



**Government Response to the
House of Commons Environmental
Audit Committee Report – Housing:
Building a Sustainable Future**



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Presented to Parliament by the
Deputy Prime Minister and First Secretary of State
by Command of Her Majesty
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Government Response to Environmental Audit Committee Report – Housing: Building a Sustainable Future

The Environmental Audit Committee of the House of Commons published its report *Housing: Building a Sustainable Future* on Sunday 30 January, 2005. The Government is grateful to the Committee for their contribution in this field, and for their comprehensive recommendations, which have been carefully considered. The Government's response to each of those recommendations addressed to it is set out below.

Readers should note that responses have, where relevant, been grouped together. In the following cases, a single response has been given: 9 and 10; 14 and 15; 20 and 21; 24, 25 and 26; 28 and 29; 30 and 31; 34 and 35 and recommendations 44 to 49.

Conclusions and Recommendations

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

The Government agrees with the Committee that new housing should be built to standards that minimise environmental impacts. We also welcome the Committee's support for a step change in housing supply to meet our housing needs. Over the last five years, around 500,000 new households have formed in Southern England, but there have been just 350,000 homes built. House prices in the South East have risen from an average of £132,000 in 1999 to £234,000 in 2004. The resulting affordability problems are affecting the quality of life of individuals and inhibiting the flexibility of the UK economy. In extreme circumstances, they are contributing to homelessness.

Through the Sustainable Communities Plan, we are already working to tackle affordability, by achieving a better balance between housing supply and demand. Through the plan, we intend to deliver 1.1m additional homes in London and the wider South East to 2016. This increase in supply will go a long way to addressing the affordability problems that currently exist in the housing market. As part of our response to Kate Barker's Review of Housing Supply, we also intend to set a national market affordability goal by the end of 2005.

In the long term, this step change in housing supply should help achieve a better balance. But this will take time, and the Government is committed to finding solutions for first time buyers in the short to medium term. As we made clear in our Five Year Strategy for housing, Homes for All, investment in affordable housing will be around £2bn in 2007/08 double what it was in 1997. This investment will provide for 75,000 new social homes for rent by 2008. We have also set out proposals to help 80,000 households into homeownership by 2010, through a wide range of low cost home ownership schemes to help first time buyers and others into home ownership. And, by working with the private sector, the Government hopes that we could increase this total to over 100,000.

We believe that our strategic approach to delivering this additional housing, as laid out in the Sustainable Communities Plan, provides a powerful opportunity to move away from the piecemeal development of the past and deliver new homes within well-planned sustainable communities, in which issues from water supply and sewerage to flooding and green spaces can be considered strategically and planned for. The real beneficiaries of our housing policies are not property developers but young people, first time buyers, those looking to house their families better and those in temporary accommodation. We believe our approach makes a valuable contribution to our carbon efficiency targets, protecting the countryside and developing genuinely sustainable communities.

The Government published its five-year plan *Sustainable Communities: Homes for All*, on 24 January. This sets out an agenda for responsible growth over the next five years, including new measures to protect the Green Belt and to underpin the increase in densities achieved since 1997. The Government notes that the timing of the Committee's report – published on 30 January – prevented it from taking account of these measures.

The Barker Review of Housing Supply

2. It was disingenuous of Kate Barker to insist that there was no geographical dimension to the Review's recommendations when it is obvious to us, and to many others, that any measure that aims to build more where the housing market is stronger will inevitably result in increased building in the South East. It is important that the Government acknowledges and addresses this before taking any steps towards implementing the measures put forward by the Review. (Paragraph 21)

The Government believes that Kate Barker's proposals, though expressed at a national level, built on the approach adopted in the Sustainable Communities Plan, which set out a case and strategy for more growth to tackle housing supply issues in the South East, alongside addressing low demand in other parts of the country and the quality of our public spaces. The Government has accepted Kate Barker's central recommendation that there should be a step change in housing supply and intends to set a national market affordability goal as part of a package of measures to achieve this, by the end of 2005. However, we have made it clear that in taking forward our response to Kate Barker's recommendations, we will take account of regional and sub-regional variations in housing markets.

