of housing growth will be planned in a sustainable manner and result in a minimal distributional impact, whilst achieving sustainable development through the implementation of high environmental, planning and design standards.

6. We are of the view that housing growth by development of sustainable urban extensions to existing urban areas together with the development of PDL, within or outside urban areas (for example; major developed sites identified within the Green Belt), offer a deliverable and sustainable development pattern. Such development allows for proper integration between new development of a critical mass and new and planned infrastructure. Strategic developments at these locations provide the opportunity for effective social and physical regeneration by virtue of their critical mass potential and investment opportunity towards the wider social, economic and environmental benefits, and new and improved infrastructure to the local area.

7. We support the Barker report's recognition (at paragraphs 3.16-3.20) that there exists clear development constraints in bringing land forward for sustainable development with a particular regard to abnormal costs for redevelopment, landowners behavioural patterns and market variations together with viability considerations and planning and environmental constraints. We are of the view that the Government and Authorities should be promoting some degree of flexibility to the application of regulatory planning controls (ie release of less sensitive and sustainable Green Belt locations for new development) where strategic sites offer the development potential to bring forward sustainable, mixed-use development, and in turn social and physical investment opportunities, to the wider area.

8. Mixed-use sustainable development, which is carefully phased over a period of time, can mitigate environmental and social impacts through provision of community uses, infrastructure provision and a range of remediation and mitigation measures. These could include financial contributions through section 106 agreements, urban fringe land management plans, integrated public transport systems and integration with existing urban areas. The inclusion of affordable housing, social and community provision and environmental improvements would also feature.

9. A sustainable economy is often critical to meeting regeneration objectives and urban renaissance agendas. A mix of greenfield strategic employment sites, integrated with existing and proposed housing, can stimulate secondary employment generation and reverse social deprivation. This approach provides a range of jobs and housing options that help to foster socially sustainable communities by creating a ladder of opportunity.

10. It is particularly important to recognise the value of residential, mixed-use development within sustainable locations, which can properly deliver the affordable housing provision in order to meet a critical need in the southeast. As part of this requirement, key worker accommodation and low cost housing is an ever critical requirement to bridge the affordability gap in the market sector, and within particular localities.

#### LOCATION OF NEW SUSTAINABLE DEVELOPMENT (CONSULTATION QUESTION 4)

11. We generally support the Barker report in its approach to the consideration of strategic sites, which are appropriate for sustainable development through the application of the sequential test, promoted within PPG3.

12. The report highlights the locational criteria relating to the prioritisation of PDL and urban extension areas for sustainable development, where there is a recognised requirement to develop outside urban areas. The report importantly also acknowledges market related criteria. These criteria relate to site availability and the bringing forward of land for development within a reasonable period of time (ie to take into account complexity of land assembly and benefits of single ownership); suitability of development proposed, and viability in reviewing market variations, which in turn provides an indication as to whether public investment intervention is required to bring forward development (ie public and private partnerships, joint ventures or specific investment vehicles to drive forward the first phases of development).

13. Such development should be provided in accordance with delivering high standards of planning and urban design coding, together with carefully managed new infrastructure to serve new development.

14. We believe that carefully planned, sustainable development can mitigate environmental impacts. With specific regard to potential flood risk, appropriate mitigation measures can often be identified within a wider flood alleviation scheme to avoid damaging the water environment or property. Flooding measures such as sustainable drainage systems can mitigate flood risk and improve water quality by forming an integral part of the design and overall masterplan.

#### ENVIRONMENTAL AND DESIGN STANDARDS (CONSULTATION QUESTIONS 5, 6 AND 7)

15. We consider the Government should properly support, through the planning system, strategic landowners who are committed to the implementation of higher design and environmental standards to ensure proper, physical integration of land uses together with new and improved public transport links, in order to create vibrant thriving communities.

16. We are of the view that the overall objectives of the physical masterplan should be developed within the early stages of the planning process in accordance with the principles of engagement (and in accordance with current enquiry by design guidelines), in order to be considered of genuine value.

17. L&G promote this approach in accordance with their current green policy agenda, which promotes high quality, sustainable development through the masterplanning of a number of their strategic landholdings in the region. Through the strategic masterplanning processes, there is clear promotion of high quality, mixed-use development through design coding and the implementation of wider sustainability objectives: for example, the promotion of Eco Homes “excellent” rating and the overall stewardship to ensure implementation of the higher standards.

18. English Partnerships’ review of their identified millennium communities (which was undertaken by DTZ Pinda Consulting) identified the need for local authorities to relax the “usual Section 106 package”, if the high environmental and design standards were to be achieved and delivered through the planning system.

19. L&G are generally in support of the initial standards set out in the millennium communities programme, which promotes the efficient and effective use of building materials and resources, to include waste management during the construction phases. Design innovations in relation to building technology, energy efficiency and sustainability include reduced embodied energy consumption and the promotion of recycling materials, grey water recycling and reduction in on-site waste. Wider initiatives include those

relating to ecology, communications, stewardship, financial management and partnership arrangements. All these promote higher standards which we consider promotes sustainable development, through the construction and development processes.

#### SUMMARY

20. We therefore support sustainable, mixed-use development at strategic locations which assist in delivering the anticipated housing growth critically needed within the South East, whilst mitigating potential environmental impacts through planned development and section 106 planning gain. Indeed, through an inter-disciplinary approach to masterplanning, such strategic locations can deliver significant gains to the economy, transport, the environment and urban renaissance agendas.

21. It is also important to recognise that strategic development of a critical mass can assist in delivering the new and improved social and physical infrastructure to serve new communities and the wider area, which if properly planned, can mitigate any environmental impacts. Such strategic developments and related investment opportunities also present a chance to commit to higher standards of design and construction, which will promote sustainable development, in line with the Government's current sustainability agenda.

*May 2004*

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## APPENDIX 10

### Memorandum from the Government-Industry Forum on Non-Food Uses of Crops

#### INTRODUCTION

The Government-Industry Forum on Non-Food Uses of Crops welcomes the opportunity to contribute evidence to the above Enquiry. One of the issues the Enquiry has set out to investigate is whether it is possible to ensure materials and resources used during building do not have a harmful impact on the environment. This paper will specifically address this question, and will briefly introduce the role of the Forum below and give examples of crop-derived construction materials currently available or under development. It will discuss the environmental benefits such materials offer, and will briefly highlight some of the barriers to the development and take up of these crops, along with some potential solutions and some existing initiatives which the Committee might wish to be aware of.

#### THE GOVERNMENT-INDUSTRY FORUM ON NON-FOOD USES OF CROPS

The Forum is a Non-Departmental Public Body, established in March 2001 to provide strategic advice to the Government and to industry on how to promote non-food uses of crops within the UK.

The Forum believes that non-food uses of crops are capable of addressing a number of urgent social objectives related to the overall goal of economic and environmental sustainability. These objectives include:

- Providing renewable sources of energy and industrial materials.
- Preserving precious non-renewable resources.
- Promoting scientific innovation and industrial competitiveness.
- Waste management and reduction.
- Adding value to agriculture, and promoting rural enterprise.

The environmental profile of crop-derived materials is generally, though not always, superior to conventional alternatives, and the Forum has been greatly impressed by the variety of problems that non-food uses of crops can address.

It is against this background that the Forum is interested in sustainable construction materials.

#### WHAT MATERIALS ARE AVAILABLE?

Although the range of crop-derived materials (excluding timber) currently available is relatively small, there are a number of products on the market which would assist builders and architects in raising the environmental and technical performance of their buildings. Crop-derived materials are typically renewable, are less toxic and may be compostable at end of life. Importantly they typically have substantially lower embodied energy, and if properly managed are usually more sustainable than conventional materials.



The table below lists current examples and the benefits they offer:

<i>Product</i>	<i>Environmental benefits</i>
Insulation materials (eg from hemp, flax, wool)	<ul style="list-style-type: none"> <li>— Low embodied energy in manufacture</li> <li>— Naturally good performance when damp</li> <li>— Renewable Feedstock</li> </ul>
Paints (Crop-derived pigments, binders and thinners, solvents and emulsifiers)	<ul style="list-style-type: none"> <li>— Low embodied energy in manufacture</li> <li>— Reduced toxicity and disposal issues</li> <li>— Renewable Feedstock</li> </ul>
Floor Covering from natural fibres	<ul style="list-style-type: none"> <li>— Reduced health and allergy issues</li> <li>— Ease of disposal for most materials</li> <li>— Renewable Feedstock</li> </ul>
Biomass Heat Boilers	<ul style="list-style-type: none"> <li>— Renewable Energy</li> <li>— Efficient and carbon neutral</li> </ul>
Geotextiles for Landscaping and roadside use	<ul style="list-style-type: none"> <li>— Very much lower embodied energy</li> <li>— Degrade naturally at end of life leaving no traces of plastics</li> <li>— Renewable Feedstock</li> </ul>

Such benefits are gradually being recognised: for example Second Nature UK recently won The Queen's Award for Enterprise (Sustainable Development) 2004 for their wool-based insulation material Thermafleece.

#### BARRIERS TO CROP-DERIVED CONSTRUCTION MATERIALS

The Forum's investigations into crop-derived construction materials are continuing. Early findings suggest several major obstacles, which are given below along with some early responses.

##### *Awareness and Demonstration*

Awareness of alternative building materials within the traditionally conservative construction industry is low, and there is a need to increase confidence and demonstrate viability to potential users. Demonstration activity is a key requirement to familiarise architects, builders and planners with crop-derived materials, and to build confidence in their performance.

The need for demonstration and awareness has been a key theme of the Forum's investigations in this and other sectors. In response to the Forum's recommendations, Defra has released funding of up to £1.25 million per year for supply chain assessment and development for industrial materials from crops. Proposals from the construction sector are eligible for the programme, which is aimed specifically at developing, assessing and disseminating technologies using crops. The programme is administered by the National Non-Food Crops Centre, and the call for proposals was issued in late April 2004.

##### *Planning*

A lack of knowledge of, and confidence in, crop-derived materials amongst planners is often a significant barrier to their use. The awareness and demonstration work identified above is the first step to redressing this problem, but an important additional step would be for national planning guidance to give a clearer indication that viable, proven crop-derived sustainable building materials should be favoured wherever possible.

##### *Information and Performance Data*

Crop derived products commonly suffer from a lack of robust performance data. This is especially important given the financial risk involved and the extended life span in construction industry projects. Often key information relating to longevity and durability is not available because the product is relatively new and monitoring has not been carried out; in other cases (eg using straw bales for construction) evidence is available in other countries, but is not available to UK builders and planning officials in English from a source they know to be authoritative. As a partial response to this problem, Defra has commissioned a handbook from the Construction Industry Research and Information Association (CIRIA) to provide architects and builders with a catalogue of crop-derived building materials along with details of performance, environmental specification and availability.

### *Government Procurement*

The Forum believes that government procurement may have a key role to play in encouraging the use of crop-derived materials. By using such innovative materials on the government estate and in government funded projects a substantial market could be created, which would increase awareness and confidence in these materials. By committing itself to viable crop-derived materials the Government could send a clear signal to the industry, thus stimulating research and development.

Widespread government procurement may ultimately help to drive down cost by increasing the size of the sector. Cost remains an issue for crop-derived materials, as these materials are often at an early stage of their development and do not benefit from the economies of scale and written down capital costs that conventional materials often enjoy. We understand that Defra are currently looking at opportunities to incorporate crop-derived materials into forthcoming procurement directives.

The Forum would be pleased to discuss these issues further with the Committee, or to suggest further sources of information.

May 2004

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## APPENDIX 11

### **Memorandum from the Natural Environment Research Council**

The Natural Environment Research Council (NERC) welcomes the opportunity to provide evidence.

NERC is one of the UK's seven Research Councils. It funds and carries out impartial scientific research in the sciences of the environment. NERC trains the next generation of independent environmental scientists. Its priority research areas are: Earth's life-support systems, climate change, and sustainable economies.

NERC's research centres are: the British Antarctic Survey (BAS), the British Geological Survey (BGS), the Centre for Ecology and Hydrology (CEH) and the Proudman Oceanographic Laboratory (POL).

NERC's comments draw on inputs from BGS, CEH and Swindon-Office staff.

The British Geological Survey's Economic Minerals and Geochemical Baseline Programme (EMGB) focuses on delivering information, expertise, advice and research on solid minerals (metallic, industrial, construction, coal) and geochemical baseline surveys (for environmental and resource assessment end-uses). These various activities are undertaken on local, regional, and national scales within the UK and throughout the world. EMGB supports, develops and promotes best-practice sustainable development principles within the mineral development and environmental fields. BGS is thus in a particularly good position to comment on the issue of whether resources can be used and waste produced without harm to the environment.

CEH conducts environmental research under a wide range of programmes; one of its newest is the Sustainable Economies Programme, which covers land-use, energy, and hazards and risks of several kinds.

### INTRODUCTORY COMMENTS

The Committee will be aware of the April 2004 DEFRA publication "Study into the Environmental Impacts of Increasing the Supply of Housing in the UK" (Entec/Hodkinson/eftec Final report), which covers many of the issues raised by the Environmental Audit Committee.

We are concerned that environmental factors should not be seen only as obstacles to development. We need to recognise the value of land that has a tendency to flood, is unstable or whose vegetation can contribute to carbon sequestration, for example. Ideally, full life-cycle analyses incorporating all the externalities associated with housing development should be conducted, but this would be difficult for the several hundred thousand new houses planned. It is therefore particularly necessary that relevant datasets of environmental information are maintained and consulted, and that the expertise of organisations such as the NERC Research Centres is sought when developments are planned or decisions made about land allocation.

### SPECIFIC ISSUES

1. *Are the conclusions of the Barker Review compatible with the general principles of sustainable development and the Government's own sustainable development objectives?*

The Barker Review appears to base its recommendations regarding how much more housing is needed and where it is needed largely on house-price increases. It is possible that the resulting decisions regarding location could conflict with advice based on predictions of climate change and water security, for example.

2. *In view of the Barker Review is there a need for an overarching national strategy to ensure that the environment is at the heart of any building programme?*

Yes, for at least two reasons. First, the recommendations of the Barker Review could affect large areas of land in the UK, including the areas where the raw materials are sourced. There is a need to look systematically at the value of this land, to employ national environmental datasets to assess land suitability and potential impacts, and to consider the possible impacts of climate change.

Second, housing should be built according to guidelines which take into account the need to minimise environmental damage during construction and environmental impact during occupation. The current building programme has failed to keep up with the advances that have been made in environmental technology, and the opportunity to incorporate this technology into the proposed building programme should not be lost. A national strategy could consider issues such as the lifetime of new building stock, and ways of minimising maintenance and repair costs. Public-transport provision and the need for local facilities could also form part of a national strategy.

3. *Is the current planning system robust enough to ensure that the environmental implications of building projects are fully taken into account? How can the planning system be used to increase the building of more sustainable housing? Would the proposed changes to the planning system in the Barker Review have a positive or negative effect on the environment?*

No, the current planning system is not robust enough. It is also very uneven in its requirements for and use of environmental information.

Where materials-sourcing is concerned, the planning process must balance the national, regional and local requirements against the need to protect the environment, in order to secure essential materials at least environmental cost. Effective planning for minerals supply depends on identifying locations where mineral extraction will have least effect on the environment and amenity, undertaking operations with minimum environmental impacts and, as mineral extraction is not a permanent use of land, ensuring high quality restoration to beneficial after-use. Well-restored mineral workings may often become important environmental assets, for example in terms of biodiversity and amenity.

4. *Where will the proposed new housing be built? What are the implications for land-use and flood risk of the large-scale proposed building projects?*

It is clear that costs will be lower if building occurs in areas with a stable geology and hydrology. These features of the location should at least be fully understood before construction starts, both to avoid damaging the environment and to ensure that the buildings themselves do not suffer subsequent damage. In particular, the following should be avoided: building over grubbed-out hedges, on swell/shrink clays, on flood plains, on landslides, or over mined ground; the use of chemically-aggressive materials etc. Working with the landscape/geology/hydrology rather than fighting it can save costs especially if the housing stock and infrastructure is to last a long time. Water supply and waste-water handling is likely to become an important constraint in some locations especially in the South-East, and will need to be examined in the context of possible climate change, agricultural needs and the preservation of habitats. It is important that construction take account of the possible extremes that might result from climate change, rather than the predicted average conditions.

Much of the information required by planners is available but it isn't always used. CEH would be able to provide information on the land-use and flood-risk implications of proposed large-scale building projects, based on a flood-risk database, the Land Cover Map 2000 (LCM 2000) and the Countryside Survey. It would also be able to comment on the ecological implications at the landscape scale (eg fragmentation, isolation, colonisation), and on the effect on carbon balance of the land-use change. BGS can offer extensive geological data.

5. *Is it possible to ensure materials and resources used, and waste produced, during building do not have a harmful impact on the environment?*

The need for materials

Construction projects (including housing and associated infrastructure) require a wide range of mineral raw materials and mineral-derived products, eg sand, gravel and crushed rock for concrete, crushed rock for road surfaces, clay for bricks and tiles, limestone and chalk for cement, gypsum for plasterboard and plaster, and metals for plumbing and wiring. Many of these materials are produced in the UK (some 248 million tonnes of construction minerals were produced in the UK in 2002), but some may need to be imported. It is obvious that materials and resources should be locally sourced if possible, and waste locally managed. About 60 tonnes of aggregates (crushed rock, sand and gravel) are used in building the average house. Per capita consumption of primary (natural) aggregate is about 4 tonnes.

### Sources of aggregate materials

Aggregate and cement sources will require identification and earmarking for a sustained house-building programme. Minerals are not always found close to where they are required, so some have to be transported from locations across the UK and, in the case of metals, even from overseas. For example, there are many sand and gravel quarries in the Southeast but materials from these, while suitable for many purposes, cannot meet all specifications. Construction of access roads for housing developments requires a supply of tough resistant rocks like hard limestone and granite. These do not occur naturally in the Southeast and have to be quarried in areas such as the Mendip Hills in Somerset or Charnwood in Leicestershire, and then transported.

Marine-dredged aggregates (chiefly from the English Channel and North Sea) account for about 20% of the sand and gravel used in England and Wales. Recycled materials from various sources including glass, concrete rubble from demolition sites, blast-furnace slag and old road surfaces now account for about 25% of all aggregates used in Britain (the total being about 230 to 250 million tonnes per annum). The use of recycled materials has doubled in the past 15 years but there are only limited prospects of this increasing further.

Competition for aggregates between construction and flood protection is likely to increase in the UK and Europe.

### Environmental impact of quarrying

Land worked for mineral extraction accounts for about 0.5% of the total land area of England. The local impacts of quarrying create significant public concern. Impacts include traffic along access roads, noise, vibration and dust caused by quarry machinery, the visual impact of the quarrying operations and the potential effects on groundwater and river systems. These can lead to opposition to new developments or extensions of operating quarries. However, new quarry developments must comply with locally-agreed planning policies before permission can be granted to allow extraction. Once a quarry is working, the operations are closely monitored and regulated to minimise environmental impacts. Before operations are permitted to start, quarry owners are required to present detailed plans for the restoration of sites. These measures may preserve or even improve the overall quality of the natural environment after the quarry is worked out. Quarries are restored to a range of uses including agriculture, forestry, nature conservation and recreation.

Environmental impacts from transport can be minimised by extracting aggregates close to the construction site, and using rail rather than road for long-distance transport.

*6. Are the building regulations as they stand capable of ensuring that new housing is truly sustainable in the long term? How could they be improved? Could greater use be made of existing environmental standards for housing?*

There probably is a need for greater regulation, both at the level of individual buildings and at the level of infrastructure planning. It is promising that the Deputy Prime Minister has welcomed the recent report of the Sustainable Buildings Task Group, which called for a new code of practice for the construction industry.

Improvement could take place by learning from test projects. An example of a development where environmental sustainability is being considered is Nottingham University's new student accommodation. This development is being monitored, especially for its energy efficiency, and such monitoring should provide feedback to allow improved planning of subsequent developments.

*7. How will it be possible to ensure a sustainable infrastructure, including transport and water supply, which will be necessary to support any extensive house building, is put in place?*

The infrastructure and the buildings themselves should be designed together to make the most of the opportunities for sustainability. For example, the design of buildings needs to allow for the application of renewable-energy technologies.

Measures which should be considered include: the collection and recycling of water for use in twin systems (potable/non-potable), as in the Netherlands, and the local sourcing of power and heat (by each individual building having its own CHP and fuel source, for example, or by the exploitation of local geothermal energy opportunities).

The location of community facilities could be planned to reduce transport requirements, ie where extensive new housing is planned it should be thought of not simply as additional housing but as multiple-use development.

8. *Do those involved in housing supply, both in the public and private sector, have the necessary skills and training to ensure new housing meets environmental objectives? If not, how can the knowledge base of those involved in the planning and building process be improved?*

Not all do, and this is an issue which could be addressed as part of a national strategy aimed at ensuring that the environment is at the heart of any building programme. In particular, the involved parties could benefit from visits to certain continental European countries where planning and construction have for many years been closely linked with environmental objectives.

May 2004

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## APPENDIX 12

### Memorandum from the National Housing Federation

#### 1. INTRODUCTION

The National Housing Federation represents 1,400 not for profit independent social housing providers in England. The Federation's members include housing associations, co-operatives, trusts and stock transfer organisations who manage more than 1.8 million homes provided for rent, supported housing and low cost home ownership, and an increasingly diverse range of community and regeneration services.

The Federation has led the housing association sector to a new vision *in Business* for neighbourhoods, predicated on commitments to neighbourhoods, customers and excellence. We see this as a progressive change programme to deliver more effective services and support for sustainable communities. It is grounded in a vision of mixed neighbourhoods in terms of housing type and tenure where associations contribute to meeting a range of needs across age, ethnicity, economic status, household size, faith, special needs etc.

#### 2. BALANCED HOUSING MARKETS: CONTRIBUTION TO SUSTAINABILITY

##### *The case for balanced housing markets*

It is widely accepted that balanced housing markets are essential for the economic and social success of communities, regions and the UK as a whole. Achieving this balance requires the government to respond to the problems both of housing shortage and of over-supply. We would like to see the ODPM establish a national delivery unit to respond to the "balanced housing markets" PSA target.

##### *Case for more affordable housing*

We welcomed the spotlight that the Barker report placed on the need to boost housing supply and in particular affordable housing. Affordable housing has always had a key role to play in sustainable development. Good quality, affordable housing is central to any society's aim of improving quality of life; having a direct impact on employment, social exclusion, education, health, family life and social relations. Decent homes at a price people can afford are central to the achievement of social progress and the maintenance of high and stable levels of economic growth and employment. The Sustainable Communities Plan also recognised the wider importance of the quality of the built environment and the liveability agenda.

The Barker report looks at housing supply from a macro economic perspective of stabilising house price inflation. As a result it recommends an increase of 17,000–23,000 affordable homes each year above current provision, and a doubling of provision from the private sector to 125,000 to 140,000 homes per year. We look at supply side issues from the perspective of what is needed to deliver the long-term objective of sustainable communities and balanced housing markets in different localities. In our joint Spending Review 2004 submission with the Local Government Association and Chartered Institute of Housing we argued for a mixed housing association programme, towards meeting future housing needs and the backlog of unmet need, to deliver 60,000 affordable rented, low cost home ownership and intermediate rented homes a year by 2007–08 building up from a programme of 35,000 homes in 2005–06.

Our analysis is grounded in a belief that a failure to meet the needs of medium and low income households, who are priced out of private sector options, will threaten the achievement of sustainability objectives. More than 10,000 households are currently living in bed and breakfast accommodation, a further 83,630 are in forms of temporary accommodation, and 1,260,000 are on housing waiting lists. Behind these figures are the immense costs to individuals and society of people inadequately housed, or placed in temporary accommodation, in some cases far from friends and family unable to put down roots.

### *Rural housing issues*

Whilst the shortage of affordable homes in urban areas is well documented the needs of rural communities also require supply side solutions. The Countryside Agency estimates that an additional 10,000 affordable rural homes per year are required to meet existing rural community needs, while the Rural Housing Trust estimate there is a need for six to eight subsidised houses in each of the 8,000 small villages in England—a total of 50,000 homes. Once local people are priced out of the market it becomes harder to revitalise market towns, villages and the rural economy. House prices are often driven upwards not by local incomes but by pensions, savings and the sale of houses in other areas. It can be impossible for low to moderate-income households to compete in this environment.

### *Housing market renewal*

It is important to note that the other side of balancing housing markets is the need to invest in failing and weak markets. In such areas, housing market dysfunction threatens sustainability objectives. The blight of empty homes and degraded environments are significant features in some areas of the north and midlands. In our Spending Review submission we recommend that the total level of expenditure for the existing Housing Market Renewal Pathfinders should be £290 million per annum for the Spending Review 04 period to enable these issues to be adequately addressed.

Building on the Pathfinders we need a comprehensive strategy for tackling low demand problems across the country. This recognises that the Pathfinders cover only half the areas experiencing abandonment and dereliction. We recommend that the government should address low demand problems and dysfunctional housing markets in all parts of the country by adopting a new National Strategy for Housing Market Restructuring. To fund the strategy we argue in our joint Spending Review 2004 submission for an allocation of additional £350 million over the spending review 04 period.

### *Conclusions on housing markets*

The provision of housing in different localities needs to be based on whole market assessments so that in different localities an appropriate mix of housing between affordable rented, low cost home ownership and intermediate rented housing is provided.

