

Rt Hon Michael Gove MP
Secretary of State
Department for Levelling Up, Housing & Communities

22 March 2022

Dear Secretary of State

Comments on home building and house building companies

I read with considerable concern your comments reported in the *Telegraph* that included an accusation that house builders were operating 'a cartel'. The implications of this remark are significant and entirely unfounded, as are some of the reported comments as to how the industry is approaching the environmental agenda.

As you will be aware from your time as Secretary of State for the Environment, the industry is at the forefront of the country's drive towards Net Zero. Your department's own statistics show that new homes are already 60% more energy efficient than existing properties and we have been set a host of challenging targets for how we go even further, which will see new homes generate further efficiency gains. We are also in the process of adopting Biodiversity Net Gain commitments on new housing schemes which will see home builders actively enhancing the natural environment where they deliver new homes. Of course, as your department has already noted, this will increase the cost of housing delivery and have a disproportionate impact on regions at the heart of the Government's Levelling Up agenda. Nevertheless, our members are working hard to incorporate new requirements without reducing housing supply in areas that would benefit from the economic and environmental benefits that new homes bring.

It is extremely worrying to hear a senior member of the government speaking so disparagingly about an industry responsible for maintaining around 800,000 jobs, generating around £40bn in economic activity annually and contributing around £7bn per year in wider community and infrastructure benefits through Section 106 agreements and Community Infrastructure Levy payments, funding new schools, health centres, open spaces and transport schemes.

I understand you acknowledged at the same event that government has some responsibility for the building safety crisis given its role setting Building Regulations and overseeing product safety. The progress of the Grenfell Tower Inquiry is currently laying bare these responsibilities. As we look to achieve our mutual objective of ensuring leaseholders do not pay for fire safety remediation on their buildings, I do hope that a more constructive tone can be adopted. The proposals we are discussing provide a considerable challenge for individual



companies and if we do not get them right, could result in a big drop in housing supply and indeed pose a threat to many companies' future.

As you are aware, only a small proportion of the buildings that require remediation have been built by UK home builders in the past 30 years. Members are committed to the principle of 'polluter pays' and as we continue these delicate discussions, engaging in a positive and constructive manner would seem to me to be essential.

Best wishes,

A handwritten signature in black ink, appearing to read 'Stewart', with a long, sweeping underline that extends to the right.

Stewart Baseley
Executive Chairman