

Federation of Master Builders

Written evidence to Public Bill Committee – Levelling Up and Regeneration Bill

27.06.22

1. About the Federation of Master Builders and reason for submission

- a. The Federation of Master Builders (FMB) is the largest trade association in the UK construction industry. For over 80 years it has been representing the interests of micro, small and medium-sized (SME) construction firms across the UK. It currently has over 7,000 member firms, 15% of which are dedicated house builders.
- b. Provisions in this Bill will directly affect the potential of small builders to deliver the homes we need. The FMB hopes that the Committee will consider the arguments contained within this submission, and ensure that the Bill encourages, rather than deters, their place in the market. This is especially pertinent as previous decades have seen a serious decline in the number of homes built by SME house builders; dropping from around 40% in the 1980s, to only 12% in 2015¹. The FMB proudly advocates for the reversal of this decline, highlighting how these local, and often family-run firms, are best placed to deliver locally-sympathetic homes that communities favour. The Bill should act as a vehicle to begin reversing this decline.

2. View from the industry

- a. The Federation of Master Builders' annual House Builders' Survey² aims to build a clearer picture of the experience of SME house builders in England. At a glance, the FMB's 2021 survey revealed the main constraints on the activity of SME house builders to be:
 - A lack of available and viable land – 63% (reported this as a constraint)
 - Material shortages – 62%
 - The planning system – 61%
 - Shortage of skilled workers – 53%
 - Lack of available finance – 29%

3. Small sites and land availability

- a. *Part 3, Chapter 2, clause 87 (Schedule 7, particularly 15AC and 15C)* of the Bill on local plans, provides an opportunity to address current issues with a paucity of small sites and land availability difficulties faced by small developers. FMB house building members have found that a lack of available and viable land was the most commonly cited constraint on SME house builders (cited by 63%). Additionally, 71% reported the number of small site opportunities to be decreasing.
- b. In its debate on this part of the Bill, the FMB asks the Committee to consider:
 - In some locations, more should be done to enable small site opportunities on the edge of existing settlements, allowing for incremental, organic development, where there is clear community demand for housing.
 - Local authorities and Homes England should be more proactive in working with developers to encourage greater sub-division of larger sites, where appropriate.
 - There should be stronger focus on implementing requirements for planners to create a mix of SME-sized sites through the National Planning Policy Framework (NPPF).

¹ [Fixing our broken housing market](#). DCLG, 2017. NHBC Registrations, Great Britain, 2015, page 47

² [FMB Housebuilders Survey](#), 2021

- c. Where the Bill as written provides for specifics of local plans (*at Sch 7, 15C*), the FMB argues there is opportunity to include specific reference to the need to provide small site opportunities.

4. Community engagement

- a. *Part 3, Chapter 2, clause 87, explored in schedule 7, 15C, 15F and 15k* addressing engagement of smaller builders in local plans needs to be considered and potential issues with onerous local requirements where not needed. Furthermore, creation of neighbourhood priority statements, while positive, should not slow planning for small, local firms that already deliver community focussed projects.
- b. While an increase in local engagement through local plans could be a useful tool to ensure development remains in keeping with their neighbourhoods, this is something small builders do, day in day out. The Committee's debate on new sections *15C, 15F and 15K in Schedule 7* of the Bill should consider:
 - That small scale house builders should not have to jump through unnecessary hoops, as they are already delivering high quality homes for their local area.
 - The decline in small builders has led to less localised development and more 'cookie-cutter-style' large scale developments, which do not reflect their communities.
 - The best people to fully engage in local plans are small, local builders, as this will help them identify small sites and opportunity areas. Many FMB members already spend time looking over local maps for these opportunities, and so are well placed to help local authorities develop these plans.
 - Section *15F* should reflect that local design codes, if too complex, may indirectly slow down the development of smaller sites. Local builders, the predominant developers of small sites already deliver developments in keeping with the local area – this is because they are often part of the community they are building in and build to local needs.

5. Street votes

- a. *Placeholder clause 96* on street votes should allow for fast tracked planning permission for certain projects identified by the residents of a street, through public votes which could boost the density of current housing stock and potentially deliver more homes. In principle, the established theory on street votes is not designed to hinder development, but to help create development opportunities within a locally agreed framework. The Bill should maintain this principle when the clause/s on street votes are developed.

6. The planning application process

- a. In regard to *Part 3, Chapter 6, clause 109*, on the digitisation of the planning process, the FMB supports these measures. Planning departments should engage in a more proactive and ongoing dialogue with SME builders, to improve mutual understanding and minimise unnecessary burdens and delays. Providing planning departments with sufficient resource to do so is a reason why the FMB supports proposals to increase planning fees and we will be engaging with the forthcoming Government consultation on this. The FMB asks the Committee to consider whether all feasible steps are being provided for in the Bill to increase

transparency, certainty, and speed within the planning process. This should be made clear in the digitisation aspects of the Bill.

- b. Disproportionate delays, for even the smallest sites, tie up resources and can be extremely difficult for small firms to plan for. FMB members have suggested overall complexity as the most significant cause of additional cost for them in the planning process, with 'excessive information requirements' the second greatest cause for additional cost.
- c. In the 2021 House Builders' Survey³, 61% of FMB members identified the planning system as a major constraint on their ability to build more homes. The planning application process is key to these frustrations, with 54% reporting the process of obtaining permission for small sites to be getting worse.

7. Infrastructure Levy

- a. *Part 4* of the Bill allows for the provision of the new Infrastructure Levy with *Schedule 11 inserting new sections 204A to 204Z1* into the Planning Act giving the Secretary of State the powers in relation to the levy.
- b. Unlike the pre-existing CIL, the new levy may allow for a much wider variety of approaches to rate-settings. *Schedule 11 204H* in particular should be expanded upon to define the ways in which exemptions to the levy or thresholds below which the levy would not have to be paid, are to be determined, and make provisions for a scale of cost so that smaller developers are not unfairly treated. Under the status quo, small builders negotiate the current rates with local authorities; but this would no longer be possible. Given that small local builders don't tend to have a wide geographic area of work, should the rates create unviable developments in one local authority area, they will not be able to move their business, comparatively to national developers.

8. Environmental outcome reports

- a. Attention should be given to *Part 5, clause 116 and 117* that gives the Secretary of State power to make regulations relating to environmental outcomes. While environmental protection is vital, it should be considered that these measures are weighed up against any potential increased time limit on planning applications, caused by environmental assessments, which could be detrimental to housing delivery from smaller firms. The administrative hurdles this could cause for small, local firms may have to be considered at local authority level, but this should be addressed in the legislation.

³ [FMB Housebuilders Survey, 2021](#)