## 3. MIXED COMMUNITIES: CONTRIBUTION TO SUSTAINABILITY

Sustainability will be best met by delivering inclusive and mixed neighbourhoods (in terms of housing type and tenure to meet a range of needs across age, ethnicity, economic status, household size, faith, special needs etc) where people want to live. Research published by the Federation in September 2003 *Regional Futures: Neighbourhood Realities* indicates that there is a general consensus that mixed neighbourhoods are the places where people have the best chance of thriving.

Promoting mixed communities means action to increase the mix on existing mono-tenure areas, such as peripheral council estates, as well as action to ensure that new developments cater for a mix from the outset. It is also about ensuring that in areas, such as rural communities, that the needs of people on low to moderate incomes are not squeezed out by rising land and property values.

In the growth areas, political concern is tending to focus on the large-scale physical infrastructure and flood protection needed to make the developments sustainable. Whilst these issues are important, we will not build sustainable communities if we forget about social infrastructure and social mix. Also of importance is attracting employment to these areas. The housing market renewal programme also offers the opportunity to not only restructure the built environment but also to let for mixed and sustainable communities.

## 4. INVESTMENT AND LAND USE POLICY: CONTRIBUTION TO SUSTAINABILITY

### *Investment needs*

A significant increase in the supply of affordable housing can be achieved through the expansion of the housing association development programme and through initiatives to bring empty homes back in use. In our joint Spending Review 2004 submission we propose a mixed housing association development programme costing £8.4 billion to deliver 60,000 affordable rented, low cost ownership and intermediate rented homes a year by 2007–08. This is based on the planning system complimenting public expenditure to secure the supply of affordable housing set out.

*Reform of planning policy*

Indeed planning policy should be seen alongside housing investment as central to ensuring that the nation's housing needs are met and that individuals and communities enjoy quality housing and neighbourhood environments. In areas of high land values and limited supply the provision of new affordable homes is heavily dependent upon land use and planning policies.

Prior to Barker, the planning system was already undergoing major change. We welcomed the encouragement given to mixed tenure in new developments in the recent consultation on PPG3 and PPS1. However, we believe the statement in the draft PPS1 that a “suitable mix of housing including adequate levels of affordable housing” will be difficult to achieve unless firmer commitments are made in PPG3. Therefore we have suggested that “planning policy should include a presumption that all housing developments should respond adequately to the full range of needs—including the provision of a genuine mix of market and affordable homes”.

In our recent response to PPS1 we also endorsed the statement that “sustainable development is the core principle underpinning planning”. But we stressed the need for a framework to enable planners to achieve this. We suggested the model developed within the Egan Review on “Skills for Sustainable Communities” could provide a tool for planners to test the components of sustainability.

We would urge the government, in responding to the Barker report's call to re-visit PPG3 and liberalise planning, not to lose sight of the importance of affordable housing within mixed developments and the achievement of wider sustainability objectives.

With the passing of the Planning and Compulsory Purchase Act, we are keen to explore ways in which “on site” in kind affordable housing through s106 schemes could be maintained and promoted by planners to encourage mixed and sustainable communities. We are concerned that the alternative optional planning charge will, particularly in areas of high land values, force local planning authorities to allow affordable housing in areas of cheaper land where social housing is already predominant. If the planning gain supplement, proposed by Barker, is to be introduced, the details of how it operates would also need to be tested against mixed community and wider sustainability outcomes.

We are concerned that the Barker report's presumption that land should be used for the most commercially viable purpose could squeeze sustainability considerations. Also, “best consideration” should only be one of a number of criteria that public bodies have to consider in relation to land disposal. The policy framework should be changed to also require them to ask “how can this site be optimised for public benefit”. In this way sustainability objectives could be placed at the heart of public land disposals.

Barker was right to draw attention to some of the problems with the current planning processes. However, any proposal to liberalise land-use planning and fast track approval should ensure that quality and sustainability are not sacrificed to speed. We welcomed the recently announced piloting of design codes by English Partnerships in conjunction with CABE. Design codes do have the potential to improve both the speed and quality of development delivery. However there is a risk that by focusing primarily, if not solely, on aesthetic considerations, design codes will fail to secure wider sustainable outcomes.

On the specific point of unmet rural housing needs, the rural exceptions policy (Planning Policy Statement 7) should be maintained alongside the new rural allocation policy to enable sites solely for affordable housing to come forward.

*Brownfield and high density development*

The current emphasis of recycling urban land before greenfield sites needs to be retained. In the light of Barker's recommendations the government should look at what more can be done to bring forward brownfield developments. There is a need for effective land assembly and a further examination of the role that English Partnerships could play in recycling unused public sector brownfield sites in a way that optimises the benefit to the public, including reflecting sustainability considerations.

Taking many large cities as examples, most available sites for development now and in the future can be considered brownfield sites. An accurate understanding of their additional site development costs is needed to enable planners to safeguard affordable housing provision on brownfield land.

High quality high density housing also has a role to play in ensuring effective land-use. The contribution that such developments can also make to sustaining social and economic infrastructure, such as local shops and transport links should also be acknowledged from a sustainability perspective.

A recent London Housing Federation report *Capital Gains: making high density housing work* found a number of factors in the success of higher density developments, these included: accessible locations with good transport links, access to employment, proximity to shops and other amenities; low occupancy levels and child density. The research also recognised the contribution of high quality designs and housing management to the success of high density housing. With this, there needs to be a recognition of the costs of such developments.

## 5. STANDARDS OF HOUSING DEVELOPMENT

### *The housing association sector*

There are lessons for private sector developers in the sustainable development approach that housing associations are expected to take to new developments and the rehabilitation of their existing stock. The Housing Corporation's 2003 Sustainable Development Strategy has the objective of ensuring that all associations with more than 250 homes address sustainable development issues in their policies, strategies and action. The outcomes it wishes to see include higher environmental performance standards and lower energy and water bills for residents. These objectives are central not only to environmental considerations but also to alleviating poverty and wider social and economic objectives.

Housing associations build homes that are of high quality that are intended to last for decades. Their investment in homes and neighbourhoods is for the long-term. They have an ongoing housing and neighbourhood management role, such that it is in their interests to build homes and external environments to high standards from the outset.

Housing associations develop new homes to the Housing Corporation's Scheme Development Standards. These place an emphasis on design and the quality of the whole living environment. Locational considerations include convenience of local services, such as parks, public transport, schools and post offices. Aesthetically, buildings are required to be compatible with or enhance the local environment. Schemes are also required to incorporate cost effective energy efficiency measures and for new build homes this means an EcoHomes rating level of "pass" is required—"good" is recommended. Indeed the Housing Corporation's Sustainable Development Strategy sets out an aspiration that all new affordable homes programme schemes should meet the "very good standard" by 2006.

### *Social Housing Grant to private sector developers*

Consideration needs to be given to the potential threat to sustainability objectives of the proposal to pay social housing grant to private sector developers contained within the Housing Bill going through parliament. How will government ensure that quality is not compromised in an un-regulated private sector? Will scheme development compliance audits be equally vigorously applied? Will quality considerations take into account environmental standards both within and beyond the home? How will private sector developers be encouraged to build for mixed communities rather than segregate tenures in pursuit of maximum land values? Will the private sector be required to recycle surpluses into social purposes in support of long-term sustainability?

If the government persists in going down this route, the private sector recipients of grant should be required to meet the same high scheme development standards (see above) if the government is serious about its own sustainability objectives. Also for the same reasons, if the private sector is to have an ongoing management role, it should be required to meet the same high standards as associations must under the Housing Corporation's Regulatory Code. Long-term value-for-money considerations need to take into account qualitative standards, including environmental considerations, as well as the initial price per unit.

It is not clear at this stage how the Housing Corporation sees its Sustainable Development Strategy as fitting with the administration of grants to private sector developers. To what extent will sustainable development principles be an explicit grant allocation criteria? Also, as the Housing Corporation adopts new policies over time, as illustrated by recent initiatives, such as its Sustainable Development Strategy and the Decent Homes Standard, how would these be applied to an unregulated private sector if they were not a condition of the original grant condition?

## 6. GOOD PRACTICE

The Federation has promoted good quality designs, through for example good practice publications such as Standards and quality in development. Details of good practice in the sector are available from us or from Sustainable Homes ([www.sustainablehomes.org.uk](http://www.sustainablehomes.org.uk)) they include:

- local sourcing of building materials;
- local labour schemes and a wide range of construction training placements on new build and refurbishment sites;
- community enterprises;
- waste reduction/recycling including water recycling;
- high density high quality housing;
- energy efficiency homes.

We would be happy to provide further information on the issues raised or good practice examples.

May 2004



## APPENDIX 13

### Memorandum from NHBC

1.1 NHBC is the UK's leading warranty and insurance provider for new homes. Established more than 65 years ago, our role is to raise standards in the new house-building industry and provide consumer protection for new house buyers.

1.2 NHBC's 10-year Buildmark cover provides the most comprehensive protection for new homes in the UK. There are approximately 1.7 million homes currently covered by the policy and there were more than 170,000 Buildmark certificates issued to new homebuyers in the last year.

#### OVERVIEW

2.1 NHBC supports a positive approach to sustainability and is actively involved in enabling and facilitating the improvement in the environmental performance of the house-building industry and new homes, their built environment and its supporting infrastructure. An appendix showing some of the areas in which we are involved follows our submission.

2.2 One of the key strands of sustainable development is "social progress which recognises the needs of everyone". The effect of the vast under-supply of housing in the UK is that many people are unable to "get a foot" on the housing ladder. If more new homes are to be built to address the consequent social need, then it is essential that we take account of all relevant environmental considerations.

2.3 Amongst other things, sustainable principles demand that houses will not require replacement or major repairs prematurely—this avoids waste of building materials, effort and energy. NHBC's fundamental role is to ensure the quality of new homes. NHBC works to ensure that new-built and converted homes are designed and constructed in accordance with good technical standards so that increasing housing output does not lead to a reduction in the quality, widespread failure, and the need for wasteful repair or reconstruction.

#### MODERN METHODS OF CONSTRUCTION

3.1 NHBC is actively involved in the growing use of modern methods of construction by the house-building industry. NHBC supports those robust and well-researched changes in house-building technology which lead to more efficient construction. However, based on our extensive experience we also know precisely why it is important to balance the advantages with potential risks. Some modern methods, such as the thousands of well-performing, well-designed timber frame and steel frame systems in the UK, have little risk of technical failure attached.

3.2 We do however, need to raise awareness in the industry of how seemingly innocuous design changes to even these relatively well established systems can lead to technical risk.

3.3 A good recent example is the collapse of the housing warranty programme in British Columbia, Canada, which was the direct result of a few simple but ill-considered design changes to an established form of timber frame construction leading to massive failures. Worryingly, the same technical failure has now been witnessed in parts of the USA and in New Zealand.

3.4 An example nearer home is the legacy of many PRC (precast reinforced concrete) houses and LPS (large panel system) flats built up to the 1960s. These have not proved as satisfactory in use or as durable as other homes using "traditional" methods built during the same period, and many have already been demolished or have required extensive repair.

3.5 NHBC Standards take a positive and pro-active approach in such areas, to ensure good performance in use and so make a valuable contribution to sustainability.

#### CONVERSION SCHEMES

4.1 The opportunity to create viable new homes from worn out existing buildings shouldn't be overlooked and "recycling" in this way is a positive response to the challenge of building sustainable homes. A growing number of examples of highly successful conversion and renovation schemes across the country have helped to regenerate local communities.

4.2 Homes registered through NHBC's Conversions and Renovations Scheme are assessed and converted or renovated in accordance with good technical standards and inspected as works progress by our experienced inspectors. We seek to ensure high quality housing not requiring premature repair. The principles applied, such as by the NHBC scheme (with the benefit of its ten-year warranty), should be encouraged for all conversion and renovation projects.

## “EcoHOMES”

5.1 We would strongly recommend that the appropriate tool for assessing the sustainability of homes is BRE’s “EcoHomes”, which is based directly on BREEAM and, together with its companion “Green Guide to Housing Specification” was sponsored by NHBC. NHBC provided funding and worked with BRE, industry and stakeholders to ensure a living tool capable of ongoing development as knowledge advanced. It has taken only three or four years to become well established, being both understood by the industry and a requirement in most social housing.

5.2 The rating scheme provides the flexibility necessary for designers to ensure that all their developments achieve enhanced levels of performance, and could sit alongside SAP in the Building Regulations as a means of demonstrating compliance in the field of sustainability. We also note that the Sustainable Buildings Task Group has recently recommended to Government that a Code of Sustainable Building based on BREEAM (including EcoHomes) be adopted.

## CONCLUSION

6. Finally, we believe that an over-arching national strategy will be essential to achieve the imperative of major advances in the field of sustainability. We see a pressing need for the complementary functions of planning and building control to be clarified and focused within such strategy to eliminate confusion, contradiction and overlap, particularly as building regulations move to embrace sustainability explicitly for the first time.

7. As can be seen from our response, NHBC has a long history setting and overseeing the application of standards for new homes, and is also involved in a wide range of activities impacting on sustainability. If, therefore, the Committee would like to explore any issue further with us, whether in writing or in person, we would be happy to make the necessary arrangements.

## Annex A

### NHBC’S ENVIRONMENTAL AND SUSTAINABILITY INVOLVEMENT

#### 1. *EcoHomes*

NHBC sponsored the recent new BRE EcoHomes Environmental Rating Scheme and associated Green Guide to Housing Specification. It covers all the elements of the building, energy, transportation, pollution, materials, water, ecology, land use, and health and wellbeing.

EcoHomes is designed to be developed continuously as understanding of the issues grows.

The Housing Corporation now requires EcoHomes ratings as a norm.

NHBC is a registered assessor under the scheme, providing Environmental Ratings and supporting a wide cross-section of the Industry with advice.

#### 2. *Sustainability in Residential Landscapes*

NHBC is sponsoring a PhD study in the University of Sheffield which has the potential to expand EcoHomes.

#### 3. *Home Energy Ratings*

NHBC worked closely with NEF (National Energy Foundation) at the inception of the Home Energy Rating Scheme and NHBC now runs a successful national energy rating programme.

#### 4. *Contaminated land*

NHBC sets standards, and provides insurance cover, for contaminated land reuse.

NHBC is also contributing to the SITA Environmental Trust project—a Contaminated Land Web for the Construction Industry.

#### 5. *Waste Management*

NHBC is involved in the work on a Single Regeneration Permit, aimed at simplifying legislation and the waste management process, with organisations including the former British Gas, ODPM and the Environment Agency.

## 6. *Conversions Warranty*

NHBC Conversions Standards, Inspection and Insurance encourage the reuse of existing buildings, and the sensible retention and upgrading of elements, by making them mortgageable.

## 7. *Climate Change*

NHBC supports and is involved in several projects about climate change and adaptability in the industry, including with SPRU, CIRIA and others.

## 8. *SUDS (Sustainable Urban Drainage Systems)*

NHBC is involved in and funds several projects on natural drainage systems that utilise the landscape (SUDS), including three with CIRIA (Design; Guidance; and Good Practice).

We also contribute to a further CIRIA project on Sustainable Water Management in Land Use Planning.

## 9. *Flooding*

NHBC jointly sponsored DTLR's "Preparing for Floods" document and sat on the Steering Group.

NHBC also jointly sponsored the CIRIA document "Repair of Buildings following Flooding" and sat on the Steering Group.

## 10. *Europe*

By providing the Technical Secretariat to the UEPC (European Union of House-Builders), and in other ways such as through AEHWO, FOCOPE (Forum in the European Parliament for Construction), NHBC is influencing European Directives and legislation on a range of relevant issues including sustainability.

May 2004

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## APPENDIX 14

### Memorandum from ecoSE

#### 1. INTRODUCTION

##### 1.1 *Who are ecoSE?*

ecoSE is a key strategic partnership in the South East of England, consisting of a range of organisations from the public and private sector. The current membership comprises representatives from the following organisations:

- Environment Agency (Southern and Thames Regions).
- South East England Regional Assembly.
- Government Office of the South East (GOSE).
- South East England Development Agency (SEEDA).
- Countryside Agency.
- Southern Water.
- Mid Kent Water.
- Pavilion Housing.
- WaterVoice.
- Woking Borough Council.
- Energy Savings Trust.
- Town and Country Planning Association.

##### 1.2 *Why are we submitting a memorandum?*

The Environmental Audit Committee's inquiry into Housing: Building a sustainable future is of direct relevance to the work and objectives of ecoSE, and is strongly commended. The ecoSE partners have a common objective to ensure that housing development in the South East takes place in a carefully planned manner; one which will allow sustainable economic growth, will create a better quality of life through addressing social issues, and will both protect and enhance the environment.

1.2.1 The partnership was formed in a direct response to the significant environmental pressures that already exist in the South-East, such as scarcity of water resources, increasing energy use and waste production, increasing flood risk etc., which may be exacerbated by the current growth forecasts for the South-east.

## 2. EVIDENCE RELATING TO THE ISSUES OF CONCERN TO THE COMMITTEE: COMMITTEE QUESTIONS

2.1 *Are the conclusions of the Barker Review compatible with the general principles of sustainable development and the Government's own sustainable development objectives?*

2.1.1 ecoSE is committed to working towards a prosperous region that understands the need to balance social environmental and economic issues. Therefore the suggestion from the Barker review that economic considerations of new housing may have to "over-rule" environmental objectives is of potential concern.

2.1.2 Social, economic, or environmental objectives are not mutually exclusive. Sustainable development should ensure that progress is achieved without negatively impacting on any of these objectives and, wherever possible, utilises opportunities to enhance them.

2.1.3 A balanced and integrated approach to housing development is therefore required. ecoSE believes that through high quality design of communities, raised housing construction and design standards, retrofitting of older housing stock, and working together to establish new skills and financial mechanisms, the needs of sustainable development can be addressed in a positive way.

2.1.4 The economic benefits of unsustainable housing development also need to be seen in the context of any resultant accelerated climate change, more frequent water shortages, more waste management facilities, increased flooding, higher household bills and potential EU infraction proceedings against the UK for infringements of numerous EU Directives. This will impact upon the social and economic prosperity of the South East and thereby the UK.

2.2 *In view of the Barker Review is there are need for an overarching national strategy to ensure that the environment is at the heart of any building programme?*

2.2.1 The current review of the National Sustainable Development Strategy could be used to set the overarching principles that should ensure that the environment (including water resources, flood risk, and water quality) is considered in conjunction with social and economic issues. It is then important that a requirement is made for this guidance to filter down to all government guidance and initiatives, including building programmes.

2.2.2 ecoSE supports the use of high quality design and building standards and the use of best practice. Whilst this does not represent an overarching strategy they are essential elements to the delivery of any strategy.

2.3 *Is the current planning system robust enough to ensure that the environmental implications of building projects are fully taken into account? How can the planning system be used to increase the building of more sustainable housing? Would the proposed changes to the planning system in the Barker Review have a positive or negative effect on the environment?*

2.3.1 The Town and Country Planning system regulates the development of land across England and Wales. It is designed to balance competing objectives and is ideally placed to address issues of sustainable development and sustainable construction.

2.3.2 ecoSE sets out recommendations for changes to the planning system at National and Local level under its manifesto Issue 3, section 3.2 (see Appendices). These include updating the Planning for Sustainable Development (1998) document, as well as developing a criteria based approach to appraising planning applications. Local development frameworks, permitted development rights and supplementary planning guidance should clearly address policies covering sustainability and sustainable design and construction.

2.3.3 With regard to Regional spatial strategies, planning policies should require that all developments achieve a standard which is equivalent to BRE EcoHomes "very good", or in SPG develop an equivalent local standard which includes additional local issues and concerns. This is necessary to help address the significant environmental challenges in the South East highlighted in the ecoSE Manifesto Issue 2, section 2 & 3. (see appendices).

*2.4 Where will the proposed new housing be built? What are the implications for land-use and flood risk of the large-scale proposed building projects?*

2.4.1 In the South-East there exists many pressures not only on the environment but socially and economically as well. The challenge is therefore to build not only in the right place but to produce developments of a very high quality and design so that there are minimal impacts on the environment and optimum benefits to the quality of life of those living in the South East.

2.4.2 With regard to flood-risk, the design of projects should be such as to minimise risks to inhabitants through innovative flood risk management techniques, building in resilience, and locating types of development appropriate to the risk. To reduce the impacts of development on flood risk, particularly in the face of climate change which will serve to increase risk in the south-east, sustainable urban drainage systems should be incorporated in new and regenerated developments wherever hydro-geologically appropriate.

*2.5 Is it possible to ensure materials and resources used, and waste produced, during building do not have a harmful impact on the environment?*

2.5.1 ecoSE would encourage the construction industry to take responsibility for the waste it produces. Within the South East the industry generates an estimated three million tonnes of waste, including excavated soil and clay, through house building. Incidents of fly-tipped construction waste are also increasing as landfill taxes and transportation costs rise. The industry can reduce the waste it generates and better manage resources by adopting the waste hierarchy.

2.5.2 ecoSE's Manifesto Issue 2 section 2&3 (see appendices) proposes further details on how to reduce the impact of construction waste, and encourages the raising of construction standards for all new buildings, regeneration and maintenance to achieve high levels of water and energy efficiency coupled with waste minimisation. This highlights the benefits in use of best practice in improving environmental performance and reducing harmful impact.

2.5.3 The incorporation of these standards is not however enough in itself and there should also be emphasis put on ensuring the construction industry has the right skills, as well as those working in the other elements of the development process including developers, planners and commissioning bodies. (see manifesto Issue 5 section 1 in appendices).

*2.6 Are the building regulations as they stand capable of ensuring that new housing is truly sustainable in the long term? How could they be improved? Could greater use be made of existing environmental standards for housing?*

2.6.1 To address sustainability through the Building Regulations requires a change in primary legislation. This may take some time to implement and there are more direct means of introducing sustainability requirements into new construction projects.

Options include:

- Advantage should be taken of the significant opportunities for updating existing regulations beyond the forthcoming review of Part L.
- Existing regulations should be upgraded to keep in line with UK sustainable development targets.
- A revised Building Regulation Approved Document relating to materials should be introduced. This should require the use of materials with low environmental impacts and reused/recycled materials.
- More onerous performance targets for homes should be imposed through the Building Regulations system.
- Additional funding, resources and training (where required) should be provided to local authorities to allow more stringent enforcement of existing and future housing standards.

2.6.2 ecoSE want to see all development in the SE undertaken to ecohomes "very good" standard, but also achieving optimum deliverable water efficiency savings as set out as part of the ODPM/DEFRA "Better Buildings Summit" and the Energy Savings Trust Best Practice standard for energy efficiency.

2.6.3 A rating of "very good" or "excellent" requires developers to consider all of the issues (energy, water, pollution, materials, transport, ecology and land-use, and health and well being) and ensure that housing has a high all round performance without being overly prescriptive. Specifying a rating of PASS or GOOD could allow developers to cherry-pick the issues which they could easily deal with whilst neglecting other areas.

2.6.2 ecoSE also draws the committee's attention to the Government's Energy Efficiency Action Plan (April 2004) which deals with the huge opportunities for improving energy efficiency, estimated at around 30% across the economy using established technology.

*2.7 How will it be possible to ensure a sustainable infrastructure, including transport and water supply, which will be necessary to support any extensive house building, is put in place?*

2.7.1 New development across the South East will place greater pressures upon already stretched infrastructure and environmental resources. In many cases this will require substantial infrastructure investment, although the design and construction of each development, and how people subsequently use them, will largely determine the scale of these pressures and thus required investment. This demonstrates the importance of high quality design and build to minimise the impact on existing infrastructure.

2.7.2 The pressures on infrastructure can also be substantially reduced by a major programme to encourage the retrofitting of existing stock; raising energy and water efficiency to EcoHome “very good” standards. This is addressed in the ecoSE Manifesto Issue 4 (see appendices) and includes proposed efficiency standards.

2.7.3 A transport assessment is included in the Ecohomes standard and therefore represents one element of ensuring sustainable transport infrastructure. Good design of communities, that reduces travel distances and reliance on the private car by providing local community social infrastructure, is also essential in influencing the scale and type of transport infrastructure required. (see Manifesto issue 1 section 4 in appendices)

*2.8 Do those involved in housing supply, both in the public and private sector, have the necessary skills and training to ensure new housing meets environmental objectives? If not, how can the knowledge base of those involved in the planning and building process be improved?*

2.8.1 See para 2.5.2, and ecoSE Manifesto Issue 5, section 1, which focuses particularly on working together to establish new mechanisms and ensuring that industry has the right skills.

2.8.2 If we are to implement best practice and make the very most of new technology, we must equip our workforce to harness the gains that technology can bring to sustainable development. Investment in skills will be needed to support the sustainable construction of new developments and retrofitting of existing development.

## 2.9 Other Issues

2.9.1 Financial Incentives. ecoSE recognises that to achieve improvements in building standards and design within a sustainable development framework, whereby economic, environmental and social considerations are addressed, financial incentives may be required. These are covered in ecoSE Manifesto issue 5, and include:

- Abolition of zero percent VAT rate for new residential build.
- Reduced VAT rates for accredited supplies.
- Product charges on non-sustainable building materials and equipment.
- Subsidies for the installation of sustainable equipment.
- Stamp duty relief for sustainable homes.
- Capital allowances for expenditure on the conversion of premises into “sustainable” dwellings.
- Green Mortgages.
- Energy Grants.