We already have an extensive evidence base for our housing market policies, but we are keen to further investigate the relationship between housing affordability and supply. As part of our response to the Barker Review of Housing Supply, we have let two major research contracts that will together provide a basis for setting a national market affordability goal for housing. One project will involve modelling the relationship between affordability and additional housing. The other will consider the economic, social, environmental and fiscal implications of additional house building for sustainable communities. Further details of these projects, in particular the one on sustainability issues, can be seen below in our response to Recommendation 3.

Once the Government has set a national affordability goal (for England), it will be for Regional Planning Bodies to determine what this means at the regional and sub-regional levels and to develop plans for housing growth within their Regional Spatial Strategies, taking into account guidance from our proposed independent advice unit on the appropriate methodology for implementing a national affordability target at regional levels. All regional plans for housing growth will be subject to a mandatory Sustainability Appraisal, including a Strategic Environmental Assessment component, and to examination in public as part of the planning process.

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

Kate Barker delivered an extremely useful analysis of the issues surrounding the affordability of housing in the UK but she made it clear in her final report that her recommendations represented choices for Government, which would need to take account of economic, social and environmental considerations. In addressing the specific suggestions in her report we have said that we will adopt the same principles as we set out in the Sustainable Communities Plan. We want to create sustainable communities – places that offer everyone a decent home that they can afford in a community in which they want to live and work, now and in the future.

To achieve this we need to create communities that are environmentally sensitive – providing places for people to live that are considerate of the environment. The Government's five-year plan *Sustainable Communities: Homes for All* sets out proposals to consult on a new Green Belt Direction, strengthening protection of the Green Belt. The Plan also announced the extension of the Government's Density Direction to cover additional areas of high housing demand in the East of England, South West and Northamptonshire, thus including all the Growth Areas. We also remain firmly committed to the target of siting at least 60% of new development (at the national level) on brownfield land, thereby minimising land take.

It is also important to recognise that the achievement of sustainable communities, particularly in terms of levels and kinds of housing provision, requires different approaches in different places. In small rural communities, for instance, it will often be the case that a small number of additional affordable homes will bridge the gap, enabling people to live in the towns and villages where they were brought up, and providing the necessary housing for employees of local businesses and public services.

In order to inform policymaking and our response to the Barker Review, we believe that a stronger evidence base on the environmental impacts of a change in housing supply is necessary. That is why we have let, in conjunction with Defra, a major new research contract to examine the impacts – including environmental, social and fiscal implications – of a range of growth scenarios. The project, *Additional Housing Supply: Implications for Sustainable Communities*, has been let to a consortium led by Entec. This aims to develop a multidimensional model to assess the sustainability implications of different scenarios of future house building, which will include a detailed assessment of environmental impacts.

4. The publication of the Entec Report on the environmental impacts of increasing housing supply, though belated, was welcome as a very important step in the right direction. It is, however, lamentable that a report on such a key area of policy had to be carried out in just six weeks. This suggests that DEFRA was slow to realise the potential impacts of the Barker Review. (Paragraph 30)

The Entec Report, *Study into the Environmental Impacts of Increasing the Supply of Housing in the UK* (published April 2004), was commissioned by Defra to provide an initial assessment, quantified as far as possible, of the environmental impacts of proposals in the Sustainable Communities Plan and the Barker Review for increased housing supply. As the Entec Report itself makes clear, it is a scoping study and does not represent a definitive analysis of the likely impacts. It has, however, provided the methodological bedrock for the development of the more wide-ranging research specification that ODPM and Defra are now taking forward jointly to inform the Government's response to the Barker Review.

We do not accept that Defra was slow to realise the potential impacts of the Barker Review. The Entec Report was commissioned by Defra in February 2004, immediately after the interim version of the Barker Review became available. To have commissioned the Entec Report any earlier would have made it impossible to base the research specification on the Barker housing scenarios. The time allowed for the preparation of the Entec study was, in turn, limited by the need to have the results available as soon as practicably possible after the publication of the final version of Kate Barker's Review and recommendations in April 2004.

5. We urge ODPM and DEFRA to ensure that any future study on the environmental impacts of increasing housing supply in England takes as its baseline no growth over the next thirty years. It is vitally important that the impacts of all homes that are to be built over this period are determined, so as better to inform the decisions on how and where they should be built, and this is the approach that ODPM and DEFRA should take. (Paragraph 33)

The Government agrees with the Committee that the impacts of building all new homes should be examined and that a consideration of the impacts of not undertaking a step change in housing supply should inform any future decisions on the level of supply, including our response to the Barker Review.

