

BRIEFING



Callcutt Review of Housebuilding Delivery

22 November 2007

CALLCUTT REVIEW OF HOUSEBUILDING DELIVERY HBF MEMBER BRIEFING

1. INTRODUCTION

The Callcutt Review report was published today. Commissioned in December 2006 by the Secretary of State for Communities and Local Government, its terms of reference were:

- To examine how the supply of new homes was influenced by the nature and structure of the housebuilding industry, its business models and supply chain, including land, materials and skills;
- To consider how these factors influence the delivery of new homes to achieve the Government's housing target, meeting housebuyers' requirements and aspirations, achieving high standards of energy efficiency and sustainability as set out in the Code for Sustainable Homes, and progressing to a zero carbon standards;
- To make recommendations.

The Government's target of 200,000 net additional homes per year by 2016 was subsequently raised to 240,000.

2. REPORT CONTENT

Having stressed that house builders are answerable to their shareholders, and are not in business to serve the public interest, the report says Government cannot place general delivery obligations on the industry and the Review has not made any such recommendations. However it highlights opportunities for partnership, and has suggestions for "light touch" regulation to direct the industry.

The report begins with some very clear statements about the industry and the key role of land:

"England's housebuilding industry is in shape to deliver the homes we need for future generations and is capable of delivering 240,000 homes a year by 2016. Our challenge is to deliver a supply of housing where it is needed, for those who need it, at

a price which is affordable for the homebuyer, which is commercially viable and which contributes to our ambitious zero carbon targets.

Land is key to housing delivery. Our Review has reached the conclusion that given sufficient land, and subject to our recommendations, the industry and its supply chain has the capacity to meet the Government's objectives on volume, quality, environmental performance and affordability."

The report has 37 recommendations (pages 192-6). Key points are:

Business Models

Land released for self build and smaller house builders through public land disposal and local authority strategic housing land assessments.

Land Supply

Improved house building data;

More transparent reporting of all company land holdings;

At least 10% of local authority (LA) five-year land supply to be small sites (up to 15 units);

"The Government should not take measures to force more rapid build out of land banks with implementable consents"; change to TCPA 1990 to require a "substantial start on site" to exercise a planning permission; Government to commission research into constraints on "optimum build-out rates on large sites"; break-up of large public sector sites into smaller parcels or require this of primary purchaser;

Viability and Potential

Increased LA flexibility for negotiating lower developer S106 contributions on "marginal sites", develop methodology for determining such mitigation;

LA/developer partnerships to ensure viability of brownfield is "fully recognised and exploited"; Government guidance to encourage LAs to assess scope for private housing investment in low-value areas; LA commitments to service delivery in regeneration schemes; Homes and Communities Agency to provide advice and expertise to LAs on private investment in redevelopment opportunities; review of law and practice potentially impeding achievement of regeneration and sustainability objectives; further work on how community management of new housing can stimulate regeneration.

Quality and Regulation

Government to announce that after two years all public agencies to "cease dealings with any housebuilding firm which fails to achieve a predetermined standard of customer satisfaction", with special arrangements for new entrants and small firms;

Annual customer satisfaction survey to be "commissioned and funded by Government and run independently of the industry" (Note: HBF currently carries out an industry survey);

A single design review process for housebuilding, allowing for type approval of standard designs, and presumption that any development proposal passing this assessment process will not be refused permission on design grounds; review of CABE's possible role in design review process;

“A new strong regime should be created to provide assurance of high standards in the construction of new homes, incorporating compliance with planning conditions, building regulations and warranty in a single scheme. The scheme should be overseen by a national body responsible for consistency of inspection standards and approach, including sanctions”; allow local authority building control officers to check all aspects of new home quality;

Skills

LAs to invest in multi-disciplinary strategic teams in their planning departments, supplemented by temporary secondments from the private sector, to ensure more productive pre-application discussions on development;

Public bodies in disposing of land to developers should include stipulations on training;

Most importantly, that there should be a simplified and clearer focus on meeting skills requirements in housebuilding to be encapsulated in a specific sub-sector skills agreement for housebuilding and subject to annual review.

Sustainability: Zero Carbon and Water

Government to give strong and sustained commitment to regulate to achieve zero-carbon 2016 target;

Government to define zero-carbon performance no later than 2008, and how far renewable energy to be taken into account in assessment of performance, with differentiation between local and remote renewable generation; update SAP no later than end 2009, with no further review for at least 10 years;

Ensure regulatory framework for zero carbon verified in building control inspections;

Government and industry to commission a “delivery unit to monitor, co-ordinate and guide the zero-carbon programme”;

To bring EP Carbon Challenge, Eco-towns, etc. into an exemplar homes programme “to make the most effective contribution to the learning that is needed”; LAs to be encouraged to participate in this programme and Government to stipulate that energy efficiency or renewables planning obligations should support national zero-carbon target, and LAs to have strong regard to advice from zero-carbon delivery body on how this can best be achieved;

Government and industry programme of field testing of water recycling technologies and building designs.

3. RESPONSES TO CALLCUTT REPORT

In her response to the launch, **Yvette Cooper, Housing Minister**:

- welcomed confirmation that the twin objectives of 240,000 homes a year and zero carbon by 2016 were achievable - if challenging;
- also welcomed the finding that there were sufficient brownfield sites to maintain a brownfield-first strategy and the support for local partnerships between councils and developers;
- thought the planning charge could be very helpful in fostering co-operation;
- expressed positive interest in working to incentivise good design through the planning system involving professionals and local communities;
- announced that she had asked Paul King to undertake a scoping study and report within 4 weeks on what a delivery body for the zero carbon homes objective might be and look like;
- confirmed her wish to speed up delivery by consulting on changing the legal definition for commencing a planning consent, looking at changes to accounting rules to encourage consistent transparency on landholdings and requiring public bodies to ensure speedy build out;
- made clear that she thought an annual customer satisfaction survey for the industry should be run independently from the industry.

In his response, **Stewart Baseley, HBF Executive Chairman**:

- said HBF had contributed fully and openly to the review and would continue in the same spirit to help deliver the framework needed to meet the country's long-term housing requirements;
- welcomed the comprehensive nature of the report, and said the industry was ready to respond to its call for action;
- stressed that all parties, public and private, needed to find better ways to work together to make a real difference to housing delivery
- said he was particularly pleased the report recognised home builders could deliver the scale and quality of housing needed, noting that private developers will deliver the majority of new homes, and said it was right the review recognised that land supply was the key to housing delivery, adding that he hoped this would nail the myth that house builders were land banking;
- recognised that critical to achieving Callcutt's vision was a culture change within local authorities to achieve an improved strategic approach to partnering with home builders, adding that we need to learn from those partnerships that have worked;
- said it was right to recognise that building control was the best mechanism for making progress on zero carbon and that clear definitions were needed, and particularly welcomed the proposed new zero-carbon delivery unit and Paul King's scoping work on how best to set up such a unit
- welcomed Callcutt's emphasis on skills and the need for a clear strategy for house building skills;
- said that HBF's customer satisfaction survey was comprehensive (the last year's results were based on 26,000 responses), the methodology audited by independent experts, the results published annually, and we are currently looking at expanding the sample of companies, but that we are more than willing to look at ways of improving the survey;

- said finally that unwavering leadership would be need from central Government, and a significant change in attitude from some local authorities, to realise John's vision.
- "The acid test will be whether the report's recommendations form the framework for the delivery of more land for new homes, whilst creating a regulatory regime providing clarity, certainty and consistency to everyone involved".

John Stewart
Director of Economic Affairs