## 3. APPENDICES ACCOMPANYING MEMORANDUM

- Manifesto and ecoSE Mission Statement.
- Manifesto issue 1: Ensuring that the highest quality of design in new developments and their surrounding communities is achieved, creating spaces that can meet people’s changing needs, minimise the impact on the environment and are places where people want to live and work.
- Manifesto issue 2: Promoting and encouraging the raising of construction standards for all new buildings, regeneration and maintenance to achieve high levels of energy and water efficiency coupled with waste minimisation.
- Manifesto issue 3: Raising the design standards of new homes, by encouraging the following groups to adopt ecohomes “very good” as a minimum standard.
- Manifesto issue 4: Promoting and encouraging the retrofitting of existing stock to raise energy and water efficiency to EcoHome standards “very good”.
- Manifesto issue 5: Working together to establish new mechanisms, ensuring the industry has the right skills, and promoting financial incentives to encourage better housing design, construction and “retro-fitting” to secure the environmental improvements needed.

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## APPENDIX 15

### Memorandum from English Heritage

English Heritage welcomes the opportunity to submit evidence to the Select Committee's Inquiry into sustainable housing and the implications of the Barker Review of Housing Supply.

English Heritage is the Government's statutory advisor on the historic environment in England.

#### *1. How future housing building programmes can be made truly sustainable and take full account of environmental objectives*

English Heritage is concerned to ensure that all those making decisions in relation to strategic housing provision are aware of the contribution historic buildings make to the total stock. Every effort should therefore be made to make best use of the existing stock to avoid unnecessary environmental and financial costs of demolition and new build. It is also important to ensure that the debate does not deal only with the supply of new housing but also looks at making best use of existing buildings through "Living over the Shop" initiatives, conversions to residential, reducing vacancies in local authority and other public housing etc.

Evidence submitted at the public inquiry into the Nelson West housing development plans which proposed large-scale replacement of Victorian terraced housing stock with new-built homes demonstrated that in this case the typical cost of refurbishing one of the existing houses and maintaining it for 30 years was under £25,000 compared to a total cost of £64,000 for replacing it with a new property and maintaining it for a similar period. We recognise, however, that it is not realistic to retain every building, nor should one focus entirely on increasing demand in low-demand areas without paying attention to the high demand in the SE.

Our work on historic landscape characterisation in the Thames Gateway is helping to identify those areas best able to cope with significant new house building while also presenting elements of the historic environment that can form the centrepieces or set the standards and character for new development. English Heritage believes the historic environment is crucially important to the regeneration of the Thames Gateway. Physical investment in the built environment acts as a catalyst for regeneration, encourages additional funding and private sector investment, supports local businesses and enables economic growth. The impact of heritage investment is also demonstrated in new economic confidence, changing perceptions of places and a stronger sense of community identity and distinctiveness.

#### *2. Are the conclusions of the Barker Review compatible with the general principles of sustainable development and the Government's own sustainable development objectives?*

The Barker Review has very little to say about the environment in general and does not mention the historic environment. English Heritage welcomes the production of the report and its analysis which is of considerable assistance in understanding housing issues. However, because of the focus on economic factors there is a danger that some of the recommendations may have a negative impact on our heritage as well the wider environment. Of particular concern are the proposals for fast-track consent, the possible requirement for local authorities to overallocate housing land and the general lack of emphasis on the need to build on brown field before greenfield land.

More work is needed to demonstrate how the recommendations in the Barker Report can be achieved within the general principles of sustainable development. English Heritage considers that it will be a challenge to do so, but that it should be possible to significantly increase housing supply in areas of highest demand in a broadly sustainable manner, although this is likely to be at the cost of some less important elements of the historic environment.

It is important that new housing, and its associated infrastructure, does not exacerbate problems in existing urban areas, for example by shifting a settlement's focus away from the traditional historic core. New housing needs to be planned in ways that increase rather than decrease the viability of historic settlements by making best use of existing (often historic) infrastructure.

#### *3. In view of the Barker Review is there a need for an overarching national strategy to ensure that the environment is at the heart of any building programme*

The current review of A better quality of life offers the opportunity to set out succinctly the Government's commitment to a sustainable housing policy. English Heritage is not convinced that an additional document is necessary.

4. *Is the current planning system robust enough to ensure that the environmental implications of building projects are fully taken into account? How can the planning system be used to increase the building of more sustainable housing? Would the proposed changes to the planning system in the Barker Review have a positive or negative effect on the environment?*

The planning system is already in the process of undergoing significant changes, and some of these (particularly in relation to Regional Spatial Strategies and Local Development Frameworks and their need for SEA-compatible sustainability appraisals) and the review of PPS1 and other PPSs further emphasise the importance of sustainable development. Given that the planning system is in flux, it is difficult to be certain whether it is or is not robust enough to deal properly with environmental implications.

The current initiatives to speed up the planning process (which our “Transforming Casework” project contributes towards) should help to increase the building of new houses but we are concerned that some of the suggestions in the Barker Review could have a negative effect on the environment, if it is not fully integrated when the details are worked up. The areas of particular concern are:

- The potential increased flexibility for greenbelt allocation/deselection.
- The relaxation of permitted development rights.
- “Outline Only” permissions.
- The stripping back of 106 agreements to only deal with direct impacts.
- The freeing up of Planning-gain supplement funds which might give a few cash-strapped authorities a financial incentive to grant permission.
- A lack of recognition that quality is a key to long term success in housing developments.

Until some of the details of the Barker recommendations are worked out, it is not possible to give a definitive statement on whether the impact on the environment will be positive or negative, but there are elements which English Heritage believe will need very careful handling to avoid significant negative impacts on the historic environment.

5. *Where will the proposed new housing be built? What are the implications for land-use and flood risk of the large-scale proposed building projects?*

English Heritage is working with Government to provide a better information base for making decisions in both the high and low demand areas. This is principally through rapid historic landscape characterisation which provides a simple but robust character framework which will be of assistance to decision-makers and which identifies areas of high and low sensitivity. We believe our work in the Thames Gateway and in the Pathfinder areas will provide timely contextual information that, along with other social, economic and environmental information, will provide the basis for more sustainable housing developments that remain valued by residents in the long-term. The challenges of accommodating large numbers of new housing units in the south east are extremely challenging and English Heritage is keen to play its part in ensuring they are accommodated without unacceptable damage to the historic environment.

6. *Is it possible to ensure materials and resources used, and waste produced, during building do not have a harmful impact on the environment?*

English Heritage is keen to encourage sustainable construction techniques and is involved in research into traditional building materials and techniques which may be of assistance in contemporary construction. As a general rule it is more energy efficient to adapt existing buildings than demolish them and build afresh and many housing developers, such as Urban Splash, have demonstrated that it makes for a successful business model.

7. *Are the building regulations as they stand capable of ensuring that new housing is truly sustainable in the long term? How could they be improved? Could greater use be made of existing environmental standards for housing?*

English Heritage has no observations on this issue.

8. *How will it be possible to ensure a sustainable infrastructure, including transport and water supply, which will be necessary to support any extensive house building, is put in place?*

The implementation of sustainability appraisal and strategic environmental assessment in significant new plans and programmes, and through the regional and local development plan system should ensure that the sustainability of major infrastructure projects is tested at an early stage. The taxation of land value increases and changes to the 106 agreements system suggested in the Barker Review must ensure that high quality infrastructure is provided, in advance of housing development, in a way that does not cause significant damage to the historic environment.



9. *Do those involved in housing supply, both in the public and private sector, have the necessary skills and training to ensure new housing meets environmental objectives? If not, how can the knowledge base of those involved in the planning and building process be improved?*

Our involvement in casework relating to new housing development in historic areas makes it clear that there is still considerable work to be done to improve understanding of how taking environmental considerations into account from the earliest stages in a development brings social, environmental and economic benefits. We are tackling the skills issue in the public sector through HELM (Historic Environment Local Management). This is a comprehensive training programme aiming to improve decisions that impact on the historic environment by raising awareness of its intrinsic value among non-heritage professionals and decision-makers. Those involved in housing are one of the target groups. See [www.helm.org.uk](http://www.helm.org.uk) for more detail. We are also involved in developing technical building skills training to make these more sustainable and better reflect our environmental concerns. We are aware that there is a considerable amount of work to be done in the area of housing supply, and further encouragement from government in this area would be particularly welcome.

These initiatives fit well with the findings of the recently published Egan Review and we are examining its findings to help fine-tune our work.

May 2004

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## APPENDIX 16

### Memorandum from the Environment Agency

#### SUMMARY

The Environment Agency (the Agency) believes that the cross-Government interest in housing and construction demonstrated through the Sustainable Communities Plan and the commissioning of the Barker Review, provides an opportunity to move towards a strategic approach to planning household growth and more sustainable forms of construction and buildings. The quality of new housing, particularly the standard of environmental performance, must be aligned with proposals for accelerating household growth. Without improved standards, Government housing policy cannot be considered sustainable. In particular, the Agency believes:

- Too many buildings are environmentally inefficient and do not make best use of limited resources such as energy and water.
- The construction process itself has negative environmental implications, particularly for waste management, pollution incidents and land take.
- Buildings need to be located in the right place. This means avoiding areas of unacceptable environmental risk such as flood plains and locating homes in places where existing infrastructure is already in place.

#### 1. INTRODUCTION

1.1 The Environment Agency is the principal environmental advisor to the Government and the Welsh Assembly. The Agency has a broad interest in the environmental performance of housing and its construction, and would like to see its detrimental environmental impacts reduced. More specifically:

- As consultees on land use planning, we advise on where buildings and infrastructure should be located to reduce environmental impacts and flood risk.
- As regulators of waste and discharges our role is to ensure construction waste is managed safely and to drive a reduction in construction pollution and waste volume.
- As the organisation with a statutory duty for strategic water resources planning, our role is to ensure homes are built in places that have the water capacity to support them, and to standards that encourage efficient water use.

#### 2. MAIN HEADINGS

*Question 1: Are the conclusions of the Barker Review compatible with the general principles of sustainable development and the Government's own sustainable development objectives?*

2.1 The principle message from the Barker Review is that current annual housing completions need to be increased to meet the demand for affordable and other housing and to bring about stability in house prices. The Agency believes that this increase in the quantity of housing completions can only be sustainable if the environmental performance of new buildings is significantly improved and detrimental environmental impacts of the construction process reduced.

2.2 The Barker Review's terms of reference included the interaction of the housebuilding industry with Government's sustainable development objectives. However, the Review focused on the economic objectives of sustainable development and increasing the amount of social housing. Greater appreciation of the environmental dimensions of household growth is now needed to ensure that emerging proposals are compatible with, and supportive of the environmental pillar of sustainable development.

2.3 In particular the Agency would like to see further analysis of how increased household growth will impact on the prudent use of natural resources and the effective protection of the environment. This analysis is vital if we are to manage the increasing demands being placed on the environment. For example, even under current projections of growth we know that:

- Over 15,000 megalitres of water per day are put into the public water supply. Household water demand is rising (UK Government, *Quality of Life Counts 2004 Indicator D7*). Yet we are facing greater uncertainty of water supply with climate change.
- 45% of the UK's solid waste goes to landfill (UK Government, *Quality of Life Counts 2004 Headline Indicator H15*) and household waste production has been rising since 1995–96.
- Increased flood risk due to climate change means that annual damages from flooding may rise from around £100 million at present to between £460 million (*Local Stewardship*) and £2,500 million (*World Markets*) by 2080 under various economic scenarios ([www.foresight.gov.uk](http://www.foresight.gov.uk)).
- Nearly 30% of the UK's CO<sub>2</sub> emissions come from the domestic sector. The gap remains considerable between the current situation and the aspirations in the Energy White Paper 2003, where “new homes will be designed to need very little energy and will perhaps even achieve zero carbon emissions” by 2020.

*Question 2: In view of the Barker Review is there are need for an overarching national strategy to ensure that the environment is at the heart of any building programme?*

2.4 The Government is currently reviewing its sustainable development strategy. The Agency expects the new strategy to underpin all Government policies—including those for household growth—and ensure environmental aspects are balanced with social and economic goals.

2.5 The Agency welcomed the Sustainable Communities Plan as a strategic approach to planning and delivering household growth. Strategic growth can accommodate design and delivery principles which reduce environmental impacts such as management of construction waste and water efficiency. It should also support better integration between household and neighbourhood design with accessibility for essential services. Sustainable communities must be more than a building programme if the Government is to secure its sustainable development goals.

2.6 A critical strand of a strategic approach is higher environmental performance in homes. The Agency supports the Sustainable Buildings Task Group's call for an immediate increase in water and energy efficiency in new homes through Building Regulations and the introduction of a national Code for Sustainable Buildings. This new Code would deliver the improved quality of new homes and communities proposed in the Egan Review. As the scope of the Code includes the standards of new homes and the building process, its adoption would drive both improved environmental performance of buildings and a reduction in the impacts caused during construction.

*Question 3a: Is the current planning system robust enough to ensure that the environmental implications of building projects are fully taken into account?*

2.7 The planning system has an integral role in ensuring the environment is at the heart of any building programme. The reformed spatial planning system set out in the Planning and Compulsory Purchase Act should promote sustainable development. This should now be reflected in all Planning Policy Statements and accompanying guidance. This means:

- Helping to produce a pattern of development that meets economic, social and environmental needs for present and future generations.
- A planning system that translates the principles contained in the UK's Sustainable Development Strategy into a spatial context over a period of at least 20 years (the “lifetime” of Regional Spatial Strategies).
- Better links between national commitments, such as the Energy White Paper energy efficiency targets, the Government's national waste strategy and planning.

2.8 We remain concerned that the planning system does not adequately take into account the infrastructure requirements of development. Although the Government's proposals for RSSs and LDFs place more emphasis on the need to take infrastructure requirements into account, there are significant tensions between proposals for growth in the South East which suffer from a water supply deficit, shortages of waste handling facilities and poor air quality. The current planning system does not allow resource

efficiency to be taken into account in development plan allocations or planning applications, other than ensuring that sufficient infrastructure is planned to serve the development. This approach mitigates against prudent use of resources.

2.9 Neither does the planning system encourage consideration of environmental impacts over the whole lifetime of development. Indeed, the “lifetime” of development is not defined in Government guidance. Development causes impacts from its pre-construction phases (for example aggregate extraction and the use of energy to make building materials) to potentially long after it has been demolished, in the case of contaminated land. The planning system should more explicitly recognise these impacts and attempt to avoid environmental damage, promote positive environmental impacts, and reduce and internalise adverse effects.

*Question 3b: How can the planning system be used to increase the building of more sustainable housing?*

2.10 The Agency welcomed the recognition in draft PPS1 that spatial planning should contribute to the prudent use of resources and take into account long term costs and benefits. However, the language used in that section of the draft PPS was relatively weaker and focused on energy at the expense of other vital resources such as water, minerals, and so on. The Agency urged that the PPS:

- must ensure that the sustainable development planning purpose delivers development that meets economic, social and environmental needs *simultaneously*;
- should consistently refer to the aim of environmental protection *and enhancement*;
- should place more emphasis on the prudent use of natural resources and provide clear advice on the specific role of planning in securing resource efficiency and sustainable construction. Energy and water efficiency of development should become material planning considerations;
- must provide better advice on how to encourage positive planning and the delivery of quality development, including through an updated sustainable development and planning good practice guide;
- should give more explicit recognition to the role of spatial planning in dealing with risks, especially the potential impacts of climate change (including on flood risk) and provide clear advice on how spatial planning objectives can be delivered; and
- should recognise the enhanced role of statutory consultees, such as the Agency, in pre-application discussions and encourage local planning authorities and developers to seek statutory consultees views as early as possible in plan preparation or project development.

2.11 The Agency supports the Sustainable Buildings Task Group’s recommendation that PPS1 be accompanied by a best practice guide for sustainable buildings. This guide should address measures that can be promoted through the planning system to promote aspects of sustainable housing that cannot be directly influenced through Building Regulations. Examples include:

- Improved water efficiency in development design and layout.
- Sustainable drainage.
- Reduction in the use of materials during the construction process.
- Renewable energy generation.

The guide should also explain the complementary roles of the building regulations and the planning system.

2.12 The Agency believes that environmental capacity and the demands that development makes on natural resources (and associated infrastructure) should be more explicitly recognised in planning policies. This should be done by making the energy and water efficiency of development a material planning consideration. This particularly applies to parts of the country where major growth is planned. For example, the Agency is currently working with Regional Assemblies to integrate various natural resource issues into Regional Spatial Strategies. Its work with the South East England Regional Assembly (SEERA) includes identifying how water resources will be affected by major growth in Ashford<sup>24</sup>. This approach offers more flexibility in considering options for growth in areas where environmental capacity is limited. This flexibility extends to the overall amount of development, its location and its phasing. It will also help to meet all of the Government’s sustainable development objectives.

*Question 4a: Where will the proposed new housing be built?*

2.13 The Sustainable Communities Plan clearly identified the location of new homes in the South East. It is not yet clear where the extra homes proposed in the Barker Review will be located although it is likely that many will be located in the South East. The location of new homes will determine their environmental impact. It is critical that proposals should:

<sup>24</sup>SEERA, *South East Plan Discussion Paper No.9: Natural Environment and Resources*, SEERA, March 2004. See: <http://www.southeast-ra.gov.uk/southeastplan/publications/09—naturalresources.pdf>

- Avoid inappropriate development in areas at risk of flooding.
- Reduce the risk of flooding through the use of sustainable drainage schemes.
- Protect and enhance the quality of water resources including aquifers, rivers, streams, lakes and seawater, consistent with the requirements of the Water Framework Directive.
- Recognise that the availability of water resources should influence the location, quantity and phasing of development and the need to encourage water efficiency in new development.
- Contribute to the objectives of the National Air Quality Strategy.
- Encourage waste minimisation and provision of space for separated waste in new developments.
- Protect important habitats and encourage enhanced biodiversity by contributing to Biodiversity Action Plans.
- Be informed by adapting to climate change.
- Be phased to reduce the need for essential environmental infrastructure.

*Question 4b: What are the implications for land-use and flood risk of the large-scale proposed building projects?*

2.14 The Agency supports the precautionary sequential approach advocated in PPG25 that seeks to prevent inappropriate development in floodplains. We also note PPG25 states that the potential effects of climate change may be a 20% increase in peak river flows. In its review of PPG25 during 2004-05, the Agency will be seeking more explicit recognition of the likely effects of climate change. Nearly two million homes and businesses in England and Wales are at risk from flooding with a value of over £220 billion and affecting nearly five million people (10% of the population). This situation will be exacerbated by climate change and the Agency would like to see PPG25 strengthened and the Agency to become a statutory consultee on flood risk.

2.15 In 2002–03 planning applications objected to by the Agency on flood risk grounds rose by 80% on 2001–02 to 4,523 in England, mainly because many developers ignored the Government’s advice in PPG25 and submitted planning applications without a flood risk assessment. In 2002–03 the number of sustained objections on flood risk made by the Agency in England where the outcome is known rose to 1,047 cases. Of these 826 were in line with Agency advice while 221 went against the Agency (21%).

2.16 The Agency has already recommended to the Government that PPS1 contains more explicit recognition of the role of spatial planning in dealing with risks that the environment poses to development and people and, in particular, the threat of flooding that will be made worse by climate change. The recently published Foresight Flood and Coastal Defence Project indicates that annual damages from flooding may rise from around £100 million at present to between £460 million (*Local Stewardship*) and £2,500 million (*World Markets*) by 2080 under various economic scenarios<sup>25</sup>. We believe the PPS should highlight the strategic planning issues arising from climate change more forcefully.

2.17 The Agency supports sustainable drainage measures which, through mimicking natural drainage processes, avoid adding to flood risks both at a development site and elsewhere in the catchment. The Agency’s policy with regard to the discharge of surface water is to oppose any development, including housing, which will aggravate existing or create new flooding problems either on the site or elsewhere by way of additional surface water discharge direct into a watercourse. Appropriate sustainable drainage techniques control surface run-off as close to its origin as possible and, as well as contributing to flood risk management, can provide benefits for water quality and amenity, and will help to reduce the potential tension between the need for high density development and for the “greening” (or improved sustainability) of the urban environment.

*Question 5: Is it possible to ensure materials and resources used, and waste produced, during building do not have a harmful impact on the environment?*

2.18 The Agency believes it is possible to improve the resource efficiency of the building process. The Agency supports the recommendation of the Sustainable Buildings Task Group that Building Regulations should be revised to specify a minimum percentage of by value (at least 10%) of re-used / reclaimed / recycled materials in building projects. The Agency also supports the widespread adoption of Site Waste Management Plans once they have been trailed with the industry.

2.19 Since 2001, fly-tipping and other forms of illegal waste activity tackled by the Agency has increased by more than 40%. Local authorities are also reporting increases in the amount fly-tipping they tackle. The need to increase the completion rate of new housing could worsen this problem. Waste from construction, demolition and excavation operations is a big problem in some parts of the country—for example, in areas of London, 40% of fly-tips dealt with by the Agency include these sort of wastes. The construction industry needs to make a concerted effort to better control the wastes that they produce so as to prevent it being illegally dumped.

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<sup>25</sup> www.foresight.gov.uk

2.20 Accompanying guidance to PPS1 as suggested in paragraph 2.15, and a national code for sustainable buildings would support those developers and local authorities wishing to act in a more sustainable manner, especially if the guidance provided information on sustainable construction techniques. We are willing to assist with the preparation of this Guide.

*Question 6: Are the building regulations as they stand capable of ensuring that new housing is truly sustainable in the long term? How could they be improved? Could greater use be made of existing environmental standards for housing?*

2.21 There are sustainability improvements to be made that are already within the scope of the Building Regulations. Statutory minimum levels of resource efficiency are required in buildings, particularly on energy and water efficiency and recycled waste used during construction. This has the potential to deliver cost savings to house owners and occupiers, and constructors.

2.22 The Agency supports the statements by the Deputy Prime Minister in July 2003 and October 2003, that 20–30% water efficiency savings are feasible and crucial. The Agency also supports the recommendation by the Sustainable Buildings Task Group that the Government should regulate for a 25% saving on average per capita water consumption, most probably through the Building Regulations. Similarly, a 25% energy efficiency improvement should be put in place under Part L of the Building Regulations by 2005 and the provision of space for the separate collection of recyclable materials in multi-occupancy buildings should be incorporated in the Building Regulations in the same timeframe. There is no legal obstacle to further work in these specific areas.

2.23 Despite the above opportunities for progression, there is no explicit statutory requirement that the Building Regulations should cover sustainable development. Without this statutory requirement the Building Regulations cannot ensure that new housing is truly sustainable. The Sustainable and Secure Buildings Bill will be a significant step forward in ensuring that sustainability is a legitimate part of the regulations and will increase their scope to include a wider range of issues, such as flood resilience.

2.24 It is vital that the Government urgently improves the enforcement of the Building Regulations. A significant improvement in the sustainability of all new housing will only be achieved if the performance of buildings constructed under the Building Regulations is adequately checked and monitored. There is a need for discussion with local authorities about the performance of building control departments and approved inspectors, and whether they are adequately resourced and trained for their existing duties and additional ones to be brought about by new requirements.

2.25 The Agency supports the Sustainable Buildings Task Group's view that the present reliance on checking "robust details" in building design may not be adequate in delivering the required levels of sustainability. Poor site practice, or inadequate skills in the appropriate building techniques, can lead to performance improvements being lost. Reliable post-completion checks should be conducted on a proportion of all new and refurbished buildings.

*Question 7: How will it be possible to ensure a sustainable infrastructure, including transport and water supply, which will be necessary to support any extensive house building, is put in place?*

2.26 Proposals for new homes must be informed by the availability of existing infrastructure such as water supply and treatment facilities. New infrastructure needs should be minimised. Based on present growth scenarios, predictions of climate change and draft water company business plans, modelling by the Agency indicates it is likely that there will be a water supply deficit over much of the South East of England by 2015. This modelling work is being refined to influence Regional Spatial Strategies. Substantially increasing housing growth will increase pressure on existing water supply infrastructure and, in areas such as the South East where the majority of water comes from aquifers, is likely to jeopardise achieving the environmental objectives set as a result of the transposition of the Water Framework Directive. For this reason alone, there are significant advantages in ensuring that all new development is constructed to much higher standards of water efficiency and that financial and regulatory incentives are used to encourage retrofitting existing development. Increasing water efficiency will also reduce the negative environmental impacts of new infrastructure, the tax burden on water charge-payers and increase disposable income of households.

2.27 Given the long term projections for increased housing numbers and the long lead in time for the construction of new infrastructure, it is important that best use is made of existing supplies through improved demand management.

2.28 The funding arrangements for new infrastructure needed to serve major housebuilding is need of review. At present, water companies do not pass the cost on to developers—it is reflected in their five year business plans and borne by local charge-payers. If the major house-building is in the interests of the whole nation—as claimed in the Barker Review—then some of the cost of providing the infrastructure should logically be borne by the whole nation.

### 3. CONCLUSIONS OR RECOMMENDATIONS

The Agency believes that any addition to the quantity of the housing stock in England and Wales should also be guided by improved quality. All new housing needs to have high standards of environmental performance and make better use of limited resources such as energy and water.