However, we must recognise that England already has a number of agreed plan documents (eg the London Plan and RPG9). The Committee will also be aware that there have been around 700,000 new households formed in the last seven years (but only 500,000 new homes) in the four southern regions of England and that recent forecasts (to 2021) have increased the predicted rate of household formation by 25%. Given these factors, we do not regard an assumption of zero housing growth (ie not a single new home being built) as realistic or responsible for planning purposes.

6. We seek reassurance from both ODPM and DEFRA that any research commissioned by departments into the environmental implications of the proposed house building shall be a continuation of the work initiated by Entec. The terms of reference for this research must be made public as soon as they have been agreed. (Paragraph 34)

The joint ODPM/Defra research project referred to above builds directly on the Entec Report. The project has been awarded to a consortium led by Entec, and their proposed approach is an extension and broadening of their original methodology. This project will be a more comprehensive study enabling a wider range of sustainability impacts to be assessed, including extra demands on infrastructure and community facilities arising from additional housing.

The Terms of Reference for this project are available on the ODPM website.

7. The present evidence base for the Government's housing policies is inadequate and it is imperative that the Government ensures that work is carried out to rectify this. We recommend that no proposals are taken forward to further increase housing supply without ensuring that there is a sufficiently strong evidence base to support them. (Paragraph 35)

We do not accept that the current evidence base is inadequate. There is already a substantial body of evidence relating to housing demand and supply, and several streams of work are underway to improve and add to it. ODPM policy is informed by quarterly monitoring of indicators of housing supply such as the ratio of lower quartile house prices to earnings, as well as net additions to housing stock.

ODPM is working with Regional Planning Bodies and local authorities to achieve better and more consistent data on housing supply. The first part of this project focused on London and resulted in an increased response from boroughs and better data quality. The project will be extended through the other regions. The work will provide better information on the numbers of additional dwellings provided in each local authority area.

ODPM is developing updated household projections, to be published in mid-2005. These will show the growth in household numbers over the next 25 years, assuming demographic trends continue. They will provide an important input into Regional Planning Bodies' assessment of future housing requirements. Interim household projections were published in September 2004.

Further improvements to the evidence base will be achieved through the research contracts on affordability and sustainability mentioned above and also through a further project that has been let to Heriot-Watt University on measuring and modelling housing demand. This is seeking to gain a better understanding of the factors affecting high and low demand down to the finest geographical scale possible.

In addition, we are currently developing a methodology for Local Housing Assessments (LHAs) which will help local planning authorities to assess housing demand and the nature of that demand in their local housing markets. LHAs will cover the whole housing market and be prepared jointly by local authorities' planning and housing functions in partnership with local stakeholders, including private housebuilders. Where housing markets cross administrative boundaries, such assessments may be carried out collaboratively between local authorities.

LHAs will form a crucial part of the evidence base underpinning the preparation of local housing strategies and Local Development Frameworks, and will inform the provision of services such as education and transport, as well as regional housing and planning strategies. A combination of LHAs, together with regular monitoring, will help to ensure that local housing and planning policies are more responsive to changing housing market conditions.

8. ODPM and HM Treasury should publish a substantive response to the Barker Review as a matter of urgency. This response should set out which recommendations are being taken forward, which are being considered as options and which have been discarded. It should also include details of what work is currently underway on the various proposals from the Review. (Paragraph 37)

The Government's initial response to Kate Barker's Review was provided by the Chancellor and the Deputy Prime Minister alongside the budget on 17 March 2004 and made clear how we propose to respond to her recommendations. We said then that we intend to bring forward a package of measures to address the recommendations of the Barker Review by the end of 2005. The position was restated in *Sustainable Communities: Homes for All*, published in January 2005. None of the recommendations have at this stage been discarded.