- The construction process itself has negative environmental implications, particularly for waste management, pollution incidents and land take.
- Buildings need to be located in the right place. This means avoiding areas of unacceptable environmental risk such as flood plains and locating homes in places where existing infrastructure is already in place.

May 2004

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## APPENDIX 17

### Memorandum from English Nature

#### 1. SUMMARY OF EVIDENCE

- English Nature recognises the provision of adequate and affordable housing as a basic human necessity. Our concerns are less over the need to provide additional housing but more over about where and how this takes place. We recognise the need for additional housing provision in the south east, as set out in the ODPM's Communities Plan<sup>26</sup>, and are engaging wherever we can to help ensure that this is carried out in a sustainable way.
- There are particular locations where we feel that environmental capacity to accommodate more houses has been overreached. In Dorset and Surrey, for example, the wildlife communities in the remaining lowland heath areas are struggling to maintain viable populations due to the cumulative impacts of adjacent development pressure.
- New housing developments must show major resource productivity improvements in water, energy and materials use. They must also ensure proper provision of accessible natural green-space. This remains a major challenge whether or not the Barker report figures are implemented.
- We feel the final Barker report sees the planning system as the problem rather than the solution. This is where we feel her conclusions are most flawed. In our view, her interim report provided a more balanced picture of a number of issues that required simultaneous action.
- English Nature would question the basic premise that the planning system must allocate much more land for housing in order to create an over-supply in the high demand regions and thereby reduce house price inflation. This strikes us as over-simplistic. It casts the planning system as the prime obstacle to tackling house price volatility and weak industry responsiveness rather than as a positive means of meeting our housing demands in a sustainable way. What is needed is an approach that encourages innovation in the house building sector and secures quicker building rates on projects that are approved. Positive planning can contribute to this.
- Barker's conclusions seem to centre solely on planning the right amount of housing with less emphasis on the quality of this provision. It excludes any consideration of environmental impact. The planning system has a central role in ensuring that new communities are of a high sustainable quality which, in the words of the ODPM, will stand the test of time, be where people want to live, and which will enable people to meet their aspirations and potential<sup>27</sup>.
- The Government is already taking many of the steps recommended by the Barker Report through its reform of the planning system. These include trying to instill greater certainty and speed into the process without sacrificing quality, by giving regional bodies a stronger role and by promoting greater housing provision in the south-east through the ODPM Sustainable Communities Plan.
- The Government's proposals for growth in the south-east already raise challenges in terms of not overreaching environmental capacity and in successfully matching housing with sustainable supporting infrastructure. The Barker report seems to want to go further along this road to increase the overall allocation for housing growth in the south east. This moves us further away from the plan, monitor and manage approach introduced in Planning Policy Guidance 3 on Housing and back to "predict and provide".

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<sup>26</sup> Sustainable Communities: Building for the future—Office of the Deputy Prime Minister—5 February 2003.

<sup>27</sup> Consultation Paper on Planning Policy Statement 1: Creating Sustainable Communities—Office of the Deputy Prime Minister March 2004.

- Our present housing market reflects many different and complex factors and 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 much better quality.

## 2. BACKGROUND

2.1 English Nature is the statutory body that works to conserve the biodiversity and geology of England for this and future generations to enjoy. We have an important role to play in helping the Government meet its sustainable development aims. The targets and actions needed to protect and manage biodiversity are set out in the Government's Biodiversity Strategy for England<sup>28</sup> and the UK Biodiversity Action Plan<sup>29</sup>, which we help to deliver.

2.2 We designate and support the management of European sites (Special Conservation Areas, Special Protection Areas and Ramsar Sites, known as the Natura 2000 Network) and Sites of Special Scientific Interest (SSSIs), and put nature conservation legislation into practice (Habitats Regulations, Wildlife and Countryside Act and Countryside and Rights of Way Act) to protect our most valuable habitats, species and geological sites. We promote planning policies and practices to protect and enhance biodiversity and geology in rural, urban, coastal and marine areas. Our wider work includes working with other organisations to involve people with their natural environment and with area-based schemes to support local and regional economies.

## 3. SUSTAINABLE DEVELOPMENT AND THE ROLE OF BIODIVERSITY

3.1 Policy-makers need to recognise that biodiversity is vital to our quality of life. Its importance to society has already been recognised through nature-conservation legislation and various protected sites, but it cannot be maintained through protected sites alone. Past and present human activity and human-population pressures have damaged the natural environment and disrupted ecosystems (the complicated relationship that exists between animals, plants and their natural environment which maintains the variety of life). We need to actively manage our natural environment to help these damaged ecosystems recover so they can continue to function effectively and support economic productivity.

3.2 The planning system must provide an effective framework for the active management our natural environment to help these damaged ecosystems recover so they can continue to function effectively, contribute to the quality of the local environment, and support economic productivity. Future resource use, land management and built development must recognise the limits for using natural resources and prevent irreversible losses of biodiversity.

3.3 Social progress, economic growth and employment are vital to people's quality of life and a high-quality natural environment supports economic and social well-being. Everyone should have access to green spaces that provide opportunities to experience wildlife, that are close to where they live and work, for education, relaxation, exercise and general good health.

## 4. RESPONSES TO QUESTIONS POSED

*Are the conclusions of the Barker Review compatible with the general principles of sustainable development and the Government's own sustainable development objectives?*

4.1 English Nature feels that Kate Barker recommendations are poorly aligned with the Government's sustainable development strategy<sup>30</sup> and its objective to deliver its four key aims in an integrated way. Kate Barker's terms of reference were too narrowly defined to be compatible with the objective of achieving sustainable development. Her remit was to review the issues underlying the lack of supply and responsiveness of housing in the UK and, in particular, how the house building industry interacted with the planning system and the Government's sustainable development objectives. As a consequence her conclusions focus on the supply of housing rather than the broader issue of achieving sustainability.

4.2 Kate Barker's findings have tended to place the blame on the planning system for house price inflation due to a lack of responsiveness to market conditions in its allocation and release of house building land. Planning tends to be viewed in a restrictive light, with economic considerations pitched against environmental ones. We are concerned that the Barker recommendations refer to the need to balance economic, social and environmental objectives and make trade offs between them. This is at odds with Government's policy to promote a positive and proactive planning system geared to the delivery of all four

<sup>28</sup> Working with the grain of nature—A biodiversity strategy for England, Defra 2002.

<sup>29</sup> Biodiversity the UK Action Plan, 1994.

<sup>30</sup> DETR (May 1999) A Better Quality of Life—A Strategy for sustainable development for the United Kingdom.

objectives of sustainable development in an integrated way<sup>31</sup>. Ensuring good quality environmental and social conditions is the only way of creating places where people want to live that provide the full range of opportunities needed for all.

4.3 The Planning and Compulsory Purchase Act 2004 introduces the legal requirement for plan-makers to work with the objective of contributing to the achievement of sustainable development. Most of Kate Barker's recommendations relate to rolling back the influence of planning and there is a danger that if these are taken up that this will dilute the positive role of planning in achieving sustainable development.

4.4 Kate Barker is stronger on fiscal measures required to secure delivery. She recognises the need to tax the windfall gain that landowners accrue through planning consent. English Nature also sees the need to support sustainable development through some form of "betterment taxation" provided this does not act perversely by encouraging unsustainable development. We do agree that it is only right that some of the benefit accruing from planning permission should be taxed to channel benefits back to the community.

4.5 Many of Barker's recommendations do merit further development and mirror some of the existing planning reforms. We believe there need to be stronger incentives to encourage use of empty and under-used properties. This should be linked with local authorities strengthening their urban capacity studies and looking at means of increasing densities in existing residential centres, including the scope for encouraging more sustainable use of under utilised land and upper floor accommodation in commercial properties and shops. However, it is vital that the economical use of land does not preclude communities enjoying an adequate provision of accessible natural greenspace.

4.6 The report promotes the use of design codes linked to Local Development Orders as a means of speeding up development approval. We would give guarded support to this approach provided that these codes factored in high sustainable development standards.

4.7 Barker recognises that the level of planning fees and the resources available to local authorities must be adequate to meet the cost of providing a high quality planning service and we support these conclusions.

4.8 There is, of course, the question of how the additional housing allocated can be achieved in a sustainable way. Defra has only recently published the study by Entec<sup>32</sup> on the environmental impacts of the increases in housing supply proposed in the UK which factors in the Barker recommendations. The first recommendation of this study was that further work was required to understand more fully the environmental and sustainability implications and regional impacts of the growth postulated by the Barker report and the assumptions upon which this is based. The Barker report does not take account of the costs of these environmental impacts, which would lead to a significantly lower equilibrium demand than forecast in the report.

*In view of the Barker Review is there a need for an overarching national strategy to ensure that the environment is at the heart of any building programme?*

4.9 There are strong arguments that a national spatial strategy is required to provide the spatial context for how we achieve sustainable development in this country and set a sustainable framework for regional spatial strategies to meet our infrastructure needs in an integrated and co-ordinated way whilst wisely managing environmental assets.

4.10 However, although do not have a national spatial strategy in England comparable to those in Wales and Scotland, the Planning and Compulsory Purchase Act 2004 does give the planning system a sustainable development duty. This should mean that the four objectives of social progress, environmental protection, prudent use of natural resources and maintenance of economic growth, are met in an integrated way.

4.11 The final version of PPS 1 needs to provide the policy basis for placing the environment at the heart of the building programme which must align closely with the review of the UK Sustainable Development Strategy. Whether or not the Barker recommendations push the provision of housing above and beyond that set out in the ODPM Sustainable Communities Plan there remains a requirement for the planning process to deliver this growth in a sustainable way.

*Is the current planning system robust enough to ensure that the environmental implications of building projects are fully taken into account? How can the planning system be used to increase the building of more sustainable housing? Would the proposed changes to the planning system in the Barker Review have a positive or negative effect on the environment?*

4.12 The Planning and Compulsory Purchase Act 2004 provides for a framework of Regional Spatial Strategies and Local Development Frameworks to underpin individual development decisions. These should take environmental implications into full account through the statutory requirements to undergo sustainability appraisal and comply with the EU Strategic Environmental Assessment Directive. Assuming

<sup>31</sup> most recently expressed in draft Planning Policy Statement 1: Creating Sustainable—Office of the Deputy Prime Minister March 2004.

<sup>32</sup> Department for Environment Food and Rural Affairs (April 2004) Study into the Environmental Impacts of Increasing the Supply of Housing in the UK—ENTEC *et al.*



that these processes have been applied rigorously then planning policies should have robustly addressed environmental considerations. There is then a further requirement for many individual developments to be subject to Environmental Impact Assessment which provides a further test of the degree to which environmental considerations have been addressed.

4.13 Where the planning system fails is not to be able to achieve the highest degree of sustainability in the design of these projects and this is where Government needs to raise standards. The new houses will have significant implications for energy, water, and waste, areas where there are strong Government policies and commitments. How this is addressed is covered in more detail below.

*Where will the proposed new housing be built? What are the implications for land-use and flood risk of the large-scale proposed building projects?*

4.14 The ODPM Sustainable Communities Plan sets out where the major allocations for housing growth are to take place and English Nature feels this should be the template for the housing provision required. The ENTEC study by Defra has only scratched the surface of assessing the impact of the growth in the south-east and there is clearly more work required to ensure that the housing growth is provided in a sustainable way.

4.15 Our view is that the developments need to be framed around a “green infrastructure” exploiting and enhancing existing natural systems and green networks to provide multiple benefits such as sustainable drainage and flood storage, recreation, access and wildlife habitats. This is already being developed in initiatives currently being undertaken in the Thames Gateway and Milton Keynes and South Midlands growth areas.

*Is it possible to ensure materials and resources used, and waste produced, during building do not have a harmful impact on the environment?*

4.16 This is a major challenge as the construction industry is one of the United Kingdom’s largest producers of waste, a major extractor of raw materials, and makes significant use of energy in producing building products. In addition, the energy consumed in buildings accounts for about half of the United Kingdom’s emissions of the “greenhouse” gas carbon dioxide. From this starting point there is a long way to go to ensure that the increased house building programme will not have adverse environmental impacts.

4.17 For this reason English Nature feels that the reform of the planning system and the delivery of the Sustainable Communities Plan needs to seek a “quantum leap” in sustainable design and construction. This must form an essential component of the initial master plan for the new communities and be followed through to the construction stage which must meet the highest sustainability standards.

*Are the building regulations as they stand capable of ensuring that new housing is truly sustainable in the long term? How could they be improved? Could greater use be made of existing environmental standards for housing?*

4.18 The Building Regulations have the potential for greatly influencing the standards of sustainability in the construction sector. The current Building Regulations only achieve some sustainable objectives, such as energy conservation, but there is a need for ODPM to bring forward a review which strengthens its contributions. We support the Sustainable and Secure Buildings Bill which is designed to bring sustainability within the Building Regulations. We also support the recommendations of the Sustainable Buildings Task Group<sup>33</sup> to urgently install a unified code for sustainable construction which we consider should apply universally within the construction industry. Voluntary schemes such as the EcoHomes Standard should become mainstreamed to guide higher construction standards. Commercial house builders must be required to follow the example of English Partnerships and the Housing Corporation and aim for a “very good” or “excellent” standard of EcoHomes.

4.19 On the basis of this we believe the Government should review the scope of the building regulations and expand them to cover issues such as water efficiency and to introduce a sustainable development duty within building regulations so they apply to construction waste and the wiser use of materials, including packaging.

*How will it be possible to ensure a sustainable infrastructure, including transport and water supply, which will be necessary to support any extensive house building, is put in place?*

4.20 English Nature believes that a key challenge is to provide growth in housing that is integrated with infrastructure, employment and essential facilities and services, including natural greenspace. There is a real risk that “sustainable communities” will become a monoculture of dormitory settlements where extensive private car use is necessary to reach jobs and services. Achieving the right public transport infrastructure is probably the single most critical factor in securing a sustainably functioning community.

<sup>33</sup> Better buildings—better lives—Sustainable Buildings Task Group Report 2004.

4.21 This infrastructure must be provided at the same time as the housing and not follow on after the housing is occupied. Funding is a challenge and financial planning is essential to ensure the various service providers (education, health, transport, utilities) have the capacity to deliver ahead of demand. The new planning system must be geared towards ensuring this joining up take place.

4.22 Kate Barker recommends a system of taxing land value increases and the Government needs to explore this avenue of funding. Local authorities need to ring-fence finance accrued by local development taxes to support infrastructure to ensure that new communities function sustainably. We commend further development of Kate Barker's ideas of developing a Community Infrastructure Fund and using a Planning Gain supplement to fund sustainable infrastructure, including greenspace.

*Do those involved in housing supply, both in the public and private sector, have the necessary skills and training to ensure new housing meets environmental objectives? If not, how can the knowledge base of those involved in the planning and building process be improved?*

4.23 There is a general need to expand and connect the skills necessary to deliver sustainable development growth. The Egan Review was set up to consider this issue. English Nature sees deficiencies in the general understanding and awareness of the natural environment and how it can benefit the functioning and quality of development. Barker's conclusions tend to regard the environment as a constraint on development and to pitch one objective against the other. English Nature believes that these issues can be integrated but it is critical that all the agencies involved in the provision of growth have at their disposal both the resources and skills to achieve this in a sustainable way.

## 5. CONCLUSIONS

5.1 The Barker Report contains a number of positive recommendations. However, should Government adopt these wholesale then there is a risk that it will sacrifice many positive aspects of its broad-based planning reform agenda. Foremost of these is the founding of a planning system based upon the principle of achieving sustainable development in an integrated way.

5.2 Planning must, of course, recognise market signals but not be a slave to these. It must deliver the housing required but this has to be achieved through an integrated approach that recognises that long-term success rests upon sustaining the benefits that the environment provides. Government must maintain this perspective and not concede to any quick fixes which might threaten the achievement of a more sustainable future.

May 2004

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## APPENDIX 18

### Memorandum from Timbmet Group Ltd

1. Timbmet Group Ltd is the UK's leading importer and distributor of hardwood timber and wood products. The company is committed to pursuing a sustainable business agenda, as outlined in its environmental policy, and seeks to provide "responsible solutions" for a wide range of end uses. A significant proportion of the Group's turnover is directly related to the construction sector, through main contractors, sub-contractors and merchants. In light of recent significant concerns over the "legal and sustainable" sourcing of timber, particularly through government procurement processes, and the interest of the Committee to ensure that future building programmes are "completely" sustainable, an experienced timber trade view on delivery of sustainable housing should be of value to this inquiry.

### OVERARCHING NATIONAL STRATEGY

2. Given the immediate and long-term environmental implications of the Barker Review conclusions, a national strategy for the development of a building programme that explicitly internalises the wide range of relevant environmental considerations is critical to the objective of sustainable housing.

### ILLEGAL LOGGING

3. The trade in illegal logging is estimated by the World Bank to cost developing countries between \$10-\$15 billion annually. Illegal logging has been attracting increasing attention since the late 1990s. It featured as one component of the G8 Action Plan on Forests, and led to a series of Forest Law Enforcement and Governance (FLEG) conferences coordinated by the World Bank, including those in East Asia (Bali, September 2001) and Africa (Yaoundé, October 2003); others are planned for Russia and Latin America. Each of these initiatives has included a focus on the role of consumers in world markets in fuelling the demand for timber and thereby contributing to illegal logging.

4. Demand for timber for the UK Housing Market needs to be placed in the context of the European Commission's Action Plan on Forest Law Enforcement, Governance and Trade (FLEGT) published in May 2003. The Action Plan was approved by the Council in October 2003 and will lead to, amongst other initiatives, a licensing system to identify legal products in partner countries and license them for import to the EU; unlicensed products would be denied entry.

#### THE PRIME MINISTER'S COMMISSION FOR AFRICA

5. The Prime Minister's Commission for Africa (due to report at the time of the UK's presidency of the G8 and the European Union) is examining the options to re-invigorate international efforts to address poverty in Africa. One of the themes for the Commission is natural resources—such as timber. Whilst the Commission will not report until next year, it is clear that further efforts will be made to address illegal logging. The position of the timber consuming countries will be key to the recommendations. There is a very serious risk that unless there is consistency across all government departments and initiatives, such as sustainable house building, then the work of the Commission could be undermined. It is not implausible to predict a scenario where increased UK house building could increase demand for timber. Unless clear standards are agreed to purchase legal and sustainable timber this demand would be met by an increase in illegal logging and thus fuel the illegal trade in timber. Such a scenario would undermine the efforts of the Commission. It is therefore imperative that procurement of timber for house building insists upon the same basic standards that the UK government now do for its sourcing of timber—see section on CPET.

#### MATERIAL USE—TIMBER

6. Material use will have harmful impacts on the environment. An environmentally well-managed building project might seek to ensure no net environmental impact, a challenging aspiration. Realising this aim might be achieved through avoidance and minimisation/mitigation wherever possible, combined with offset of residual impacts. Such management, which is unusual in development projects, requires a detailed and comprehensive understanding of the environmental impacts of the development.

#### SPECIFYING SUSTAINABLE TIMBER AND WOOD PRODUCTS IN DEVELOPMENTS

7. It must be a fundamental requirement of “sustainable housing” that timber and timber products used are demonstrably from legal and sustainably managed forest sources. Appropriate guidance covering from contract to delivery is critical to ensuring that this requirement is met.

8. The requirement can be made through appropriate contractual conditions, material specification, careful management of accurate supply chain implementation of the specification (allowing, if and as necessary, constrained flexibility to vary the specification in prescribed ways), and monitoring of performance to ensure that the specification has been delivered precisely.

9. The commissioning body sets the agenda: its sustainability requirement must be clear and unambiguous and phrased in tightly defined contractual conditions. The essential requirement is to ensure that legal and sustainable timber and wood products are used in projects. Guaranteeing that this is the case is not straightforward but DEFRA's Central Point of Expertise on Timber (CPET) is in the process of developing clarifications and guidance (see next section).

10. Selection of architects, main contractors and developers needs explicitly to assess their ability to deliver a sustainable development. This task would be facilitated by an agreed sustainable building standard that includes assessment of the sources of timber and wood products and of the environmental impacts of their inclusion in a development, weighed up against other materials. The Building Research Establishment's Environmental Assessment Method (BREEAM) provides a practical basis for such a standard (see section below).

#### CENTRAL POINT OF EXPERTISE ON TIMBER

11. Not least because timber used in the UK construction sector comes from around the world, guaranteeing acceptable sources of timber and timber products can be especially challenging. These challenges are being addressed through DEFRA's Central Point of Expertise on Timber (CPET), which is charged with developing guidance to be used by buyers in central government departments and agencies and suppliers to ensure compliance with central timber procurement policy. Consultation with DEFRA is critical to this inquiry.

12. Government procurement policy requires that only legal and sustainable timber and wood product be purchased for government projects. Currently, it is a contractual condition that timber is legal, with preference given to sustainable timber. Evidence to support the legal, and if relevant sustainable, claim is

required. Phase I of CPET, which will report by mid-October, will detail: what is considered to be legal and what are the documentary evidence requirements to support the claim, including whether the evidence needs to be independently verified; and, also what is sustainable and what are the documentary requirements to support the claim, including whether the evidence needs to be independently verified. Critically, Phase I will present a methodology for assessing forest management certification schemes, and will apply this to the most widely available schemes in order to determine whether and to what extent they meet the government requirements for legal and /or sustainable timber.

13. Current policy implementation guidance will be revised on the basis of Phase I recommendations and findings. Phase II of CPET is critical to the successful development of robust guidance. Phase II must set criteria for “other” evidence, that is other than certification scheme guarantees and recognised independent verification processes. Phase II aims also to provide a “help” service, training and promotion. It will also be responsible for setting and reporting against performance targets. Consideration should be given to extending the scope of Phase II to provide advice to the supply chain and private sector timber users in general. Currently, funding for CPET Phase II has not been agreed. Providing a well-funded CPET service is critical to ensuring guaranteed legal and sustainable timber and wood product is used in “sustainable housing”.

#### ENVIRONMENTAL PERFORMANCE ASSESSMENT AND THE SETTING OF MINIMUM STANDARDS

14. Ensuring that legal and sustainable timber and wood product is used in developments is an important part of a “sustainable solution”. Ensuring the highest possible environmental performance of the building is also an important part. This would entail establishment of agreed performance requirements that must be met by developments and refurbishments, set in a framework of robust assessment against prescribed criteria. The agreed sustainable buildings standard would usefully be modelled on the independent BREEAM standard, which is currently applied to many building types, including homes (EcoHomes) and offices and industrial units.

15. The BREEAM approach assesses a buildings environmental performance on the basis of energy use, pollution, transport, land use, ecology, materials, water, and health and well being. Credits are awarded for each of these aspects according to the meeting specified performance criteria. The scores are then weighted according to overall environmental importance of the aspect, resulting in a grand score, which is categorised as pass, good, very good or excellent.

16. From the timber use perspective, there are several shortcomings of the current approach, which would need to be addressed in producing a sustainable buildings standard. Account is taken of the source of timber in the materials aspect of the rating system, as is the contribution of timber to the overall sustainability of the development or refurbishment project. As currently structured, it is possible to achieve an excellent rating while performing very poorly in the materials aspect. A revision to ensure that minimum performance requirements are met in the materials aspect is necessary.

17. A further shortcoming is in the way timber from a variety of sources is evaluated in the current rating process. The process values certain certified timbers above all else, and differentially values other timbers (non-certified, or certified by excluded schemes) according to whether they are of temperate or non-temperate source. Given the short supply of certified timbers, the complexity of sources of timber from around the world and the variety of credible means to independently verify that timber is legal and from well-managed or near well-managed sources, the current BREEAM approach is significantly limited. A revision of the standard for the purpose of delivering sustainable buildings needs to introduce some of this complexity into the assessment methodology. This will certainly introduce complexity into the standard and make the assessment process more demanding on auditors and contractors but it is essential to achieving the goal of sustainable construction. Any such revision will be facilitated by the recommendations of CPET Phase I.

18. An advantage of the BREEAM standard is the inclusion of “whole life considerations”: a life cycle assessment, from cradle to grave, of environmental impacts. Whether timber or wood product remains as part of the building at completion (building or finishing elements, as in the BREEAM standard) or is a temporary works material (such as concrete shuttering, construction site hoarding, which can be included in the BREEAM standard as “major” building elements), environmental assessments of their sourcing, use and ultimate disposal is essential. For temporary usage in particular, consideration and implementation of reuse and recycling options needs to be a requirement of sustainable housing construction (for instance, integrated into the BREEAM standard).

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## WOOD IN CONSTRUCTION

19. Timber and wood product from legal and sustainable forest sources can be an environmentally positive material of choice compared with alternatives. Life cycle analyses (LCA) indicate that a building constructed with a timber frame (an accepted modern method of construction) outperforms comparable steel and concrete framed buildings in terms of overall environmental impacts.<sup>34</sup>

Exemplifying this, a recent study by the International Institute for Environment and Development (IIED) indicates that wood in construction is better for the climate.<sup>35</sup>

When you consider that the energy used in constructing, occupying and operating buildings represents about half of UK's greenhouse emissions, creative ways of reducing net emissions associated with construction are important to efforts to reduce and mitigate emissions.

## COSTS OF CERTIFIED TIMBER

20. In demanding that sustainable timber is used, a trade concern is that economic considerations will take precedence in final purchase decision-making. Based on experience with softwoods, much of the market believes that there is no "premium" cost for certified sustainable timber. This is not, however, true of hardwoods. A study by Mansell plc indicated an average cost difference of +10% between certified and non-certified softwood and hardwood product, with marked variation in individual cost differentials of approximately  $\pm 30\%$  (Simon Wright, personal communication).