The Government is making significant progress in implementing the Barker Review's recommendations on investment planning reform and affordability. The 2004 Spending Review announced a 50% increase in new social house building by 2007-08 compared with 2004-05 – an additional 10,000 homes per year. It also established a new Community Infrastructure Fund (CIF) of £150 million by 2007-08 to support the transport infrastructure costs required to enable faster housing development in the four Growth Areas. We have recently announced the projects we intend to support through the CIF.

Following recent consultation, the Government is considering how best to merge Regional Housing Boards (RHBs) and Regional Planning Bodies (RPBs) to create integrated bodies responsible for managing regional housing markets. It will also establish an independent advice unit to strengthen the evidence and analysis available to regional bodies on improving housing market affordability.

Ahead of a full response on Barker Review implementation later this year, the Government will consult in the summer on other aspects of the Barker Review package, including introducing a long-term national goal for affordability in the housing market and on increasing the planning system's responsiveness to housing market signals by reforming Planning Policy Guidance Note 3: *Housing* (PPG3). The Government will also consider by the summer progress made by the house building industry to improve service quality and customer satisfaction ratings and to increase investment in skills and innovation.

The Sustainable Communities Plan

9. It is clear that the Sustainable Communities Plan does represent a positive change in how the Government approaches growth and regeneration. However, we are disappointed not to see set out explicitly in the key requirements for a sustainable community the need to comply with the principles of sustainable development; and we deplore the absence of any reference to environmental protection, or the need to respect environmental limits. (Paragraph 40)

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

The Government is pleased that the Committee recognises that the Sustainable Communities Plan represents a positive change in how the Government approaches growth and regeneration. The Plan made it clear that we are looking for housing developments to respect and embody the principles of sustainable development and address potential impacts on the environment alongside social and economic goals.

The Government accepts the need to define with greater clarity our vision of sustainable communities, and its relationship to sustainable development. Following extensive consultation across Government and with the Local Government Association, and with the involvement of the sub-group on the Local Delivery of Sustainable Development of the Central-Local Partnership, we developed a definition and components of sustainable communities. The complete definition is attached at Annex A for information. This made it clear that *sustainable communities deliver sustainable development at the local level*. This definition was reproduced in full in the ODPM's five-year plans, *Sustainable Communities: Homes for All*, *Sustainable Communities: People, Places and Prosperity* and the recently launched United Kingdom Sustainable Development Strategy, which contains a section entitled "Sustainable Communities" which examines delivery of sustainable development at the local level.

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

The Government has always made clear that sustainable development is at the heart of policy making and the Sustainable Communities Plan made it clear that housing developments have to embody the principles of sustainable development. Sustainable communities will balance and integrate the social, economic and environmental components of their community. The centrality of sustainable development to the Sustainable Communities Plan has been reinforced by the recently published United Kingdom Sustainable Development Strategy, which uses a number of sustainable communities indicators (including housing decency, for example) to track progress against delivery of our sustainable development goals.

12. It would appear to us that many of the efforts directed towards achieving sustainability within the SCP are little more than a window-dressing exercise. This is unsatisfactory and bound to have severely detrimental consequences in the long term. (Paragraph 52)

The Government does not accept the Committee's view that the sustainability content of the Sustainable Communities Plan is mere "window-dressing." On the contrary, the measures outlined in the Plan represent a major change in how we deliver housing and development. The commitments on sustainable land use, contained in Part Four of the document, have had wide-reaching effects. Housing densities in England have risen from 25 to 33 dwellings per hectare from 1997 to 2003 and the amount of development on brownfield land from 56% to 67%. Such policies will enable us to deliver the 1.1 million homes foreseen in the plan using 3300 hectares less greenfield land (an area the size of Oxford) – than the 900,000 existing planned homes would have used at 1997 densities and levels of brownfield use.

But the Plan should not be seen as a static document, and our work on sustainable buildings has advanced considerably since February 2003. The 2005 revisions to Part L of the Building Regulations (raising energy efficiency of new buildings by around 25%), the Code for Sustainable Buildings (with demonstration projects in the Thames Gateway and roll-out throughout 2006) and the expansion of the Density Direction to cover the wider South East and South West (announced in *Sustainable Communities: Homes for All*, 24 January 2005), represent a genuine and coherent package of sustainability measures that will have far reaching effects on the quality of what we build.