21. A recent study of available data for tropical timber production<sup>36</sup> indicates that certified South East Asian suppliers need to charge a premium in the range 10–20% to compensate them for the net cost of sustainable forest management certification. This cost difference reflects, in the most part, costs of compliance with the certification standard, increased costs of production at source, through reduced yields (opportunity costs), as well as increased direct costs. A commitment to sustainable timber therefore requires a commitment to increased raw material timber cost. It is important to understand that this cost is a very small proportion of the total costs of a construction project, and an irrelevance as far as operational costs, which constitute a significant part of the life time environmental impact of a building, are concerned.

## SKILL NEEDS

22. The knowledge base of public and private sector operators is inadequate to properly take account of sustainable timber specification. Although the private sector has a role to play in education, central and local government needs to consider how it can better equip its specifiers, planners and purchasers to participate effectively in delivering sustainable housing.

23. Timbmet Group has, through collaboration with Greenpeace, developed a training workshop for specifiers that aims to provide them with knowledge and understanding that will enable effective sustainable timber specification. In order that the workshop can reach a much wider audience, an interactive CD version of the workshop is in the final stages of development. The CD is due to be released at the end of November and disseminated widely, between November and January, to architects and specifiers in private practice and in local authorities, and construction companies, builders and joiners.

October 2004

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<sup>34</sup> Life-cycle analysis (LCA) assesses environmental impacts of a manufactured product at all stages of a product's life including resource procurement, manufacturing, service life, de-commissioning and disposal at the end of the useful life of the product.

In their "Environmental profiles of building materials, components and buildings" study (see—collaborate.bre.co.uk/envprofiles), the Building Research Establishment (BRE) scored timber highly in 13 environmental impacts studied, including climate change, pollution to air and water, waste disposal, and transport pollution and congestion. Timber was recognised as the only building material to have a positive impact on the environment due to the net assimilation of carbon dioxide by growing trees.

The ATHENA Sustainable Materials Institute (see [www.athenasmi.ca/index.html](http://www.athenasmi.ca/index.html)) has compared the environmental impact of constructing a house using wood framing, sheet metal framing, and concrete. The comparison looked at 6 key measures: embodied energy (all the energy used to extract, manufacture and deliver the product); air toxicity; water toxicity; weighted resource use; and solid waste generation. For the first five of these measures, the wood-frame house has least impact on the environment.

<sup>35</sup> H Reid, S Huq, A Inkinen, J MacGregor, D Macqueen, J Mayers, L Murray, and R Tipper (2004) *Using wood products to mitigate climate change: a review of evidence and key issues for sustainable development*. IIED, London (January 2004, 90pp.); see <http://www.iied.org/docs/climate/wood—climatechange.pdf> and the summary at <http://www.iied.org/docs/climate/briefing—woodproducts—climatechange.pdf> (Could wood combat climate change? D Macqueen, J Mayers & H Reid—4pp).

<sup>36</sup> Richards, M (2004) *What do we know about the costs and benefits of tropical timber certification?* Draft report commissioned by Timbmet Group Ltd (Oxford).

## APPENDIX 19

### Memorandum from the National Federation of Demolition Contractors

Whilst my comments may seem rather removed from “Building A Sustainable Future” I truly believe we must look at the whole picture and ensure the views of the Demolition Industry are considered.

The Demolition Industry has had a long association with recycling and reclamation. Even during Roman times, materials from demolished buildings “bricks, tiles, timbers” were often reused in new construction truly achieving a sustainable future.

However, today modern construction materials are not as readily recyclable as historic and traditional materials. Whilst 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.

For example, materials such as:

- Pre-cast floor beams with a polystyrene centre core which cannot be removed contaminating the concrete as it is prepared for crushing.
- Composite materials which cannot be separated for recycling, roof sheets, wall panels.
- Very high tensile reinforcement wire, which will not be accepted into the scrap process as it can cause damage to shear blades.

All of the above materials would certainly not be classified as sustainable so far as Demolition Contractors are concerned. We would urge that consideration be given to the more widespread use of traditional building materials that are tried and tested.

In fact, the Demolition Industry and The National Federation of Demolition Contractors (NFDC) would welcome legislation along the lines of the ELVD as an “End of life Building Directive” is considered the best mechanism to encourage and ensure a truly sustainable future for future generations.

The NFDC, through its representation on numerous Committees, works tirelessly to encourage the development of more effective recycling methods and would welcome the opportunity to contribute to the “Sustainable Future” debate.

The NFDC Membership is audited annually to determine and report the extent of recycling activities carried out, with a submissions made to the ODMP, WRAP and BRE and sets itself high standards with respect to informing and training its Membership and their Operatives on safe working and environmentally friendly initiatives.

*June 2004*

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## APPENDIX 20

### Memorandum from Wilson Bowden plc

#### 1. INTRODUCTION

1.1 This paper provides the Environmental Audit Committee (EAC) with the response of Wilson Bowden plc to its Request For Information (RFI) in support of its enquiry entitled Housing: building a sustainable future. Our understanding is that this enquiry by the EAC will examine the role, 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. We also recognise that this enquiry is taking place against the background of the publication of the final report by the Barker Review on housing supply in March 2004.

1.2 This submission sets out the general position of Wilson Bowden plc in relation to the Barker Review as well as providing the EAC with the company’s response to the specific questions set out in the RFI.

#### 2. POSITION AND RESPONSE OF WILSON BOWDEN PLC TO THE BARKER REVIEW

2.1 Wilson Bowden plc believe that the Barker Review, which looked at the constraints on UK housing supply, represents a seminal moment in the development and implementation of housing policy in this country. The Review itself, established in April 2003, provided a real opportunity to carry out a comprehensive analysis of the problems constraining housing supply in the UK and to put forward substantive recommendations for resolving the current housing crisis.

2.2 Wilson Bowden plc welcomed the Interim Report from the Barker Review when it was published in December 2003. We believed that it provided a comprehensive analysis of the housing market and accurately identified the underlying causes of constrained supply. In our view, the subsequent final report, published in March 2004, also provides a blueprint, which if followed by the Government, the house building industry

and all stakeholders involved in the housing market, could result in the alleviation of these constraints. Furthermore, it could lead to the production of an economically viable and environmentally sustainable supply of housing.

2.3 Wilson Bowden plc therefore believe that this blueprint, if implemented in full, offers the potential for significant improvements in the economic and social conditions which have arisen as a consequence of constrained housing supply. In order to ensure this happens, we believe Government, the house building industry and all stakeholders will have to meet the challenges and obligations laid out in the final report. This will require a partnership-based approach by these stakeholders.

2.4 However, Wilson Bowden plc recognise that the recommendations of the Barker Review amounts to a “quid pro quo” with the house building industry. In putting forward the recommendations the Review has created the potential for the constraints on house builders operating environment to be alleviated in return for a significant increase in housing supply. But the Review also appears to be looking for companies like ours to meet a number of challenges in the way we operate our business.

2.5 In responding to this, Wilson Bowden plc is committed to working individually and with the rest of our industry and the Government to do the following, (in no particular order):

- build not just houses but sustainable communities;
- respond to environmental challenges in the way we run our business and the type of housing that we build;
- provide more mixed use developments;
- ensure good design is at the heart of our business model;
- respond to customer requirements;
- improve our embrace of Modern Methods of Construction;
- enable society to more clearly identify the benefits of development; and
- increase investment in skills and training.

### 3. WILSON BOWDEN PLC RESPONSE TO THE REQUEST FOR INFORMATION

#### 3.1 Overview

3.1.1 Wilson Bowden plc strongly believes that the implementation of the recommendations proposed by the Barker Review must be set in the context of the national and international agenda for environmental sustainability. The principles of sustainability, which underpin this agenda, are an integral part of any national housing policy in the UK. It is right that implementation of the Barker recommendations is done in a manner consistent with these principles. As far as Wilson Bowden plc is concerned, we have already sought to incorporate the principles of environmental sustainability into our business planning and operational practices.

3.1.2 However, whilst the principles of sustainability are vitally important in the delivery of the Barker recommendations they must not be manipulated, as they have on occasions in the past, to prevent the development of new housing. Instead, the principles of sustainability and the wider environmental agenda should be incorporated into the delivery of the package of recommendations put forward by the Barker Review and used to guide and inform the development of a national housing strategy.

3.1.3 Inevitably this will mean taking some very difficult decisions and setting some tough priorities in relation to where and how new housing development should take place. But the Interim Report of the Barker Review clearly identified the consequences, in both economic and societal terms, of an inadequate supply of housing.

3.1.4 Therefore, the sustainable environment agenda must be used positively and proactively to inform and guide development, rather than stifle it. All stakeholders involved in housing development must respect this agenda and the principles that underpin it. If this happens, the Barker recommendations for increasing housing supply can be delivered in an economically viable and environmentally sustainable manner.

3.1.5 In the sections below, Wilson Bowden plc sets out its detailed response to the questions contained in the Environmental Audit Committee RFI.

#### 3.2 *Are the Conclusions of the Barker Review compatible with the general principles of sustainable development and the Government’s own sustainable development objectives?*

3.2.1 The Government set out four aims for sustainable development in “A Better Quality of Life, a Strategy for Sustainable Development in the UK” (CM4345, May 1999). These are:

- maintenance of high and stable levels of economic growth and employment;
- social progress which recognises the needs of everyone;
- effective protection of the environment; and
- the prudent use of natural resources.

3.2.2 Clearly these four aims need to be addressed in an integrated way and that is precisely what is proposed in the Barker Final Report. Indeed the general principle underlying the Report's recommendation is that policies need to consider the environmental costs, alongside the social and economic benefits of new housing. In other words a better means of assessing the costs and benefits of development and land use is required and Wilson Bowden fully support this.

3.2.3 In terms of detail, the Barker Review makes a wide range of recommendations covering planning, taxation and the house building industry. The Government has indicated its acceptance of those recommendations. These recommendations have the potential to recalibrate the economics of the housing market and ensure that the forces of supply and demand achieve a better balance. In turn, this should lead to the optimal delivery of the type and levels of housing that is required. The Government has now embarked upon a consultation exercise with stakeholders on the best way to deliver the Barker recommendations with a view to reviewing progress in achieving the Report's objectives in the summer 2005. Wilson Bowden plc look forward to working with the Government and all other stakeholders interested in solving the current housing crisis throughout the implementation phase.

3.3 *In view of the Barker Review is there a need for an overarching national strategy to ensure that the environment is at the heart of any building programme?*

3.3.1 The environment has been at the heart of the Government's plans for sometime. Indeed the ODPM Sustainable Communities—Delivery Through Planning document, dated July 2002, states that policy should “deliver in a sustainable way” the key Government objectives for housing, economic development, transport infrastructure and rural regeneration “whilst protecting the environment”.

3.3.2 Furthermore PPG3-Housing requires housing needs to be met in the most sustainable way possible and advises local planning authorities, in preparing their local plans, to adopt a systematic approach to assessing the development potential of sites and the redevelopment of existing buildings, when deciding which are the most suitable for housing and the sequence in which that development should take place.

3.3.3. More recently, the deliberations over an 18 month period on the new Planning and Compulsory Purchase Act which received Royal Assent on 13 May has again demonstrated the importance of aligning the planning system to underpin the provisions of sustainable communities. As an example, the requirement to provide design statements for both outline and full planning permissions will detail how the proposed development relates to the wider environment. The elements to be considered in such documents are: massing, layout, relationship to public open space, density, building heights, access and movement, landscape strategy, mix of use and response to context.

3.3.4 In addition, it is clear from the Consultation Document on PPS1 (published on 24 February 2004) that the final version will place sustainable development at the heart of the planning system. It reiterates the 1987 Brundtland definition of sustainable development and the Government's four aims, set out in its 1999 strategy (CMD4345) for sustainable development, as:

- High and stable level of economic growth.
- Promotion of social inclusion.
- Protecting and enhancing the environment.
- Prudent use of natural resources.

3.3.5 Accordingly, regional and local plans should be prepared to contribute to the achievement of sustainable development. Indeed local planning authorities should seek outcomes that enable economic, social and environmental objectives to be achieved together—something Wilson Bowden have supported and argued for in both of the company's submissions to the Barker Review. However, in certain cases, a planning authority may consider that extra weight should be given in its policies to a particular economic, social or environmental objective. This is acceptable as long as the reason for doing so is made explicit and the consequential impacts are either avoided or mitigated.

3.3.6 Following on from the above, it should be noted that there is also a plethora of legislation and regulations that are already in place which effectively ensure the environment is fully protected in any development scheme. These range from the protection of areas of major conservation significance such as National Nature Reserves, Sites of Special Scientific Interest, Ramsar sites, along with SPA's and SAC's, through to the protection of individual species. There are also various legislative provisions for protecting areas of landscape policy such as National Parks, Areas of Outstanding Natural Beauty and Areas of Great Landscape Value. Similarly, historic and heritage landscapes are also protected, as are areas believed to contain archaeological interest. More broad-brush protection is also provided by Greenbelt policy where coverage has been increased by 19,000 hectares in the period 1997–2003. Finally there are provisions relating to controlling development in floodplains and within close juxtaposition to hazardous installations, airports etc.



3.4 *Is the current planning system robust enough to ensure that the environment implications of building projects are fully taken into account? How can the planning system be used to increase the building of more sustainable housing? Would the proposed changes to the planning system in the Barker Review have a positive or negative effect on the environment?*

3.4.1 As noted in our response to the previous question there is an existing robust legislative system in place that ensures environmental implications of projects are fully taken into account when applications for planning permission are determined.

3.4.2 Under current legislation the need for an environmental impact assessment has to be assessed for every planning application, on the basis of whether the proposed development is likely to have significant effects on the environment.

3.4.3 These provisions are soon to be extended by the Environmental Assessment of Plans and Procedures. These new regulations which will come into force by 21 July 2004. These Regulations implement the European Directive 2001/42/EC which is designed to ensure that significant environmental effects are assessed much earlier in the process, ie during the preparation of development plans or programmes, and before decisions are taken on key issues such as alternative development sites. Authorities responsible for preparing the plan or programme will therefore be required to compile an environmental report. This will identify, describe and evaluate the likely significant environmental effects of implementing the plan or programme and of the reasonable alternatives available.

3.4.4 The above guidance is relevant to both the existing planning system and that proposed under the new Planning and Compulsory Purchase Act. It also applies to other areas such as energy, industry, transport, waste and water management. Resources have been made available to planning authorities to help them comply with the Directive. In addition, other bodies that have key roles in strategic environmental assessment, such as the Environment Agency, are actively preparing for their new role.

3.4.5 This same Directive will also have an impact on the development of sustainability appraisals, which will be made mandatory for local development documents and regional spatial strategies, under the new planning system. In the long run, it is anticipated that strategic environment assessment will be fully incorporated into sustainability appraisals. In the meantime ODPM's guidance shows how a Strategic Environmental Assessment can be expanded into a sustainability appraisal and how the differences between these two types of analysis can be reconciled. All in all, this advance will help the integrated treatment of economic, environmental and social issues which is a key principle of the Government's sustainable development strategy.

3.4.6 Apart from the previously mentioned normal development control procedures other mechanisms are now being tested and deployed to ensure the environmental implications of development projects are taken fully into account. One of the prime examples is the use of "design coding", as tested by English Partnerships on their Upton project in Northampton and now being rolled out to their site's at the former RAF base at Bracknell and the Winfrith Technology Centre. This process centres on involving stakeholders in intensive "inquiry by design" workshops which establish the ground rules for the master planning and design of a scheme. Such has been the success of this approach that ODPM has launched the first of six pilots for testing design codes at—Cirencester, Rotherham, Newcastle, Aldershot, Hastings and Ashford. This will provide the means to evaluate various models and approaches for the developing, adopting and implementing design codes in the new planning regime. The test will also establish if the use of such design codes can accelerate the delivery of housing whilst ensuring good quality design. Clearly any scheme subject to such a coding practice will still be subject to approval through the planning system in the normal way.

3.4.7 Finally, good planning is all about positively managing development. As a result, the proposed changes to the planning system, proposed by the Barker Review, will in our view fulfil sustainable development objectives.

3.5 *Where will the proposed new housing be built? What are the implications for land use and flood risk of the large scale proposed building projects?*

3.5.1 On 5 February 2003 ODPM launched the Communities Plan—Sustainable Communities Building for the Future. Within that document four principle growth areas were identified to accommodate the lion's share of the identified additional housing. Those areas were the Thames Gateway; Milton Keynes and South Midlands; the London/Stanstead/Cambridge corridor (latterly extended to incorporate Peterborough) as well as Ashford. Actual development locations within these broad areas will be the subject of review and identification in the relevant regional spatial planning strategies.

3.5.2 The above initiative was subsequently complimented by the identification of a Northern Growth Corridor along with Market Renewal Pathfinder areas. The latter are primarily concentrated in the Midlands and North of the country.

3.5.3 Housing requirements elsewhere in the country would either be located in a small number of strategic locations, or more likely on sustainable brownfield sites within urban areas.

3.5.4 In terms of land use, the Government remains committed to the provisions of PPG3 Housing and in particular the search sequence for locating new development, ie brownfield development before greenfield releases, and Wilson Bowden continues to support this approach. To compliment this, the encouragement given to building at high densities will continue to prevail. Indeed, it has been estimated that the Government's Density Direction in the South East will save 4,000 hectares of land from development by 2016.

3.5.5 If Central Government are committed to the regeneration of Thames Gateway, then they will need to allocate sufficient resources to ensure that proper flood defences are installed prior to commencement of major housing development.

3.5.6 As to flood risk aspects, the Environment Agency is due to issue local planning authorities with flood zone maps in the summer of 2004. These will show the different zones of flood risk as set out in PPG25. The maps will be incorporated into the flood map on the Agency's website in the autumn of this year. Updates to the flood map (which also includes information on flood defences) will be provided to local planning authorities every three months.

3.5.7 Local delivery vehicles in the Thames Gateway and presumably elsewhere, will be required to produce flood risk assessments for their areas in order to ensure that appropriate siting and design of development is considered. Furthermore, where ODPM is funding individual projects directly, this will be conditional on an appropriate flood risk assessment being carried out.

3.5.8 At the more general level the planning system itself should be able to support better water management, such as the introduction of sustainable urban drainage systems and ensure policy seeks to minimise flood risk through the implementation of existing statutory requirements.

*3.6 Is it possible to ensure materials and resources used, and waste produced, during building do not have a harmful impact on the Environment?*

3.6.1 The use of effective supply chain management, combined with a comprehensive waste management regime, will minimise the environmental impact of build programmes.

3.6.2 With the reduction in the number of landfill sites across the country capable of taking "active" waste and the increase in landfill tax from the current rate of £15 per tonne to £35 per tonne by 2008, there is a significant economic argument to reduce the amount of waste material being produced. Accordingly, a robust waste management policy that employs on-site remediation of active waste, as well as the segregation and re-use, wherever possible, of inert material in the build programme makes environmental and economic sense. Wilson Bowden plc has successfully trailed this approach in one of its house building regions and is currently in the process of rolling the programme out to the rest of the Group.

3.6.3 The above also has implications for the supply chain, as effective partnering arrangements with suppliers can minimise wastage in both the product preparation process and the build programme. Initiatives such as recycling of material with the supplier, combined with the sourcing of material from renewable resources, or joint working to introduce innovations in both product and working practices, can all pay dividends. In this context Wilson Bowden now actively engages with its main suppliers and enters into two-way dialogue with them at specialists' forums which it organises.

3.6.4 As noted in our response to the question on the role of the planning system in sustainable housing, improved building regulations, with the introduction of a new sustainable building code, will encourage recycling and a minimisation of waste during the construction process. In addition, the publicity afforded to Corporate Social Responsibility Indices together with "sustainability awards" will also assist. With regard to the latter, a recent example is the Sustainable New Homes Awards which were announced in October 2003. These are run by the House Builders Federation and the World Wildlife Fund. Criteria for the Award includes energy efficiency and the use of renewable energy; how development has protected and/or enhanced bio-diversity; the minimisation of waste from both construction and the lifestyles of residents; water efficiency and recycling; sustainable urban drainage; urban pollution levels and use of toxic chemicals.

*3.7 Are the building regulations, as they stand capable of ensuring that new housing is truly sustainable in the long term? How could they be improved? Could greater use be made of existing environmental standards for housing?*

3.7.1 As currently drafted the building regulations are not capable of ensuring that new housing is truly sustainable in the long term. Perhaps in recognition of this fact the Government is supporting a Private Members Bill to allow building regulations to be made for new purposes, ie furthering the protection or enhancement of the environment, facilitating sustainable development and furthering the prevention or detection of crime. As an example, Part M of the building regulations currently require all new homes to be more accessible. Whilst we are broadly supportive, these could be strengthened by introducing the "lifetime homes" standard to allow older people to remain in their homes for longer, or to facilitate adaptation of homes to reflect changed circumstances, thereby meeting longer term needs.

3.7.2 It is also worth noting that all new homes funded by the Housing Corporation are required to achieve a “pass” rating under the Building Research Establishment Eco Homes Standard as a minimum condition. This standard effectively grades the sustainability of a house design and development into four sections, all of which are higher than currently exists in the building regulations. It is understood that the Corporation is proposing to raise the requirement to the Eco Homes “good” rating from April 2005.

3.7.3 Similarly, the English Partnership’s Millennium Communities Programme highlights how major schemes can combine innovation and sustainable development. Indeed each of their schemes must meet environment performance and constructions efficiency standards that go beyond the current building regulations.

3.7.4 Clearly, the above noted range of initiatives can cause confusion and need simplifying. To this end the Sustainable Building Task Group, set up by the Government at the Better Building Summit last October, has submitted its report to ODPM. It proposes a code for sustainable buildings that would be based on the Building Research Establishment Environmental Assessment Method (BREEM) which measures the environmental impact of any buildings and rates the performance on a scale of pass to excellent. All ratings are above existing statutory requirements and cover: management; operational energy; transport; health and well being; water; materials; land use; ecological value and pollution. It is believed the “Code” would provide a level playing field for quality building control. It would be dynamic, respond to innovations through annual updating and offer a series of standards from a regulatory base right up to advance practice.

3.7.5 ODPM, DTI and DEFRA have now agreed to start work on the main principles for a “sustainable buildings code”. Its proposals are expected to emerge in changes to the building regulations in 2010 and beyond. When implemented the new Code will replace and consolidate the current confusing array of existing environmental standards for the construction industry, and as such it is to be welcomed.

3.7.6 As an aside, it is also worth noting that British Research Establishment have worked with mortgage lenders to develop a new certification approach for manufactured housing. This resulted in a launch of LPS1272-System Build Standard on 26 April 2004 which provides manufacturers of prefabricated building systems with a recognised bench mark against which they can test and certify their product. In addition to normal building performance criteria, it covers insurance and mortgage lenders requirements such as durability, reparability and identification.

*3.8 How will it be possible to ensure a sustainable infrastructure, including transport and water supply, which will be necessary to support any extensive house building, is put in place?*

3.8.1 Inadequate infrastructure provision lies at the heart of many local housing supply problems. The Barker Interim Report quoted a figure of 40,000 new homes held up by inadequate infrastructure provision in the South East alone. Clearly central Government funding must therefore be put in place for physical and social infrastructure to pump prime the necessary development which will meet the Government’s primary objective of increased housing provision. In this respect the Barker Final Report recommends that all Government Departments take account of planned housing and population growth when making spatial allocations for infrastructure funding and that the Prime Minister’s Committee on Housing and Growth in the South East should be expanded to cover delivery in general and be used to facilitate cross department co-operation.

3.8.2 In addition, to minimise delays, infrastructure providers (such as the Highways Agency and Water Companies) should be involved from an early stage in developing both the Regional Spatial Strategies and the Local Development Plans. This will ensure that regional and local planning housing targets are based on realistic assessments of infrastructure funding and provision. Having said that, restrictions must be placed on the infrastructure provider’s ability to object to development. In addition, greater use should also be made of area based special delivery units, including Urban Development Corporations, to drive housing development forward where land acquisition, servicing and infrastructure provision problems are identified.

*3.9 Do those involved in housing supply, both in the public and private sector, have the necessary skills and training to ensure new housing meets environmental objectives? If not, how can the knowledge base of those involved in the planning and building process be improved?*

3.9.1 It is probably fair to say that existing skills and training provisions, in both the public and private sectors, need to be improved. To examine this in more detail, the Deputy Prime-Minister announced on 8 April 2003 the Egan Review of Skills. Its primary focus was to consider the skills that built environment professionals needed to help deliver the vision set out in the “Sustainable Communities Plan: Building for the Future”. That Report has now been published and identified over 100 skills involved in the development, implementation and maintenance of sustainable communities. More specifically it recognised there were shortages of staff in the core groups and a lack of generic skills overall. It recommended the establishment of a National Centre for sustainable community skills which should be up and running by early 2005. The focus of the latter would be on developing generic skills such as leadership, communication, teamwork, project management and understanding sustainable development.

3.9.2 In contrast, the actual promotion of trade skills themselves could be tackled by other existing mechanisms that are already in place. However, if skills constraints are not adequately being addressed within a prescribed timeframe, the Government should conduct a review of the effectiveness and impact of CITB-construction skills in the house-building industry. Having said that it is believed that house-builders, sub-contractors and suppliers working together can deliver the skilled trades needed to produce the required increase in homes.