13. Sir John Egan was of the view that it will be very difficult, and probably detrimental to the economy, to focus too much effort on developing northern regions when there is such a draw to the South East from all over the country and from the rest of Europe. He implied that these other regions would develop of their own accord if they had the potential. Whilst this argument may make some sense from a purely economic perspective, it has few merits from a social or environmental one. It is alarming to us that a senior Government advisor should express such views: we believe them to be wrong and would like to hear from Government to what extent it supports them. (Paragraph 57)

The Government is fully committed to enabling all regions to reach their full economic potential and is keen to see the economic performance of all regions improve. The Government's approach – set out in its five-year plan *Sustainable Communities: People, Places and Prosperity* – is to ensure that in every part of the UK the institutions and resources are in place to allow regions to fulfil their economic potential.

The Government does not believe that the simple redistribution of economic activity away from the south to the north will work. Displaced economic activity will simply go overseas or will not happen at all. In order to stimulate growth for the country as a

whole, every region must be encouraged to fulfil its economic potential by building on existing and newly developed indigenous strengths.

The Government has a Public Service Agreement (PSA) target to *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.*

It is early days in the delivery of the PSA, but already we have:

- devolved responsibility to the Regional Development Agencies (RDAs) for the delivery of Business Link services, R&D grants, business university links and promoting enterprise in disadvantaged areas from April 2005;
- given the RDAs substantial funding flexibility to allow them to respond to regional priorities and increased their funding from £1.6 billion in 2002-03 to £2.3 billion in 2007-08;
- increased funding for science across the country, which will be over £1 billion per annum higher in 2007-08 than in 2004-05;
- allocated £11 billion per year by 2007-08 on post-16 education and skills (excluding HE) across the English regions and enabling the RDA Chief Executive and Regional Learning and Skills Council Director in each region to adopt joint budgeting and planning of the adult skills budget, where they want it (in the three northern regions, this is worth £634 million in 2004-05);
- announced that the Government will examine new ways to integrate transport, economic and spatial development strategies in each region, within a framework of indicative funding allocations for each region;
- announced an expansion to the *Pathways to Work* pilots – an initiative to help people on Incapacity Benefit into work;
- announced on 20 September 2004 *Moving Forward: The Northern Way*, a new £100 million growth fund developed by the three northern RDAs to help close a £29 billion productivity gap with the rest of the country.

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

15. The SCP simply predicts growth in the South East and sets out to provide for it. This predict and provide approach makes no attempt to rebalance housing demand and economic development in the country as a whole. Given the limited ability and willingness of the South East regions to absorb further growth, this reflects a short-term approach from the Government to what is a long-term problem. The undoubted result of the acceptance of such an unequal model of growth can only be to exacerbate regional differences in prosperity, to the detriment of the country as a whole. (Paragraph 61)

The immediate physical impacts of increased housing supply are sometimes overstated. The South East is just 11% urbanised.¹ Furthermore, as Kate Barker herself pointed out, even building an additional 120,000 houses per annum over and above existing plans for

¹ Paragraph 2.1, page 5, *Regional Planning Guidance for the South East (RPG9)* (Government Office for the South East, Government Office for the East of England, Government Office for London, March 2001)

ten years exclusively in the South East (far above planned levels) would mean using an additional 0.75% of the total land area of the South East, 1.92% of developable land.²

The South East remains an attractive and successful place to live and work. It is true that economic success brings with it environmental impacts and we need to manage and mitigate these impacts within acceptable limits in the national interest. Arbitrarily limiting economic growth or development does not offer solutions, and is likely to continue to lead to growing housing and environmental problems, weaker economic development and a bleak outlook for those sectors and regions that rely upon growth in the South East for their prosperity.

Instead, the Government believes that it is vital to encourage development which helps people to change patterns of resource consumption and which maximises environmental, social and economic benefits. This is recognised both by Government and regional and local partners, for example, in the vision set out in the Integrated Regional Framework for the South East as well as the current and emerging policies in the London Plan and Regional Spatial Strategies for other regions. We also hope that our new definition and components of sustainable communities will assist Local Strategic Partnerships (LSPs) to deliver sustainable development through their Sustainable Community Strategies. New materials and tools will be provided during 2005 to help local authorities and LSPs reshape their Community Strategies into Sustainable Community Strategies.