#### 4. CONCLUSION

4.1 Wilson Bowden plc believe that the Barker Review has established a positive platform for alleviating the constraints on housing supply, in an economically viable and environmentally sustainable manner, which will lead to a significant increase in housing volumes.

4.2 As we have made clear in this submission, and the ones made to the Barker Review itself, the principles of sustainable development and the wider environmental agenda are already embedded in the existing system. Wilson Bowden plc, along with our industry colleagues, are already responding to these principles and agendas. We believe that good progress has already been made but we recognise that as part of the “quid pro quo” for the Barker Review, we will need to do more.

4.3 Furthermore, we believe that the principles of sustainable development can be incorporated into the delivery of the Barker recommendations for increasing overall housing supply. There is no reason why they should be seen as mutually exclusive. As we have suggested in this submission, this means that the principles are proactively and positively used to guide and inform how and where new housing development takes place. But we do add the caveat that the principles must not be manipulated in a way that stifles this development.

4.4 We strongly believe that all stakeholders, and this should include house builders, Central & Local Government, housing and homelessness organisations, and environmentalists, who are genuinely interested in alleviating the constraints on housing supply now have a responsibility to ensure that the recommendations put forward by the Barker Review are implemented. A crossroads has been reached in national housing policy and we have a real opportunity to develop an implementation strategy that delivers the level and type of housing required but in a way that is both economically viable and environmentally sustainable. For our part, Wilson Bowden plc intends to meet the challenge which has been set down.

June 2004

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## APPENDIX 21

### **Memorandum from the Town and Country Planning Association (TCPA)**

The TCPA welcomes the opportunity to respond to this consultation. The charitable purpose of the Town and Country Planning Association is to improve the art and science of town and country planning. It is the only independent organisation for planning and housing covering the UK and the longest-established planning body in the world. Its key objectives are to:

1. Secure a decent home for everyone, in a good human-scale environment combining the best features of town and country;
2. Empower people and communities to influence decisions that affect them;
3. Improve the planning system in accordance with the principles of sustainable development.

The Association campaigns for improvements to the places in which we live and strives for the best in the new communities of the future.

#### INTRODUCTION

This response will address the specific questions set out by the Audit Committee.

1. *Are the conclusions of the Barker Review compatible with the general principles of sustainable development and the Government's own sustainable development objectives?*

The TCPA broadly welcomed the findings of the Barker review, having long campaigned for recognition of the often desperate need for increases in housing supply in many parts of the country. The social costs of not addressing this issue are and will continue to be huge. The Review emphasises the economic costs of the housing shortage, while also making reference to the social implications, but the principles of sustainable development require that these be considered together with environmental factors.

The TCPA is also aware of the potential negative environmental impacts that such large-scale development may bring, something eluded to but not expanded upon in the final Barker report. However, the TCPA does not believe that the objectives of achieving positive social and environmental objectives are necessarily mutually exclusive.

If the recommendations of the Barker Review are to be implemented in a truly sustainable way then Government needs to take action on a number of fronts.

In October 2003 the TCPA and WWF, together with a number of other organisations, including BRE and Somerset Trust for Sustainable Development, published *Building Sustainably: how to plan and construct new housing for the 21st century*. This report makes recommendations for what changes are essential to the planning system and Building Regulations in order to bring sustainable housing from a specialist and exemplar activity to a mainstream one. The report has been well received amongst policy makers and a number of key recommendations have now been or are in the process of being taken up, including revisions to Planning Policy Statement 1 (PPS1) making it clear that a primary objective of the planning system is to ensure development comes forward in accordance with the principles of sustainable development.

The emphasis in draft PPS1 on sustainable development (together with community involvement and spatial planning) is a welcome recognition of the need for development to contribute to sustainability. However, in order for this to translate into effective delivery of sustainable housing, the Government should prepare and widely consult on good practice guidance for local authority planners covering all aspects of sustainability including transport. Guidance for developers and others involved in the house building process should also be considered.

The TCPA is very concerned that the 200,000 or so additional homes (on top of planned provision in Regional Planning Guidance of the South East, East of England and London regions) set out in the Government's Sustainable Communities plan will not be built to higher standards. Failure to do this will not only miss a unique opportunity to build homes of high environment quality on a large scale in sustainable locations served by sustainable transport (thereby taking advantage of economies of scale and development of new markets), but will also adversely affect the Government's ability to meet legally binding emissions reduction targets and creation of truly sustainable communities.

A key issue for ensuring delivery of sustainable buildings is effective enforcement—this applies to both planning and building control departments. It is a generally held view amongst the practitioners that the TCPA talked to during the preparation of its *Building Sustainably* report that the relevant legislation is adequate, the real problem is resources: both human and financial. As a result, enforcement tends to react to breaches rather than pushing the boundaries of what is possible.

2. *In view of the Barker Review is there a need for an overarching national strategy to ensure that the environment is at the heart of any building programme?*

Yes, provided such a strategy (which a revised sustainable communities programme could provide) integrates social and economic objectives along with environmental ones. The TCPA believes that the Communities Plan needs to be developed into a sustainable development framework for England as a whole. The Plan's welcome commitments to sustainable development need to be applied to high and carefully monitored standards. Only then could the programme fulfil the requirements of such an over-arching sustainable development strategy.

There is much information and many examples of good practice exist when it comes to developing sustainable buildings but they are not being mainstreamed. It would be very helpful if the Government were to publish an overarching strategy or guidance (perhaps a series of guidance documents aimed at different audiences: regional and local government and agencies; private sector; investors; suppliers etc.) that brought all this disparate material together in a cohesive form and would provide a robust and defensible basis for action through planning.

Such a strategy and/or documents would set out relevant Government policy objectives, legislation, and examples of good practice. It would also need to be clear about what was required, through legislation and building regulations for instance, and what was merely aspirational. It should also point to any incentives that exist for developers to build to higher standards.

Confusion exists between planning departments and building control departments as to who is responsible for what in relation to sustainable development. This needs to be clarified. In addition, the two departments need to work more closely together so that the maximum environmental benefit can be brought out of a development.

3. *Is the current planning system robust enough to ensure that the environmental implications of building projects are fully taken into account? How can the planning system be used to increase the building of more sustainable housing? Would the proposed changes to the planning system in the Barker Review have a positive or negative effect on the environment?*

The Planning System has much to commend it in relation to promoting more sustainable housing and sustainable development generally but does not yet provide a robust process to ensure all aspects of sustainability of development are effectively considered universally. There are a number of improvements and clarifications that could be implemented in order to strengthen existing powers.

The Barker Review was written from a predominantly economic perspective and concerns itself mainly with speed and efficiency. The TCPA agrees that speed and efficiency are important objectives of the planning system, but believes that quality decisions and quality applications take time so the process needs to provide for a more effective mechanism to engage all the key players in ensuring actual delivery of sustainable development quickly. All reforms to planning legislation and policy should have sustainable development objectives at their heart, but other key players—transport operators, Environment Agency etc.—need to be required to engage and support the process.

The Barker Review recommendations if implemented as they stand are likely to result in a negative impact on the environment and put enormous pressure on the environments of some parts of the country. However, as stressed earlier, this does not have to be the case. Building to higher environmental standards and ensuring that the infrastructure is in place when required, would help to ensure creation of genuinely sustainable communities.

The TCPA/WWF report *Building Sustainably* recommends:

- Planning authorities at all levels should promote sustainable construction and the highest standards of design in all new development. Planners should also be given assurances that they can legitimately turn down planning applications on sustainable development grounds, without fear of costly appeals.
- The Government should set out to improve the positive role that planning can have in achieving sustainable development by raising its profile and addressing the negative image it currently has.<sup>37</sup> This will entail additional resources, better training and education amongst others.

4. *Where will the proposed new housing be built? What are the implications for land-use and flood risk of the large-scale proposed building projects?*

It is important that new (appropriate) housing is built in locations where it is most needed. Often this will be in southern parts of the country, where pressures on the housing market are highest and affordability lowest. However, it is also important that consideration is made of areas where housing markets are less strong or have collapsed. Reviving these markets will help to ease pressure on booming areas, while improving the environments locally. The Government has begun to address these areas with its Housing Market Renewal Pathfinder Areas and the Northern Way, however it will be a long process requiring more investment than has currently been made available.

The consequence of meeting demand in the south of the country will be increased pressure on already pressured environments in terms of transport provision, the environment and supporting infrastructure. This point has been referred to earlier in this submission. In addition, in using the planning system and other mechanisms the Government needs to ensure that housing need is met in ways that best meet the needs of communities and the environment. For instance, this will involve avoiding unnecessary urban sprawl; and creation of attractive environments that people want to live in and that are able to adapt to their changing needs.

The TCPA is in the process of completing a guide to biodiversity, entitled TCPA How To Guide: Biodiversity—Enhancing Biodiversity Through the Creation of Sustainable Communities. This guide is expected to be launched in September<sup>38</sup> and will set out how new communities can preserve and enhance biodiversity within them.

While it may be desirable to avoid building in areas prone to flooding, the realities are that developing such sites will be unavoidable. Also, they may be ideal locations on other criteria, such as re-use of brownfield sites or proximity to public transport and facilities. As such, it is important that such developments both limit the impact they have on floodplains and surrounding buildings, so as to minimise flood risk, and are built in such a way as to tolerate flooding when it occurs.

The TCPA therefore recommends that as far as possible, all developments in flood prone areas (and this should include areas prone to flooding at previously low frequency intervals on the assumption the climate change will increase their frequency) be built to withstand floods and have a minimum impact on the functioning of the floodplain. This could include: building regulations requiring electrics to be encased in

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<sup>37</sup> The TCPA's Putting Planning First Campaign is pressing for better integration of planning and planning related functions; increased status; and a positive role for planning in delivering sustainable development.

<sup>38</sup> For more details contact Caroline Green at the TCPA, [projects@tcpa.org.uk](mailto:projects@tcpa.org.uk)

watertight units, with sockets fitted higher up walls; sewerage systems that will not back-up when flooded; the Environment Agency and other relevant bodies should have people skilled in advising on the design of developments within the floodplain. Account will also need to be given to the insurance implications.

In addition, sustainable drainage (SUDs) systems should be included in all new developments where appropriate, regardless of whether or not they are located within a floodplain. This will help to ease pressure on existing drainage systems, particularly during storms.

The emerging findings of two of the projects being carried out as part of the UKCIP/EPSRC<sup>39</sup> Building Knowledge for a Changing Climate (BKCC) initiative should be considered as part of the process of developing strategies for building on floodplains: Adaptation Strategies for Climate Change in the Urban Environment (ASCCUE) led by Manchester University, with the TCPA co-ordinating the stakeholder element; and Adaptable urban drainage—addressing changes in intensity, occurrence and uncertainty of stormwater (AUDACIOUS).

*5. Is it possible to ensure materials and resources used, and waste produced, during building do not have a harmful impact on the environment?*

Buildings and the process of building them is resource intensive. Increasing the supply of housing will add an additional burden to the UK's overall resource requirement. For obvious reasons it will never be possible to use no resources, however it has been proved possible to significantly reduce the amount that is used, the quantity of waste, the amount coming from recycled sources, and the distance such resources have to travel before they reach the building site.

Sustainable procurement of materials is critical if the environmental and social impacts are to be minimised. A key part of the selection of materials is the use of life-cycle assessments to establish the overall impact of the material from “cradle to grave”. A number of good examples of sustainable use of materials exist.<sup>40</sup> However these are not mainstream and need to become the norm:

- BedZED, London
  - Timber was sourced from local, well managed woodlands, or Forest Stewardship Council certified woodlands.
  - Wherever possible, natural, recycled or reclaimed materials were used, products with low embodied energy and those that were not associated with habitat destruction. Some materials, however, were chosen for thermal performance despite high embodied energy.
  - Excellent recycling and composting facilities.
  - As much material as possible was sourced from within 60km of the site.
- Hockerton Housing Project
  - Materials using minimal embodied energy, and assessment of environmental policies of manufacturers.
  - Local suppliers used where possible, and community businesses developed to provide employment Hockerton community members.
- Watton Green, Castle Vale Estate, Birmingham—EcoHomes “Excellent”
  - 4 credits for procuring timber from managed sources.
  - 5 out of 6 building elements achieved maximum credits under Green Guide to Housing specification.

The TCPA recommends that it should be a requirement for all public sector development projects to implement sustainable procurement practices. This should also apply to the Housing Corporation, English Partnerships and other government agencies. The Government should explore mechanisms for creating similar practices within the private sector. These could include, positive tax regimes for sustainable products or those sourced locally. Wider policy goals may also have indirect benefits, such as increasing fuel duties.

A revised Building Regulation Approved Document relating to materials should be introduced<sup>41</sup>. This should require the use of materials with low environmental impacts and reused/recycled materials. The toxicity of materials should also be considered. This could be trialled by introducing requirements for minimum percentage of all new construction materials being “A” rated through the Green Guide to Specification.

<sup>39</sup> More information can be found on: <http://www.ukcip.org.uk/pdfs/Built%20Environment.pdf> and by contacting Robert Shaw at the TCPA [robert.shaw@tcpa.org.uk](mailto:robert.shaw@tcpa.org.uk)

<sup>40</sup> Further examples can be found in Building Sustainably: how to plan and construct new housing for the 21st Century, [www.tcpa.org.uk](http://www.tcpa.org.uk)

<sup>41</sup> The current “Materials and Workmanship, Approved Document to support regulation 7 (2000)” does not adequately address the environmental impact of construction materials. This document should be expanded, revised and re-introduced as a new “Part” to ensure that practitioners give it the same consideration as the other Approved Documents.

6. *Are the building regulations as they stand capable of ensuring that new housing is truly sustainable in the long term? How could they be improved? Could greater use be made of existing environmental standards for housing?*

The Building Regulations as they stand are in no way capable of ensuring that new homes are sustainable in the long-term for two reasons: they are unable legally to address sustainable development—the new Part L deals only with energy use and efficiency; and they are inflexible and could only truly address sustainable development if they work in tandem with the planning system.

The TCPA is pleased that the Sustainable and Secure Buildings Bill, currently passing through Parliament, will allow the Building Regulations to address sustainable development. This Bill should be supported by MPs across all parties and the Government should set out how it intends to formulate, consult on and make detailed regulations to ensure successful implementation.

Once the Bill is in place, or as soon as possible if it falls, the Government should undertake a fundamental review of the Building Regulations in the context of sustainable development. In addition, accepting that fundamental overhaul of the Building Regulations will take some time to put in place, advantage should be taken of opportunities for updating existing regulations.

As mentioned earlier, there is concern regarding compliance with existing requirements. The new Approved Document L, Conservation of Fuel and Power, now requires testing to satisfy compliance with air tightness requirements in most non-domestic buildings. In housing, compliance may still be satisfied through use of standard details given in the Stationery Office publication, Limiting thermal bridging and air leakage: Robust construction details for dwellings and other similar buildings. The effectiveness of this method of compliance is subject to site workmanship and can be rendered almost useless if the quality is poor. In recognition of this problem the recently revised Approved Document E, Resistance to the Passage of Sound, currently requires testing to satisfy compliance.

Regional and local strategies should require that all developments achieve a minimum standard of BRE's EcoHomes "Very Good", or use an equivalent alternative standard. The TCPA welcomes the Better Buildings Task Group report recommendation that a unified Code of Sustainable Building (CSB) be introduced based on EcoHomes and BREEAM, but including energy and water efficiency, and waste minimisation.

The TCPA recommends that Government insists that all new homes in the four South East Growth Areas be built to at least EcoHomes "Very Good" standard, with a proportion built to an "Excellent" standard. This requirement should be applied to houses built by the public and private sectors, and Registered Social Landlords. Equivalent standards, such as BREEAM should be required for all other buildings. The recommendation from Kate Barker, that the increase in house building be extended, offers a further opportunity for action.

7. *How will it be possible to ensure a sustainable infrastructure, including transport and water supply, which will be necessary to support any extensive house building, is put in place?*

The Sustainable Communities plan fails to adequately address the issue of revenue raising or mechanisms for the delivery of sustainable infrastructure alongside developments: a quick look over the figures shows a massive funding gap, which the Government has no convincing proposals for plugging and no means to ensure that transport operators etc. actually deliver the infrastructure.

The TCPA has long advocated that a fair proportion of the uplift in the value of land resulting from the granting of a planning permission should be retained for the benefit of the community. Mechanisms need to be fully explored in terms of their applicability to developing sustainable communities. The TCPA is pleased that this was also recognised in the Barker Review.

The resulting revenue raised using such mechanisms, would help to fund the supporting transport, community and environmental infrastructure necessary for creating of genuinely sustainable communities. In addition, the Government must put in place structures that ensure that relevant departments and agencies work together so that necessary infrastructure is in place at the right time.

The TCPA recommends that the respective corporate strategies for education and health authorities, water and electricity infrastructure companies, transport bodies (such as the Strategic Rail Authority, bus and local rail network operators) etc. fully integrate the requirements of housing strategies and that these bodies are all involved in their preparation and delivery.

8. *Do those involved in housing supply, both in the public and private sector, have the necessary skills and training to ensure new housing meets environmental objectives? If not, how can the knowledge base of those involved in the planning and building process be improved?*

Sustainable development and sustainable construction are relatively new terms within the planning system and as such, many planners are ill-prepared to deal effectively with the issues as they arise in planning applications. It is often due to a small number of enlightened officers and councillors that the few exemplar projects we have exist at all.



The goal of planning education and Continuing Professional Development must be to ensure that planners are equipped with a minimum basic education on such issues. Similarly, awareness and understanding must be increased amongst applicants and developers.

All regions should develop a programme of sustainable construction education, training, and awareness raising, delivered through a regional network for Planning, Environmental Health and Building Control officers and councillors.

It is particularly important to grasp opportunities to achieve energy neutral developments, high standards of insulation, layouts that reduce the need to use transport etc. at the early stages of development, eg when land is first allocated in a local development plan or Local Development Framework. By attaching such priorities to particular sites at an early stage, additional costs attributable to such higher standards can be absorbed by the land value. Planners and developers need not only the skills in this area, but also a supportive policy regime referred to in Question 6 above.

June 2004

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## APPENDIX 22

### Memorandum from Tom Woolley

1. I am Professor of Architecture at Queens University Belfast and Director of the proposed Centre for Green Building Research. My primary area of work is on the field of sustainable building and housing and we carry out research, publication and consultancy in this area. Our most significant output is The Green Building Handbook, Volume 1, 1997 and Volume 2, 2000 published by Spon Press. Volume 2 won a Gold medal from the Chartered Institute of Building. Our research ranges from innovative work on new sustainable materials such as building with hemp and other crop-based materials. We have been funded by the Engineering Research council (EPSRC) to do work on ecological building materials and products. We also do work on environmental assessment methodologies and have given papers on this at international conferences including, Oslo, Brisbane, Mexico City, California, South Africa etc.

2. We are one of the few independent sources of information on the environmental aspects of building and housing. We are currently carrying out a feasibility study, funded by the Energy Saving Trust into an innovative demonstration sustainable housing project with the Rural Housing Association in Northern Ireland. We have carried out an environmental audit for Portakabin/Yorkon and are involved in a project with Taylor Woodrow Ltd called "Balanced Value". Professor Woolley was a member of the working group set up by the Town and Country Planning Association looking into planning aspects of sustainable housing.

3. Summary of main points in this memorandum:

- Current sustainable housing practice is uneven and partial and fails to adopt an holistic approach.
- Measures are cherry picked with little understanding of their environmental impact.
- Many measures are "greenwash" in that they only done for public relations reasons. There is insufficient joined up thinking between the agencies involved.
- Little attempt is made to insist on environmental auditing of construction innovations and there is no clear benchmark on which this can be based.
- Much innovation in building methods is being done in the same quick fix way as in the 60s and 70s.
- Insufficient work is being done in the UK to develop life cycle analysis and to define sustainability in terms of building methods which last.
- Much can be learnt from traditional methods of construction which were much more sustainable.
- Much more needs to be done to develop and harmonise environmental standards to ensure that there is a consistent set of standards which the industry can work to.
- There is insufficient support for independent research and development in this sector. Insufficient University based research is being carried out compared with other European countries.
- The UK Government could do more to support the development of green and ecological building products.
- There is insufficient data on the environmental performance of products and materials
- There is a need for greater emphasis on sustainability in the work done on efficiency in the construction industry and more consultation with the alternative green building movement.
- We need more and better demonstrations of sustainable housing that reflect holistic thinking but current procurement methods inhibit this.
- There is a need for a high level Government enquiry into sustainable construction that will shift thinking about housing provision, not just in terms of numbers and planning but how it is actually built.

4. The lack of holistic thinking in sustainable housing: In order to ensure that future buildings are “truly sustainable and take full account of environmental objectives.” (Quotation from Press Release 30 April 2004), it is necessary to be clear what is meant by sustainability and environmental objectives. Plenty of work has been done to define these terms, but what happens in practice in the industry is that different sustainable actions are cherry picked on the basis that doing a little is better than nothing. This idea is based on a fallacy and current practice of this kind must be challenged and revised if future building is to be truly sustainable. Instead a balanced and holistic approach should be adopted in which an assessment of the implications of all actions is made, based on fundamental thinking about environmental impact.

5. Examples of cherry picking: Much current practice assumes that simply increasing insulation, or adding renewable energy is in itself sustainable. These measures are usually driven by what grants or funding is available, or by regulations. The environmental impact of such measures is rarely assessed. Thus the use of fossil fuel based insulation materials, heavily dosed with fire retardant chemicals and toxic binders can do more damage to the environment in the long term through pollution to sea or air, than the carbon emissions they may save over a few years. Sealing up an air tight, well-insulated house with toxic materials, with inadequate ventilation may do considerable damage to the health of building occupants. Truly sustainable housing would assess all of these issues and sustainable measures will be taken for all of them, not just a handful, which are easy to do. An holistic assessment will involve consideration of about 40 factors.

6. Guard against Greenwash: many organisations have now identified the marketing advantages of appearing to be sustainable, but very often the measures which are taken amount to little more than greenwash because they are tokenistic and use conventional building practice, with some small changes. Most timber suppliers will tell you that their timber is from a sustainable source and these largely bogus claims are readily accepted in the industry, as knowledge of certification is poor. This is partly because there is a plethora of environmental standards and everyone has a shallow understanding of some aspects of sustainability which is not based on a good knowledge base. At present the knowledge base is dispersed and fragmented. Essential data on environmental profiles, embodied energy, environmental impacts and assessment methodologies is not easily obtainable.

7. Agencies responsible for this work: Much good work is done through the Environmental best Practice Programme, Energy Saving Trust, Carbon Trust, BRE, CIRIA, BSRIA etc. and so on but little of this is joined up. There has not been a significant conference to bring together all of these bodies for over a decade and for researchers like myself to expand their knowledge base it is necessary to go to other countries. There is an urgent need for a review of the role of these organisations, the work which they subcontract to consultants and whether money is being wisely spent.

8. Innovative Construction Methods: A considerable number of new construction systems are appearing on the market in an effort to respond to demands for higher energy efficiency and lean construction. While these methods may receive Agreement certification or CE marking, the environmental impact of new products and construction methods is rarely or properly assessed. It is largely left to specifiers to deduce from a range of uneven information sources on a hand to mouth basis. It is sometimes possible to draw conclusions from the BRE Green Guide or the Green Building Handbook, but in many cases it is still an industry of make do and mend. Things have not moved on since the 60s and 70s when I saw industrialised systems rubber stamped and used for the housing boom, only to be demolished a decade later. The same risk exists today, even where things are more sophisticated, because companies are using quick fix solutions rather than sustainable ones. Many new quick fix forms of construction are likely to run into difficulties in a few years, while more sustainable ecological methods of building are being ignored.

9. Assessing life cycle performance and environmental impact: Currently very little work is being done on these two vital topics. Much better work is being done in Australia, Austria, USA and Holland developing holistic methodologies which can assess both environmental impact, economics and performance. This triple bottom line approach is absent from the belt and braces methods which are currently used in the UK to define environmental performance. There is little analysis in the UK of the longevity of materials as more sustainable solutions invariably increase labour costs. Instead the industry is fixated on de-skilling and using methods of construction which involve short term glue-ing and fixing methods. Sustainable construction means just what it says, that what we build should last more than 25 to 30 years. Many of the lightweight, synthetic forms of construction being introduced, not only damage the environment through pollution and eventual disposal problems but are unlikely to last very long.

10. Learning from tradition. Traditional building, using natural, local materials was inherently sustainable. When these buildings are demolished, they can be dismantled, materials like slate and brick and timber, taken out, cleaned up and re-used. Modern building methods using cement and glued fixings do not allow for dismantling and thus they end up in landfill. Very often new material is wasted on site (often as much as 20%) because construction methods are rushed and wasteful. More needs to be done to revive the use of materials like lime instead of cement and building workers need to be taught better ways of fixing and looking after materials. Materials like lime are being refined so that they can meet the needs of a mass industry but builders don't like them because they need time to dry out. Instead they prefer to use materials which, high in solvents dry out rapidly, but also create pollution.