Narrowing the Disparities

The Government agrees with the Committee that action is required to narrow the persistent gap in economic growth rates between the English Regions. Such a priority is reflected in our housing and planning policies.

The Regional Spatial Strategies (RSSs) issued by the Secretary of State, the RDA Regional Economic Strategies and the inter-regional growth strategies detailed below, are all seeking to narrow regional disparities in economic growth rates. This is one reason why in the RSSs for the northern regions we are providing for a level of house building and economic growth which assumes a reduction in net out-migration. At the same time, in the southern regions we are not providing land for housing, even with the extra 200,000 in the SCP, on a purely predict and provide basis which takes no account of the economic and planning strategies in other regions. The Northern Way and other inter-regional growth strategies are good examples of an approach to both economic growth and housing that is attempting to buck the trend and move away from predict and provide.

Planning Policy Guidance Note 3: *Housing* (PPG3) introduced a new approach to determining housing numbers. In establishing the amount and broad distribution of housing, PPG3 advises that household projections should be taken into account, as well as other factors such as the needs of the regional economy, the capacity of urban areas to accommodate more housing, the environmental implications, and the capacity of the existing or planned infrastructure. The plan, monitor and manage approach ensures that

² This calculation assumes that 60% of homes will be built on brownfield sites, and that dwellings will be built at 30 dwellings per hectare. It also includes an allowance for related infrastructure. Developable land is estimated at 1m hectares. 'South East' is the ROSE area (Rest of South East) – equivalent to the Government Office South East region plus Essex, Hertfordshire and Bedfordshire.

once housing numbers are established they are kept under regular review. Where there are signs of under- or over-provision of housing this will prompt a review or remedial action.

16. It is astounding that despite the clear need for an assessment of the environmental impacts of the proposals for the Growth Areas as a whole, nothing has been done to date by ODPM or DEFRA to address this issue. (Paragraph 63)

The Government agrees with the Committee that assessments of the environmental impacts of a step change in housing supply are important. That is why every element of the Growth Areas proposals will be subject to a Sustainability Appraisal, which meets in full the requirements of the Strategic Environmental Appraisal Directive. Projects will also undergo Environmental Impact Assessment. It is also why we are undertaking a study (jointly with Defra) of the impacts in general of a further step change in housing supply, to inform our response to the Barker Review.

It should be stressed however, that many of the impacts we seek to measure and quantify are essentially local in nature (water run-off, biodiversity and ecology, sewerage impacts, and flooding) and are most appropriately assessed at that level. It is not clear that the Committee's proposals would therefore add value to the already extensive assessments being undertaken, and our close work on impacts with English Nature, the Environment Agency and other statutory consultees.

17. It is not satisfactory that there seems to be a degree of confusion within the Environment Agency as to the environmental impacts of further large scale development in the South of England. Ministers should take steps to ensure that any remaining concerns within the Environment Agency are fully explored; and the Agency itself clearly has a responsibility to make sure that it is offering frank and consistent advice. (Paragraph 65)

As the Government's principal advisor on the environment, the Environment Agency's role is to identify and to help address new environmental pressures, particularly in relation to water supply, waste water and surface drainage, waste disposal, flood risk, greenhouse gas emissions, and biodiversity. Their involvement is crucial to ensuring that new development is sustainable.

The Environment Agency (EA) are already actively engaged "on the ground" in all of the Growth Areas identified in the Sustainable Communities Plan. It is working constructively with others to ensure that the implementation of the Sustainable Communities Plan maximises opportunities for environmental benefits and minimises harmful environmental impacts.

The Government is keen to ensure that the EA are fully involved in proposals for housing growth from the earliest stage, and that EA advice on the strategic environmental implications of developments is sought by our delivery partners. To this end, we are currently developing a new "Concordat" between the Agency and ODPM, which will seek to create new early warning systems through which the Environment Agency can flag up concerns to Ministers, particularly those which, for whatever reason, were not raised within the formal planning processes. The Concordat will restate the Agency's role as advisor, regulator and operator and signal the Government's commitment to dealing with impacts in a strategic and systematic way.