11. Too much variation in environmental standards: Some of the academic work I have done, partly stimulated by the Partners in Innovative Balanced Value project, has been to compare environmental assessment systems and benchmarks. There are literally hundreds of them world-wide and they are all different. I have attached a conference paper, which addresses these issues. Many of the environmental standards like “Eco-Homes” have developed in a relatively pragmatic way, and while the standards are being revised it is not clear to me how this is being done within the walls of the BRE. A standard such as Eco Homes should be based on wide debate and social and economic criteria with input from a wide range of interests. Housing finance, building regulation and Planning Act requirements should be related to these standards, but at present they all operate independently. Many local authorities in England are introducing sustainable building standards, but they are all re-inventing the wheel and standards differ from place to place. Even something as simple as energy requirements in the building regulations are different in England, Scotland and Northern Ireland . . .and widely differ from those in similar climatic zones in Europe. . . . Why? This variation in standards causes serious commercial problems for companies, which are producing products for sale across the whole of the UK.

12. The need for more independent research: While much of the work being done at the Building Research Establishment is excellent, the UK Government puts far too much funding into the BRE and supports other research of dubious quality in the private sector. Very little support is given to Universities to carry out research on environmental and sustainable aspects of housing and building construction. Much current work is driven by commercial vested interests, particularly the concrete, plastics and synthetic insulation industries. Very little work is done which might take a critical or independent look at these issues. I was asked by MISTRA, a small independent trust in Sweden linked to the Government, to review a £5 million sustainable building research programme. This programme was one of many programmes in Sweden, but it alone supported more PhD students and in depth research projects than the whole of the UK.

13. The UK Government could do much more to support innovative green and sustainable building methods and materials: Most of the environmentally friendly building materials and products used in the UK are imported from Germany, Austria and Switzerland. Insulation products made from crop based materials such as straw, flax, hemp, wool and so on are being developed in these countries through direct Government subsidies. While these subsidies have been challenged by the “toxic” industries, natural products now have a substantial share of the market in these countries. Natural paints, oils and stains are also largely imported. While there are a few notable UK pioneers in this area, manufacture of sustainable building products is miniscule in the UK. There is no obvious Government agency which can support or encourage such initiatives.

14. Lack of data on these issues: It would be useful to support many of the above assertions with data but due to the dearth of research funding in the Cinderella field of sustainable construction little information is available. Instead it is necessary to rely on anecdotal evidence and to try and work at a local level grubbing up limited support from wherever it can be found. Research and development in this sector will only grow if it is championed by Government and a clear policy direction is given to support holistic thinking and practice. Environmental standards need to be co-ordinated with work in Europe but also peer reviewed by a range of bright young minds who are coming out of Universities, but unable to carry out PhDs in this area. Data must be more widely available and not subject to the current limitations of commercial confidentiality. More support for innovative demonstration projects must be forthcoming in order for things to be tried and tested at full scale.

15. Lack of interface with other Government Action on the construction industry: Work done following the Egan report and in efforts to improve efficiency and training in construction fails to address sustainability to any significant degree. Apart from a bit of cherry picking and greenwash there is a complete lack of joined up thinking on these issues.

16. The need for more consultation on sustainable building with the sustainable building community: I only found out about this enquiry after the deadline for receipt of submissions and a quick ring round other leading people in the sustainable construction and housing field revealed that no-one else knew about it either. I feel strongly that further consultation using the various environmental networks would yield a wealth of important and useful views and information which should be taken into account by the Environmental Audit Committee.

17. What would really sustainable housing be like? Currently we have very few models for really sustainable housing, projects like BEDZED in Sutton or other projects around the country are driven largely by pragmatic decisions that depend on funding resource and the degree of commitment of the actors in the project. Future projects need to include on site sewage treatment, rainwater harvesting, natural and low impact materials and construction systems which will last a long time, health and non polluting materials should be used, low energy should be a matter of course and so on. We have the expertise and knowledge to do all this, and it is affordable and feasible, it’s just that hardly anyone does it.

18. Procurement Methods: there are many barriers and obstacles which get in the way of sustainable solutions. The whole system is geared up to work on a lowest initial cost, risk averse model which restricts the scope for innovation. A study of these issues would be an important aspect of promoting sustainable housing.

19. The need for a Government level enquiry: there is a need for a high powered enquiry into sustainable housing which will consider supply and demand and planning issues but largely focus on environmental impact, sustainability and construction methods and materials. This should be chaired by someone who would take a radical and independent view of the issues and while it should involve all interests in the construction industry should have the resources to commission work from people who would not otherwise have the resources to prepare detailed information. One objective of the enquiry would be to identify a research agenda to ensure that a proper knowledge base of material on environmental assessment is available. It should also endeavour to see how a proper broad based and internationally compatible set of environmental standards should be compiled. Finally it should look at ways in which product and building innovation can be encouraged and supported.

June 2004

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## APPENDIX 23

### Memorandum from Zed Factory Ltd

1. Zero heating specification homes and workspace can be built at no additional cost if economies of scale of around 5,000 units/year can be achieved within a UK sourced supply chain. BedZED cost more than standard construction because it is a prototype. With 1,000 units/year extra cost is reduced to around 15%. This figure is easily matched by the increased sales value on private for sale units.

See section 1 in evidence submission—tender showing 20% cost reduction over BedZED

2. Lightweight steel framed or timber framed Modern methods of construction that do not incorporate high levels of thermally massive storage will require carbon intensive air conditioning within 30 to 50 years. The ZED building physics model developed with Arups allows new homes to take advantage of passive solar gain in winter meeting around 30% of winter space heating requirements, and passive cooling storing night-time coolth in the building fabric to compensate for the hot day temperatures. There is an urgent need for the sustainable communities programme to address climate change, recognising that the latest DEFRA and DOE predictions for summer temperatures in London in 2080 are likely to be similar to those found in Marseilles today. There are no lightweight homes or offices built in Mediterranean climates. Changes in the gulf stream that could produce colder winters are likely to be 300 to 500 years away.

See section 2 in evidence submission—slides from DEFRA/DOE climate change conf.

3. Renewable energy sources can only meet national demand towards the end of this century if ZED standard load reduction exercises are adopted in new construction. The BRE Ecohomes excellent specification only offers a 35% carbon reduction on the current building regulations legal minimum. The maximum environmental performance specification recognised by English Partnerships is EcoHomes excellent. It is hard to see how the low standards embodied in this standard can deliver long term government targets. Despite repeated requests to the BRE to raise this standard to ensure zero heating specification fabric is a minimum requirement, no progress has been made. ZEDfactory are now setting a new independent ZED standard, fully integrated with environmental performance targets for every part of the supply chain which will form the new industry standard—in much the same way that the Soil Association has regulated and maintained organic food standards. We would like to do this with government support, rather than as a private initiative. The Supply chain needed to build new ZED urban fabric can also be used to renovate existing buildings.

See section 3 in evidence submission—the A to ZED supply chain book supplied

4. ODPM sponsored urban design codes based on traditional urban values as promoted by staff from the Princes Foundation are preventing the application of low environmental impact zero carbon development, as solar access is not given a high enough priority weighting. It is important that different aesthetics, building forms and building integrated renewable energy systems are allowed to inform the development of urban coding. It should be noted that BedZED breaks almost every urban code system currently being used, and yet it is very popular with the public and residents, has won a Civic Trust award, and shows how a low impact lifestyle and workstyle creates new urban layouts.

There is considerable public demand for aspirational ZED communities, and there is already a large waiting list despite no advertising and no new communities being available to the public. Now that one exists, the public know what to ask for.

See section 4 in evidence submission—examples of urban coding compared with BedZED

5. Using innovative design to increase density without sacrificing amenity, at the same time as providing good solar access and a garden for every home. On sites where a traditional approach has set a maximum density of around 45 homes/ha (typical on English Partnership sites in Milton Keynes) it is possible to achieve around 70 homes/ha using the ZED approach—with the increased density compensating for the

increased construction costs of a zero heating specification—whilst providing exactly the same number of affordable homes and the same site land value that a conventional approach would achieve. No loss of private gardens or public open space was achieved, whilst meeting the 2050 carbon targets.

See Section 5 in evidence submission—case study of Broughton bid in Milton Keynes.

#### WHAT IS THE “NEW ORDINARY”?

Carbon complacency, Urban design, cash, and modern methods of construction within the sustainable community’s programme—the need for joined up thinking and a holistic industry “Vision”.

At almost any point in the history the UK construction industry there has been healthy debate between those proposing reduced environmental impact, and the majority of the developers, consultants and their supply chain who have just got used to the previous change in minimum legislative standards—and want to practice business as usual—undisturbed. This is only natural as predicting out turn construction cost, minimising planning risk and minimising sales risk is how a volume house builder can guarantee profit on new developments. The truth that planners and developers refuse to admit is that ordinary affordable housing [whether private or public sector] cannot be specially designed for each site. To cut costs and deliver to tight margins—it is necessary to invest in a highly refined product with as much standardisation as possible between different sites. Only cladding materials and roof forms can really be changed from site to site, producing a formula capable of convincing local planners, but in reality achieving a mono culture of similar estates from Cheshire to Wiltshire.

This has produced a volume house building industry in the UK that works with a very limited number of standard house types, carefully engineered to skim through the building regulations legal minimum construction standards, with standardisation of architectural form maximising the opportunities for supply chain economies of scale, and with the final product honed by marketing professionals to offend the least number of potential customers. Flying over almost all of our major cities—it becomes obvious that a very limited number of standard house types built in relatively short periods of time over the last 150 years account for most ordinary homes in the UK.

Each mass housing boom and its associated typologies have been derived from the prevalent social, economic and technological conditions of the period. The UK government is currently proposing unprecedented expansion of our current housing stock—fuelled by increasing house prices, and a lack of affordable homes, especially for key workers. The current shortage of housing stock is generally attributed to increased lifespan, marital breakdown, and immigration, with little or no notable increase in the indigenous UK population. So before setting on the next major housing boom and planning to build around four million new homes by the early 2020s—it is really important we anticipate the major resource challenges awaiting UK society in the C21.

Accelerating climate change will mean summertime temperatures in the South East will approximate to Marseille sometime between 2050 and 2080. Affordable coolth will become a larger issue than affordable warmth with many thousands already dying from overheating in the urban heat islands of Paris and London in summer 2003. Any lightweight building without high levels of thermal storage will require carbon intensive air conditioning to be habitable throughout a UK summer. Current government policy promotes lightweight prefabricated modern methods of construction with virtually no passive cooling qualities. There are no examples of lightweight homes or workspace in Mediterranean climatic zones.

Almost all timber based lightweight construction concepts have originated in Northern America, Scandinavia or northern Europe—where overall average temperatures tend to be significantly cooler and summer overheating is rarely a problem. It is important that the UK construction industry plans for the worst case scenario of the Scandinavian winter combined with the Mediterranean summer. The long term scenario of climate change redirecting the Gulf Stream away from our shores could still take place—however experts predict this is likely to start affecting UK climate after around 150 years of intense warming, with the effects beginning to be felt over a 300 year period. (source DEFRA—climate change conference—London March 2004) The challenge for UK will to combine the construction and urban response suitable for a Scandinavian winter with the searing heat of a Mediterranean summer. Simply meeting one or the other will either produce cold gloomy buildings in winter, or cause problematic overheating in summer. Addressing such a new bioclimatic challenge will inevitably lead to new a new urban language for much of the UK—with summer shade and passive cooling strategies needing to be convincingly reconciled with the need to capture low angle winter sun for passive solar gain and maximise daylight in the gloomy winter months. Perhaps the new government championed urban design codes will champion the ordinary citizens right to be both cool in summer and receive a third of their winter space heating needs from passive solar gain?

Global agricultural production will be in crisis, as climate change creates winners and losers with desertification affecting areas of Southern Europe. The UK imports 70% of its food today, so losing agricultural land to housing may not be the most sensible strategy. With around 11% of the surface area of the UK covered by urban sprawl, and with the average UK meal having travelled over 2,000 miles from farm to dinner plate, it may not be in the long term national interest to plan a large percentage of the four million new homes required by 2020 on prime agricultural land. We would certainly struggle to provide a

subsistence diet for the current UK population from food sourced within our national boundaries, and with the human global population still expanding exponentially—it is likely to be increasingly difficult for the UK plc to find the resources to secure healthy low cost food on the international markets. This may be one of the most important reasons why the UK cannot contemplate a secure future without almost total dependency on the European Union breadbasket. The challenge here is to reconcile the densities found in the centre of a typical UK market town (100 to 120 homes/ha) with the amenity and private garden provision found in semi detached 1930s suburbia.

Meanwhile the UK Government has a duty to be wise and farsighted (we hope) It has a public duty to the electorate to consult the best experts and plan ahead. Whilst future predictions about anything are notoriously fraught, just about the only thing that both experts and public awareness co-incide on is climate change and global warming. So achieving a democratic mandate to plan for climate change and the phased withdrawal from our near total addiction to carbon emitting fossil fuel—is unquestionably realistic. It is this thinking that produced the latest White Energy Paper, with it's startling statement that North Sea gas will run out in 5 years and North Sea oil in ten, making UK PLC totally dependant on fossil fuel imports from some of the most politically unstable countries in the world.

Fortunately the UK Government has accepted the connection atmospheric carbon emissions and climate change and has signed up to an agenda that will deliver a 20% reduction in Carbon emissions by 2020 and a 60% reduction by 2050. So even if we found unlimited stocks of gas and oil, we couldn't really burn it!

As collectively we have democratically reached this conclusion it becomes very important to debate the best way of deploying our limited natural resources to cope with an increasingly uncertain future. The billions of pounds spent on military intervention trying to secure political stability in the Middle Eastern oilfields could have been spent on fast tracking the UK's snail like process towards a low or zero carbon economy.

So complacency about reducing carbon emissions is probably about the most anti—social, dangerous stance to adopt at this point in our islands history. We have to regard a low carbon diet as cultural priority or fight and be prepared to die for our perceived right to contribute more than our fair share of global warming.

So the critics will say—"don't be ridiculous we could never afford this whole scale change of technology, cultural priorities and social change!" So the Government consults the construction industry, suggests sensible targets for reducing environmental impact and always finds any chance of progress hindered by the industry lobby. Our experience indicates the following standard responses are encountered in most circumstances when consulting the key industry stakeholders:

"Planners" say—we cannot move away from our formulaic design codes—with our preference for perimeter block layouts and courtyard parking. We find the technical requirements of daylight, solar access, airflow, acoustics and renewable energy integration within the urban fabric hard to integrate within conventional urban design priorities. We know what has worked in the past so please use our design codes for masterplanning any new projects. In this case social stability is perceived to come from continuity with our historic past. Most people find comfort in urban form and architectural expression derived from a rose tinted view of our heritage. The danger is that this approach degenerates into sentimentality reconciled to an orgy of material and resource consumption that rapes the present without restraint or joy.

"Architects" say—we cannot innovate easily, because there is no fee, time or client appetite for environmental innovation without coercive legislation. If left to our own devices, we really prefer maximising peer approval by building experimental artworks for wealthy clients, and avoiding unrewarding, high constraint social housing if at all possible. And anyway, how can we integrate solar technologies if the master planner or urban designer has ignored solar access?

"Volume house builders" say—"the carbon emissions from new housing is relatively small—why not look at improving the existing building stock before making us change our product? Our standard house types have evolved from market demand—please leave us alone to get on with the job of increasing annual numbers of new stock". [Source Pierre Williams—house builders federation spokesman ]

"Developers" say—Homes have a different market from workspace. Please let us build office parks near motorway junctions and keep housing on Greenfield sites away from complex urban communities on problematic Brownfield land.

"The supply chain" says—We can only tool up and invest in new low environmental impact technologies and products if we have sufficient demand. Go and buy from Germany if you want this specification now! If all the industry wants is the legal minimum specification that is all we can realistically provide.

"The legislators say"—We cannot persuade the market to embrace low environmental impact thinking without waiting for legislation, which will be unpopular and slow coming. We have to treat the industry like a child being given some bad tasting medicine that though initially unpleasant will provide a long term cure. Here are some nice, easy entry level standards, that won't taste too bad, and will start the process of removing the national addiction to fossil fuel. We cannot push ahead with reducing environmental impact too fast without attracting a vociferous industry lobby.

"The government says"—Our short term target is to build more affordable homes as soon as possible. Environmental innovation costs more. Let's just build as many homes as possible to the minimum plausible ecohomes standards. Speed and delivering the maximum number of affordable homes is far more important

than carbon, so lets promote lightweight modern methods of construction to overcome perceived traditional skills shortages, and lets adopt non controversial urban design codes to accelerate the planning process. Building traditional looking homes is always populist, even if they are really made in factories using modern methods of construction.

“The public say”—We want as many affordable homes as possible, whilst allowing the existing housing stock to increase in value, and without losing any green belt or agricultural land, and without creating higher density communities anywhere near my home. Just about the only politically expedient response to this challenge is building large numbers of new homes on unpopulated flood zone, preferably in the Thames Gateway. And if we must have new development, please make it look like something we are familiar and comfortable with—preferably Victorian or older.

“The inevitable conclusion”—changes in the legal minimum standards regulating carbon emissions seem to always meet the predictable lobby against change from diverse organisations ranging from the Urban villages Forum to The House builders Federation, and those that stand to lose most from their physical or intellectual investment in the current status quo. Radical proposals such as zero heating spec homes are deemed unpalatable and before long we will be fighting our next war to ensure supplies of fossil fuel from outside our national boundaries.

So if we know what the long term carbon emission targets we have to meet are, and we also know roughly what its costs us in military intervention outside our national boundaries to ensure supplies of fossil fuel—it should be possible to agree a phased programme of progressive legislative carbon reduction legislation, and could be interpreted through a planned tightening of building regulations minimum carbon emissions standards, or through planning legislation such as PPS22 (where new buildings have a minimum quota of their annual energy load met from building integrated renewables). The proportion of renewable energy generated on site will become very important, as almost all the capacity provided by green tariff electricity will be required to support our historic urban quarters—where the heritage culture lobby requires preservation in the interests of historic continuity. Renewable energy only makes sense if the demand has been reduced by excellent passive design. It will simply not be possible to run UK plc off renewable energy sourced within our national boundaries without adopting zero heating specification building fabric—or ZED standards. Once these national environmental performance targets for any new urban fabric have been agreed to be in the national interest, it becomes important to develop design codes that provide the planning system with an impartial assessment procedure for development control. Somehow environmental impact, ecological footprint analysis and carbon footprint need to be introduced to the governments current enthusiasm for design codes—currently designed to speed up planning approvals in the attempt to maximise the delivery of new affordable homes.

Publishing this long term strategy of ever increasing carbon reductions would do wonders for the UK development industry. The planning profession can familiarise itself with the new urban morphologies and aesthetics created by a low or zero carbon cultural agenda. The supply chain could make long term investments in tooling for the new standards, research and development would flood back into the industry—and the cost of this new planned innovation would drop dramatically. Better still the government could recognise that best practice demonstration projects are an essential part of this continuous innovation programme. The carbon threshold provided by minimum legal regulations can only be increased if the government is sure that workable affordable upgrade solutions can be delivered at reasonable cost. Projects like BedZED are essential to show where the regulations and urban design codes could go over a five to ten year period. Initially these pathfinder projects attract higher “prototype” construction costs—just as a prototype car costs far more than a production run model. The building regs minimum pass specification will always provide the cheapest out turn construction cost simply because 99% of the industry builds to these standards—achieving massive economies of scale. It is absurd for industry critics to point to such projects—comment on the increased construction costs, and then lobby against any upgrading of carbon reduction legislation, or the introduction of meaningful solar access into urban design codes. Providing that the same carbon saving legislation applies to the entire industry, a “level playing field” is achieved—and any associated increase in construction costs effectively reduces land value, anticipating that no developer will accept a reduction in profit. Only those industry players with large existing land banks will object to this approach, but then they shouldn’t be hoarding such a precious resource anyway. An easy way to phase in any renewable obligation under the planning system would be to make the exact percentage of building integrated renewables required on each site proportional to the rateable value or poll tax band. This would prevent the renewables obligation becoming a development tax making regeneration unviable in low value areas of the country.

Understanding that small runs of zero heating specification homes would always attract higher construction costs, ZEDfactory have now value engineered the BedZED prototype to create a range of standard house types and associated urban design codes that could be tendered to achieve similar supply chain economies of scale to that achieved by the volume house builders. This is important, as it is virtually impossible to distinguish their volume product by company or brand, resulting in spectacular rationalisation of the house building industry. This approach does not mean that all zero heating spec homes have to look like BedZED, but that the integrated supply chain defined in the ZEDproducts range can now be used to create a variety of different generic forms capable of supporting a variety of different architectural palates. The results of applying volume discounts to the ZED supply chain are spectacular, with 100 homes/year

costing about 30% above regs minimum, 1000 homes/year costing around 15% above regs minimum, and 5000 home/year providing no extra cost over regs minimum. Once this volume throughput has been achieved, the omission of the central heating system pays for the additional fabric investment [superinsulation, triple glazing, heat recovery etc] Almost all of the ZED supply chain can be used to upgrade existing buildings, potentially increasing its carbon savings by application to our existing stock of homes and offices. Perhaps large regeneration projects could look at the potential of volume discounted supply chains—ensuring a consistent standard of high performance components and locally sourced building materials, but with a number of different professional teams including urban designers and architects to provide variety and different forms of architectural expression.

So why not use the government's Sustainable Communities Programme to pioneer some of these best practice demonstration projects, and kick start the supply chain economies of scale? If only 5,000 of the 160,000 new homes built in the UK each year were built to ZED standards, there would be no additional premium for meeting this carbon neutral specification for both homes and workspace. Instead the best we can hope for is the BRE ecohomes excellent pass specification—offering only 35% carbon reductions over a building regulations minimum specification. This is the maximum green specification that the government will countenance, based on consulting the conservative volume house builders. Most new homes will be built to Eco Homes “very good standard”—offering an even lower carbon reduction performance. Equally worrying is the official promotion for lightweight prefabricated construction under the modern methods of construction banner. With increasingly hot summers, it is likely that affordable coolth will become as important as affordable warmth as contributors to fuel poverty in under privileged households. The lack of internal radiant thermal mass in both timber frame and steel frame solutions virtually guarantees the need for air conditioning within a thirty year period—again raising carbon emissions. And it is no use relying on ground source heat pumps—the electricity consumption still rises spectacularly, incurring carbon penalties far in excess of proven passive cooling strategies. It could be proposed that to build the sustainable communities programme to these mediocre specifications ignoring climate change—would be an environmental liability, especially when the concept of creating new households without any increase in population is already a strategy virtually guaranteed to increase national carbon emissions.

It appears that English Partnerships owns around 50% of the land proposed for the sustainable communities programme. It seems that many of the sites in Milton Keynes are being marketed with perimeter block master plans briefs requiring max densities of around 45 homes/ha.

The ZEDinabox range of standard house types achieves between 80 to 90 homes/ha, with integral live/work workspace as required, and virtually every home having a private garden, and all family homes an integral conservatory. It looks possible to almost halve the amount of agricultural land lost to new housing, achieve more balanced mixed use communities that encourage home working and shared facilities like car pools and still achieve the same financial receipt from the land sale, at the same time as building an aspirational carbon neutral community. Until the necessary economies of scale are achieved, additional density or planning gain is the best way of offsetting the additional construction cost, and creating a level playing field for the ZED developer. All that is required is a little vision. If the 5000 homes / year target was achieved over a three year plan, then there would be no financial penalty for constructing to the ZED specifications, and most volume house builders would automatically adopt these standards without concern—as is beginning to happen in other parts of Europe—particularly Austria. This would achieve a step change reduction in carbon emissions without any real investment. It is vital that we do not worry about the solar urban design breaking the rigid and out dated design codes currently being promoted by the neo conservatives from the Prince's Foundation—a new set of design criteria is bound to generate a fresh urban layout, a fresh aesthetic and a new way of leading a one planet lifestyle. The UK replaced its homes and workspaces at around 1.5%/year over much of the C20, meaning national carbon neutrality could be achieved through the urban regeneration process alone—a target now possible before the start of the next century.

So how does this potential reassignment of our cultural priorities translate into new urban form with carbon auditing and ecological footprint analysis beginning to inform fresh environmentally accountable urban interventions? The following examples show how the ZED supply chain and urban design approach can deliver different development solutions to match the urban and suburban context, without all the schemes looking like BedZED. If this supply chain was adopted by English Partnerships or some of the regional development agencies for even a tiny percentage of their development programme—somewhere between 2,000 and 5,000 homes a year will result in no additional cost for this aspirational step change specification. ZEDfactory wish to actively encourage other delivery teams to adopt this supply chain, and would prefer to work with the govt to make these standards accessible to the entire industry. It is important that this initiative is formulated to be in the national interest rather than to benefit any individual companies.

#### CASE STUDIES—WORKED EXAMPLES

##### *BedZED—the new English Garden City prototype*

BedZED tries to show how we can reconcile density with amenity—achieving a step change reduction in environmental impact at the same time as increasing most residents' quality of life.