18. Development as proposed in the Thames Gateway will result in a long commuter corridor, where most residents will travel to London to work, unless every effort is made to create jobs in the area, provide local infrastructure and ensure a significant proportion of new housing is affordable. (Paragraph 70)

We are determined that the Thames Gateway will provide opportunities to work locally, as well as using the economic potential of London and providing opportunities for out-commuting. We will support employment growth that will provide the right balance and quality of jobs and will foster the coherence and sustainability of local communities. The Thames Gateway is already a significant local employer in its own right through areas like Southend and Medway. We recognise that the work available needs to include full- and part-time opportunities, and be suitable for a wide range of skill levels. Equally, existing and new residents will need to have the skills to support the different types of local employment that will be attracted by the location and character of Thames Gateway areas. Like the rest of the South East, we expect the sub-region to profit from its proximity to the economic hub of London, and a degree of out-commuting will offer benefits through the knock-on distribution of wealth.

We agree that growing Thames Gateway communities need to be supported by local infrastructure. Work is taking place across Government to ensure that the Thames Gateway programme is incorporated into the forward plans of the relevant Government departments, together with the appropriate level of investment. Headlines include a Government and Mayoral investment in transport infrastructure of £1 billion, a new £60 million funding package for healthcare and just under £20 million towards environmental projects.

We will continue to support key workers on low and moderate incomes through the Key Worker Living scheme and the new First Time Buyers Initiative. This commitment is supported by a £200 million investment from the Housing Corporation by April 2006 to provide over 4,000 affordable homes in the Thames Gateway. Alongside Housing Corporation investment, the Government have committed unprecedented levels of money to social rented and key worker homes. London, South East and Eastern regions are receiving around £1,038 million, £356 million and £162 million respectively in 2004-05 through the regional housing pot allocations. These are set to increase to £1,071 million, £367 million and £167 million in 2005-06. A significant proportion of this investment will be directed to the Growth Areas, including the Thames Gateway. Nationally, we will deliver 75,000 social rented homes and 40,000 homes for key workers and low cost home ownership over the three years to 2007-08. This will help reduce the number of homeless households living in temporary accommodation.

19. The proposals for growth, particularly in the Thames Gateway, are likely to result in a dramatic increase in the number of properties being flooded unless the Environment Agency's advice is heeded. We support ODPM's proposal that the Agency should become a statutory consultee for applications in areas notified as at risk of flooding or likely to add to flood risk. In the meantime, local authorities should be strongly encouraged to notify the Agency of the outcome of applications to which it had objected on the grounds of flood risk. (Paragraph 72)

The Environment Agency's joint annual report with the Local Government Association on local authority performance in relation to flood risk advice, published in January 2005 (High Level Target 12 Development and Flood Risk 2003-04), states that it is clear that the performance of LPAs in informing the Agency of planning decisions has improved when compared with 2002-03. Compared with 2002-03 there was a 44% increase in the number of decision notices received by the Agency.

The Government agrees, however, that there is still room for improvement. In consequence, we intend to clarify the guidance in Planning Policy Guidance Note 25 (PPG25) to strengthen its application. In particular, we are aware that half of the Agency's objections to proposals were because no flood risk assessment had been undertaken – not because the proposal was known to increase flood risk. We hope, in revising PPG25, to strengthen our policy requiring flood risk assessments. And, subject to consultation, we intend to put in place a standing planning Direction that where a planning authority proposes to proceed with approval of a major development to which there is a sustained objection from the Environment Agency it should automatically be referred for consideration as to whether the case should be called in for decision by the Government. We also expect that arrangements being developed through the proposed Concordat (see no. 17) will serve to highlight areas of particular environmental concern to Ministers before developments reach the planning application stage.

The Thames Gateway London Partnership, is working with the Environment Agency, on the production of a Strategic Flood Risk Assessment (SFRA) of the 11 London Thames Gateway boroughs. The first draft will inform the preparation of the East London Sub-Regional Development Frameworks. ODPM and the Environment Agency will be working to ensure that SFRAs are undertaken consistently across the Thames Gateway. The Kent Thameside Delivery Board and the Thames Gateway South Essex Partnership are working with local authorities and the Environment Agency to produce SFRAs for Kent Thameside and South Essex. We are updating flood risk data for Medway, which will feed into an SFRA for North Kent.