With a typical UK families annual carbon emissions being spent on a third for heating and powering the home, a third for transport, commuting and private car use, and a third for food miles—with the average UK meal having travelled over 2,000 miles from farm to dinner plate. There's just no point in addressing



any one of these issues without addressing the other—so at BedZED we have tried to make it so easy and convenient to lead a near carbon neutral lifestyle that most people simply default into this way of living without conscious effort. Built to densities that mean we could meet almost all the new homes required by 2,016 on existing stocks of Brownfield sites—without losing valuable agricultural land and green belt to low density traditional development. At the same time as providing most new homes with both a garden, a south facing conservatory, and the opportunity to avoid commuting by working on site. BedZED re introduces the Victorian back to back, with housing facing south, and commercial space facing north. This very deep plan format provides two active frontages—minimising external wall surface area, and minimising the overall site area required by the super insulated wall thickness. This creates single aspect dwellings looking south over their own gardens, with high daylight levels maintained in a deep plan by triple glazed roof lights over stair voids. Wherever possible the housing ground floor level is raised 1,200 mm above the pavement and workspace, allowing residents to look down at workers and public passing in the mews streets. Terraces are never longer than six units—allowing the development to be porous to pedestrians and cyclists, whilst parking is flung to the perimeter of the site using Homezone principles.

Environmentally benign innovation will cost more, so we have enabled the developer to buy a site with outline planning permission for a housing estate with a maximum permitted density, and then add an office park without having to pay for the land. We have placed gardens on the workspace roofs—which allow virtually every home to have a garden, showing how density can be increased at the same time as increasing amenity. The adjacent mid 1980's Laing homes development over the fence has the same residential density as BedZED, but without any private gardens on three storey walk up flats. The money the developer would have normally spent buying land for the office park is then re invested in the ZED super green specification. We have set a national precedent for this legally, by expanding a normal Section 106 planning gain agreement with the local authority to officially include reduced environmental impact targets. This is a real breakthrough, as it allows carbon neutral new mixed use development to be built without always requiring govt grants. Resale values at BedZED are a minimum of 15% higher than exactly the same size unit immediately over the fence, and often around 30% higher on larger flats and townhouses. Over 1,000 members of the public have registered an interest in moving to a ZED community.

#### *Sky ZED Wandsworth*

How do you replicate as many of the social and environmental features of BedZED on a compact inner city site? We found an unloved Wandsworth traffic island in public transport tariff Zone 2, with excellent public transport nodes, right beside an underused over ground railway station on the Waterloo line. The site had never been considered for housing, and is currently a pedestrian no go zone housing a large advertising hoarding. Wandsworth Council is currently occupying many short lease dysfunctional office buildings up the road, so we designed a four storey car free office plinth for the local authority, capped with a communal roof garden complete with creche and residents bar/café. Above two 35 storey aerodynamic blades house around 300 affordable key worker one and two bedroom shared ownership flats. The blades are connected every six floors with communal enlarged lift lobbies incorporating communal herb gardens and shared play space for residents. The homes are placed high enough above the traffic to dilute air pollution to normal London standards, and the super insulated, thermally massive construction with triple glazing and heat recovery ventilation not only reduces thermal requirements to about one fifth of a normal home, but also provides excellent acoustic isolation. Double glazed balconies with opening windows are provided for every home. The building has been designed to focus the prevailing wind onto building integrated wind turbines—providing all the homes annual electrical requirements from renewable energy generated within the sites boundaries. The same wind turbines can already be found in urban areas outside petrol stations and supermarkets in this part of London and make the same noise in high winds as a car passing in the street.. The careful shape of the building means that a SkyZED turbine in Wandsworth has the electrical output of the same unit sited on a hillside in Wales.

The existing underpass system is renovated and a series of glazed courtyards created, making it safe and easy to cross from the station to the new Wandsworth riverside quarter, effectively healing the damage to the urban fabric done by traffic engineering in the 70s. SkyZED provides over 300 homes with no loss of open space in the borough at the same time as creating a landmark green gateway as the urban focus to one of the most important approaches.

#### *ZEDquarter at Kings Cross*

Developer Argent St George have commissioned Bill Dunster architects to produce a feasibility study for a carbon neutral ZEDquarter on disused railway land behind Kings Cross station. We had to work within the constraints of the existing tunnels, incorporate a listed Victorian potato market arcade—and work within the rules set by the master planners. A two storey commercial base containing office and retail space is top lit by east/west axis central arcades feeding into the listed glazed street. Above roof gardens are placed wherever storey heights are restricted by underground tunnels, with south facing three storey family and live work residential accommodation above more solid load bearing zones. Reclaimed London stock brick will

tie the new mixed use development into the tough street scene and existing historic railway buildings providing the urban context in this part of town. We believe this project shows how higher density solar urbanism can work in inner city areas with high land values.

#### *Broughton Parcel D*

As climate change accelerates—it is increasingly important to plan urban quarters around the physical properties of the construction proposed. This is particularly important if lightweight timber framed or steel framed systems are proposed. Conventional lightweight construction places thermally massive brickwork or rendered blockwork on the outside face of any habitable space, effectively removing any potential for passive cooling or solar thermal storage in winter. With this construction it becomes important to use small windows to limit summer solar gain, and if possible keep to east/west orientation.

Working within English partnerships design codes requiring perimeter block layouts, ZEDfactory have proposed placing thermally massive ZED standard housetypes on all terraces within 20 to 30 degrees of due south, and conventional timber framed housetypes from a volume housebuilders standard range on all other orientations.

The east/west facing homes all have individual gables maximising the surface area of south facing roof surface. This allows future installation of large areas of solar electric panels and the opportunity for every household to install solar thermal panels for domestic hot water at some stage in the future.

By using the large areas of “green space left over after planning” for installing small 15 kw output windturbines (making more or less the same noise at 20 metres per second wind speed as a car passing in the street) we found it was possible to meet the government target of a 60% carbon reduction by 2050 at the targeted completion date for the project—autumn 2005.

Thermal modelling by Arup of both timber frame and ZED housetypes shows ZED units to require 25% less winter space heating than exactly the same spec east/west facing unit. By combining the benefits of passive solar gain and the mounting opportunities for active solar collection, it is clearly beneficial to maximise south facing domestic frontage. By placing live/work and workspace units in the shade zone of the purely residential accommodation on the ZED units—it was also possible to achieve two active frontages, with parking courtyard homezones working well as a more commercial zone. The big difference between these ZED units and the original BedZED design is that all live/work units have their own roof gardens, allowing the flexibility to move towards purely residential use if market conditions suggest this may be more appropriate. The flexibility to use the north facing units as community spaces, bars, café's, shops, offices, live work units—as well as residential will ensure that this community will adapt easily to a future suggesting far lower levels of private transport. Significantly, the Broughton masterplan proposed a density of 45 homes/ha. The ZEDfactory scheme achieved around 70 homes/ha, with the majority of homes having their own garden, and although requiring a higher overall construction cost to meet the low carbon specification—the residual land value still substantially exceeded that achieved by a more conventional EcoHomes excellent rating built to the original planning brief density. The target of 50% affordable was still met. Using this worked example, we believe it is possible to demonstrate how the government sustainable communities programme can be fitted on less land, with higher numbers of affordable homes, and with significantly lower overall carbon emissions.

*June 2004*

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## APPENDIX 24

### **Memorandum from the Woodland Trust**

The Woodland Trust welcomes the opportunity to feed into this inquiry. The Trust is the UK's leading woodland conservation charity. We have four main aims: no further loss of ancient woodland, restoring and improving woodland biodiversity, increasing new native woodland and increasing people's understanding and enjoyment of woodland. We own over 1,100 sites across the UK, covering around 19,000 hectares (47,000 acres) and we have 300,000 members and supporters.

*Are the conclusions of the Barker Review compatible with the general principles of sustainable development and the Government's own sustainable development objectives?*

The conclusions of the Barker Review do not go any where near far enough in emphasising the need for environmental enhancement and protection to be central to the house building agenda. Being primarily concerned with economic and then social issues it ignores two of the four central pillars of the Government's own concept of sustainable development: effective protection of the environment and prudent use of natural resources. Additionally, the conclusions also seem to be at odds with the ODPM's new PSA target following its SR 2004 settlement which emphasises the need to link affordability with protection of valuable

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<sup>42</sup> HM Treasury 2004 Spending Review p.110 ODPM Box 10.2.

countryside along with an enhanced focus on liveability and the importance of green spaces.<sup>42</sup> We believe that if the Barker Review were to be implemented without change this would be incompatible with the Government's sustainable development objectives.

*In view of the Barker Review is there a need for an overarching national strategy to ensure that the environment is at the heart of any building programme?*

We believe that it is vital that any building programme does contain the environment at its heart. A move towards better integration of objectives from the ODPM and Treasury with those of Defra and the Sustainable Development Commission is essential. ODPM, the Department for Transport and the Treasury should all have environmental protection and enhancement at the centre of their objectives and policies. A national strategy for environmental protection would be a welcome addition to Government policies. However, a simpler and quicker first step would be to ensure that any house building programme has sustainability at its heart as a key principle.

Sustainability is not just about sustaining development or providing affordable housing it must be about environmental protection and enhancement. A key outcome of having sustainable principles at the heart of any house building strategy would be that higher proportions of houses would be built on brown field land and that loss of irreplaceable habitats such as ancient woodland would be avoided. The Barker Report should not be taken forward without regard to these principles which are firmly anchored in sustainable development.

*Is the current planning system robust enough to ensure that the environmental implications of building projects are fully taken into account?*

We are concerned about the recent reforms to the planning system enshrined in the Planning Act. Although there is now a strengthened purpose to planning that planners must pursue their tasks with the objective of achieving sustainable development, moves to scale back the scope of planning and speed the system up may well result in weaker environmental protection. It is essential that key pieces of planning guidance such as PPS9, which is currently being revised are sufficiently robust to protect irreplaceable habitats.

*How can the planning system be used to increase the building of more sustainable housing? Would the proposed changes to the planning system in the Barker Review have a positive or negative effect on the environment?*

The proposals in the Barker Review for reforming the planning system would almost certainly have a negative effect on the environment as the Review focuses very heavily on economic concerns. In fact the reform proposals are contrary to the principles of sustainable development in that they suggest that the planning system should be more market led. While this may be the case for ensuring provision of housing, this approach would not provide for strong environmental protection. Planning should be about placing necessary development in the optimum location from an environmental point of view. The Review does specifically state that all restrictions on land use should not be removed, however it does not adequately address the need for environmental protection to be at the heart of planning. The Royal Commission on Environmental Pollution's report on Environmental Planning<sup>43</sup> showed how the planning system could be an extremely valuable tool for sustainability. The Government so far does not appear to have understood this to be the case and the Barker Review confirms this suspicion.

*Where will the proposed new housing be built? What are the implications for land-use and flood risk of the large-scale proposed building projects?*

We believe that it is essential that new housing be built in such a way that it avoids destroying valuable semi-natural habitats. Ancient woodland is land that has been continually wooded for at least 400 years. Once it is lost it cannot be replaced. Planners and policy makers must be aware of the fact that promoting new planting of trees, welcome though that is, will never be a substitute for protection of the irreplaceable. This is critical to fulfilling the ODPM SR 2004 statement that: "It is important that new housing development is sustainable".<sup>44</sup>

*Is it possible to ensure materials and resources used, and waste produced, during building do not have a harmful impact on the environment?*

There should be a move towards use of sustainable materials such as certified timber. Timber is a more sustainable material to use than steel or aluminium for building, however, there must be clear guidance that all timber must be FSC certified.

*How will it be possible to ensure a sustainable infrastructure, including transport and water supply, which will be necessary to support any extensive house building, is put in place?*

<sup>42</sup> HM Treasury 2004 Spending Review p.110 ODPM Box 10.2.

<sup>43</sup> Royal Commission on Environmental Pollution (2002) Twenty Third Report Environmental Planning.

<sup>44</sup> HM Treasury 2004 Spending Review p 109 ODPM para 10.8.

Again careful strategic planning is essential to ensure that supporting infrastructure does not destroy valuable habitats. The Trust has become aware of over 300 cases of ancient woods under threat over the past three years and the majority of these cases are from roads. It is vital that a holistic strategic view of new developments is taken to ensure that not only is the main development placed in a sustainable location but that supporting infrastructure is sustainable too.

July 2004

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## APPENDIX 25

### Supplementary memorandum from the Environment Agency

#### FURTHER QUESTIONS FOR THE ENVIRONMENT AGENCY FOLLOWING THE CANCELLATION OF THE EVIDENCE SESSION OF 3 NOVEMBER 2004

1. *The Communities Plan was published before the Strategic Environmental Assessment (SEA) Directive came into force and is probably not covered by the requirements anyway. Would the Environment Agency favour an SEA or some other form of environmental impact assessment being carried out on the whole of the Communities Plan?*

The Environment Agency believes that strategically planned growth as proposed in the Sustainable Communities Plan is preferable to piecemeal development that might otherwise occur. A planned approach provides an opportunity to address environmental concerns that accompany development and allows a strategic approach to addressing issues such as water resources and flood risk.

A Sustainability Appraisal or Strategic Environmental Assessment (SEA) of the Sustainable Communities Plan would be of limited benefit because the document does not contain the detail to undertake the necessary environmental analysis. We look to Sustainability Appraisals, incorporating SEAs, at a regional level to play this scrutiny role. Regional Spatial Strategies will be subject to, and will benefit from a Sustainability Appraisal and full Strategic Environmental Assessment. The Environment Agency will engage with and contribute to this process.

2. *You state in your memorandum that you expect the new Sustainable Development Strategy to underpin all Government policies—including housing—and ensure environmental aspects are balanced with social and economic goals. The Committee has seen little evidence of this happening with the current strategy—how realistic of you is it to expect a significant change under the revised strategy?*

Our memorandum stated that we expect the Sustainable Development Strategy to ensure that environmental aspects are balanced with social and economic goals when Government formulates policy. The proposal for an “overarching national strategy to ensure environment is at the heart of any building programme,” can be delivered through the proper implementation of existing national policies, such as the Code for Sustainable Buildings, Building Regulations, PPS1, PPG3, and Sustainable Development duties.

3. *The Agency has, like many others, criticised the language of PPS1 as being too weak. How should it be strengthened? and is it realistic to expect the Government to do so?*

The Environment Agency welcomed the key messages of draft PPS1 and strongly supports the adoption of a statutory sustainable development objective for planning. In responding to the consultation, we were concerned that emphasis was being given to achieving economic and social aims over environmental considerations. Such an approach, if adopted, could be used to justify development that meets the economic needs of the present generation while causing short-term environmental damage and failing to satisfy the long-term social and environmental needs of future generations. We believe that growth and development should be designed not to impact adversely on social equity and the environment.

The Environment Agency believes that PPS1 should be accompanied by a Sustainable Development and Planning best practice guide. This guide should include aspects of sustainable housing that cannot be directly influenced through Building Regulations but that can be promoted through the planning system. Examples include:

- improved water efficiency in development layout;
- sustainable drainage;
- reduction in the use of materials during the construction process;
- renewable energy generation;
- facilities for sustainable waste management; and
- flood resilience.

PPS1 could be strengthened by addressing the issue of resource efficiency and infrastructure requirements of development. Government requirement for Sustainability Appraisal of Regional Spatial Strategies and Local Development Frameworks, together with a duty on plan-making bodies to promote sustainable development, provide an opportunity to assess resource efficiency. Merely ensuring that sufficient infrastructure is planned to serve the development does not encourage the prudent use of resources, and this should be given priority.

4. *You are statutory consultees when it comes to planning. According to your memorandum you made 1,047 sustained objections to planning applications on the grounds of flood risk in 2002–03. Of these, 221 went against the Agency. That is 21%—does this mean that permission was granted for developments that would be at flood risk or increase flood risk for others? Is this acceptable?*

The Environment Agency is a statutory consultee for much of the development plan process and for some types of planning application. We are not a statutory consultee for planning applications where there is a risk of flooding. However, in *Making Space for Water*, the Government's current consultation on its strategy for flood risk management, the Government indicates that; "the ODPM intends to consult on extending the Agency's statutory consultee role to all planning applications in areas notified by the Environment Agency as at risk of flooding or likely to add to flood risk" (para 7.11). The Environment Agency welcomes this intention.

The Environment Agency is concerned about the level of decisions made against our advice and we are in discussion with Government to remedy the situation. We believe we should be made a statutory consultee on flood risk. In response to the ODPM's review of PPG25 Development and Flood Risk, we believe that the guidance should be revised as there are specific instances of Local Planning Authorities not adequately following some of the advice within it. In particular, Local Planning Authorities are:

- failing to request flood risk assessments prior to consulting the Environment Agency—the lack of a flood risk assessment now accounts for 51% of all Agency sustained objections despite advice in PPG25; and
- failing to re-consult the Environment Agency when granting planning permission against the Agency's advice, as stipulated in PPG25.

During 2003–04 we were consulted on 52,379 planning applications. Of these 22,067 required consideration on flood risk grounds and the Environment Agency objected to 5,077. Local Planning authorities are under no duty to inform us of the outcome of our objections, and as a result we only know the outcome of 2,811 (55%). Nearly 1,000 of these objections were resolved through negotiation before the Local Planning Authority made a formal decision, and over 400 were withdrawn by the applicant before a decision was made. Of the remaining 1,437 sustained objections where we know the result, 323 (22.5%) were permitted by Local Planning Authorities contrary to our advice.

We believe all planning application forms should promote the submission of a flood risk assessment before the application is submitted. We are concerned that the reconsultation procedure outlined in PPG25 is not generally being followed. In 2003–04 only 11.9% of permissions granted against Agency advice were the subject of reconsultation. This means that the Environment Agency cannot have the opportunity to influence planning conditions to mitigate flood risk. The Agency consider that there is a persistent core of decisions being approved contrary to our advice, including a small but significant number of major developments. Of the 5,077 objections we made 214 of these were on major cases (119 were for housing). We know the decision for 2,811 cases of which 21 were major cases granted permission contrary to Agency advice. We believe that the Government should put in place a standing planning Direction to call in applications which would have significant environmental impact where a Local Planning Authority proposes to grant permission contrary to the Environment Agency's advice.

5. *You have called for the energy and water efficiency of developments to become material planning considerations. How likely is this to happen, particularly in the South East, given the pressures for increasing house building rates over the next 15 years?*

The Environment Agency believes that Regional Planning Bodies and Local Planning Authorities should consider the environmental capacity of an area when developing their plan policies and making development control decisions. We believe that the review of PPS1 should specify that the environmental capacity of an area is a legitimate planning concern and a reason to refuse development. We are aware that planning decisions are based on social and economic grounds as well as on environmental considerations, but it is important that the environment is given equal weight in decision making.

6. *What are the implications of the increase in housing in the South East for waste management? Will we have the capacity to deal with the waste generated by the new households?*

Levels of municipal waste have increased 2–4% a year since 1995–96. It is estimated that the expected number of new homes in the next 20 years would increase municipal waste by almost a third.

The Environment Agency is conducting research to assess better the regional impacts on waste management in the South East, and will use this information to inform future policy development. Current estimates are that if the trend continues, quantities in the South East could grow by 67% to 2031 (from 4.1 million tonnes/yr to 7 million tonnes/yr). The anticipated 800,000 new homes would generate an estimated further 1.7 million tonnes of municipal waste per year.

Existing waste handling facilities have a limited life expectancy. Developing significant new waste facilities will be necessary. The Environment Agency believes that new development should be designed to promote and maximise recycling levels. It should also include new waste management facilities. Spatial strategies at county or regional level should include sites and facilities for the modern management of waste.

7. *We have had the issue of the environmental implications of housing growth on the South East highlighted recently. You yourselves have called the plan to build 800,000 houses in the South East an “environmental time-bomb”; EERA (East of England Regional Assembly) published the environmental assessment (SEA) of its Regional Spatial Strategy, which concluded the strategy was “intrinsically damaging to many aspects of the environment and quality of life”. Is there really the capacity to absorb all this new build in the South East?*

Development on the proposed scale will bring environmental pressures unless the environment is fully considered as early as possible in the planning process. Our recent statement said “action [was] needed now” to avoid the environmental pressures of 800,000 new homes in the South East. It continued: “growing development, climate change and the limited availability of water, waste disposal capacity and other environmental resources means that the quality of our future environment cannot be taken for granted”.

The ability of the South East to absorb this new build will depend on early consideration of environmental issues and the adoption of measures such as the Code for Sustainable Buildings which will reduce the demand on natural resources. A further factor will be the location of new houses. Issues such as flood defence, water resources and water quality are locationally specific and impacts cannot be estimated until further detail is available.

*The SEA also stated that though it was not within the remit of the report to consider the option they “suspect that growth would be far less environmentally damaging in many other parts of the UK, especially the North of England”. Is this a view you might support?*

We have not taken a view on whether growth should be directed to the North or South of England. A North versus South argument will not necessarily deliver the best for the environment. Our view is that all new housing should be located towards areas where environmental risk is reduced, have high standards of environmental performance and make better use of limited resources such as energy and water.

8. *The Agency has been quoted as stating that in your view we are close to reaching our environmental limits in the South East. Have you expressed these concerns direct to the Government? What has been their response?*

We have not stated the view that we are close to reaching our environmental limits in the South East. The Environment Agency has stated “action [is] needed now” to avoid the environmental pressures of 800,000 new homes in the South East. Nationally, we are in discussion with Government as to the standards and action that needs to be taken in advance of new development taking place. Our regional offices are fully engaged in the regional planning process to ensure environmental issues are addressed in Regional Spatial Strategies.

#### SUSTAINABLE BUILDINGS TASK FORCE

These following questions are addressed to Sir John Harman in view of his role as co-chair of the Sustainable Buildings Task Force

9. *The Committee has seen little evidence so far that the house building industry, on the whole, is particularly receptive to improving its environmental performance unless it is forced to. Have you come to a different conclusion?*

The Building Regulations play a very important role in setting minimum standards for the house building industry. They must be designed and enforced to deliver the most practicable contribution to environmental performance possible. The Sustainable Buildings Task Group (SBTG) recognised the importance of the Sustainable and Secure Buildings Bill. Its subsequent enactment has allowed sustainable development

considerations to be included in Building Regulations. The SBTG called for these enabling powers to be activated as soon as possible and for the Government to set out promptly how it intends to ensure this process is completed.

Encouraging the house building industry beyond this base level of regulation was the principal challenge for the SBTG. The SBTG reported that the construction, development and house building industries have not yet subscribed to much of the sustainability agenda, and have not been persuaded of its long-term benefits. That said, the Task Group was confident that the industry is capable of rising to the challenge of delivering buildings which will be socially, environmentally and economically sustainable, and saw the Code for Sustainable Buildings as the principal vehicle to initiate this shift.

The SBTG acknowledged that some public sector clients are already building well above minimum standards, and recommended that the practice should be standardised across the public sector through the Code for Sustainable Buildings. By leading in this way Government would demonstrate that building to higher standards is not only economically possible, but can bring cost-savings to themselves, clients and the public whilst also sending a clear signal to industry of the future direction of regulation.

Therefore, while I agree that the sector may not be “receptive” as a whole, I believe that, with the right leadership, it is capable of delivering much higher environmental performance.

*10. In its response to the Task Force’s Recommendations the Government did state that the cost of implementation of the Code, and its flexibility, would be major considerations. When we do see the Code published, do you think it will be as stringent as you would hope?*

Cost will certainly be a factor in the widespread adoption of the Code. It was the view of the SBTG that costs need to be considered in the context of the improved quality that will also be delivered through higher standards. Indeed, the Code should develop as a proxy for quality and high standards generally. Initial costs of adopting higher standards will decrease sharply from current estimates as volume increases. And on a whole life basis, the additional cost is far outweighed by benefit.

Where additional costs are involved, they need to be seen as an investment in the future—they mean lower running costs for occupiers of buildings, and a reduced need for expensive corrective measures such as those required to improve thermal efficiency or flood resistance.

The SBTG stated that they expected public clients to adopt a minimum Code level comparable to Eco-homes “Very Good”. Steps both below and above this level were envisaged, at least in the first instance.

*11. Are skills an issue in your view? Does the housebuilding industry have the skills to meet the targets you would like to see set through a Code for Sustainable Buildings?*

The SBTG recognised that the skills base of the construction sector could be a challenge to delivering improved standards. The Task Group welcomed Sir John Egan’s proposal for the National Skills Centre for Sustainable Communities. The fact that public sector clients, such as the Housing Corporation and English Partnerships, regularly attract tenders for projects which demand high environmental standards suggests that if there is an issue it is more to do with design capacity than the basic ability to build to higher standards.

*12. Sir John Egan told us in evidence that in his view it would be possible for the construction industry to achieve sustainability, particularly in the sourcing of materials, within eight years. Would you agree with this?*

*In view of this is the 10% target for reclaimed, re-used and recycled materials set by the task force for 2005 unambitious?*

It depends on how stringently you wish to define sustainability in construction. I do not have any evidence on which to evaluate Sir John Egan’s estimate but I have no doubt that the industry can make huge improvements in the environmental efficiency of buildings within that timescale. There is a balance between early ambition and industry buy-in. The 10% target was reached through agreement of the wide membership of the SBTG. The figure was considered a suitable starting point through which to engage with the industry and initiate progress while providing some “stretch”. It was to be a new requirement made of the industry through Building Regulations. A higher level would be represented in the various levels of the Code, and both levels would be raised over time with advance notification to industry to allow them time to prepare and respond.

13. *The Government is strongly promoting the use of Modern Methods of Construction. How do you see this working within the Code for Sustainable Buildings?*

*Do you have any reservations about the environmental implications of a significant shift to using MMC for housing?*

There are reported economic and waste management benefits of Modern Methods of Construction. There needs to be more comprehensive research on the full range of environmental impacts, so that environmental sustainability is properly incorporated in the process. The Environment Agency is commissioning some research in this area and will report its findings in 2005.

November 2004

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