In addition, all projects in the Thames Gateway receiving ODPM funding are required to produce appropriate Flood Risk Assessments. These will be used to inform planning decisions at the strategic level as well as the siting and design of individual developments.

It should be remembered that most of the Thames estuary floodplain is already protected by a very high standard of existing defence, which will protect the area against a flood with a 1 in 1,000 chance of occurring in any one year. As well as this, ODPM is working closely with the Environment Agency on its 'Thames Estuary 2100' project, a six-year study that will consider the flood defences that will be needed to protect the Thames Estuary for the next century.

20. There is disturbing evidence that the sum so far allocated for infrastructure funding will not be anything like sufficient to meet the requirement generated by the Growth Areas. The Government should revisit this issue as a matter of urgency and make clear exactly what level of public funding for infrastructure it intends to make available in the Growth Areas over the next twenty years, and assure us and the public that this will not result in other parts of the country suffering a lack of resources as a result. (Paragraph 75)

21. Lord Rooker's statement that there would be no growth without infrastructure was welcome. However, if this is so then the Government needs to make clear how it intends to ensure timely development of infrastructure to keep pace with housing construction. This does not yet appear to be happening. (Paragraph 76)

The Government recognises the need to provide robust infrastructure alongside new communities across the Growth Areas, and we are committed to investing appropriately to deliver this. We agree that one of the critical issues is ensuring that the provision of infrastructure and services takes place in step with growth, and we are determined to incorporate infrastructure provision in forward plans from the outset.

The Government are addressing this issue in two ways: firstly, the money that we are injecting into the Growth Areas is not solely directed at projects with direct housing outcomes, but also at essential community infrastructure. Secondly, work is taking place across Government departments together with delivery partners to ensure that the forward plans of relevant departments and service providers fully reflect increased household numbers.

The Government agrees that the transport network must be improved to support the additional demands new communities would place upon it. The Government has committed massive new investment in the strategic and local infrastructure with allocations of around £3.5 billion to transport schemes across the four Growth Areas. We have also recently announced the projects we intend to support through our new £200 million Community Infrastructure Fund, which includes a wide variety of road and rail and local transport schemes throughout the Growth Areas.

To support the adequate provision of health infrastructure, we are responding to the additional population burdens faced by the four Growth Areas in a number of ways. In March 2004, the Government announced a new funding package of £40 million revenue funding and £20 million capital funding to Growth Area Primary Care Trusts that are already experiencing growth. The population impact of the Growth Areas programme has been incorporated into the way the Government allocates monies for health infrastructure, through the recent introduction of a 'Growth Areas Adjustment' to the Department of Health funding process. Alongside this, the Private Finance Initiative programme, LIFT (Local Improvement Finance Trust), a long-term public/private partnership, will secure continued investment in healthcare in local areas.

In terms of education, the Government is working closely to translate growth forecasts into pupil numbers, and ensuring Local Education Authorities (LEAs) take these forecasts into account when planning school needs for the future. In addition, we have introduced a 'safety valve' mechanism, whereby LEAs, in exceptional circumstances, including rapid growth, can apply for additional capital support to meet new school places not otherwise covered by Government funding systems.

We are also providing more help to local authorities who are facing financial pressures as a result of rapid growth by abolishing the 'ceilings' which capped local authority grants for services. This should help to relieve the pressures on local authorities so that service provision in these areas is not hindered by the growth proposals.

Kate Barker's Review also included proposals relating to the role of developer contributions in supporting the delivery of the Government's growth agenda. The report recommended the introduction of a Planning Gain Supplement (PGS) to extract part of the windfall gain that can accrue to landowners on the grant of planning permission. The Government is considering whether such a proposal would be effective and workable.

The Government is pressing ahead with some interim reforms to the system of negotiated planning obligations or section 106 agreements in order to speed up the determination of planning applications, and therefore the delivery of both schemes themselves and the related infrastructure. The new draft circular on planning obligations supports an approach of requiring developers to contribute a greater amount of the infrastructure necessary to support development. The draft circular confirms that contributions can be sought for strategic as well as local infrastructure. Milton Keynes is just one Local Delivery Vehicle that is looking to use this approach to help fund the infrastructure necessary to support growth.

Any changes to the current system of planning obligations will need to ensure that the whole system operates in a way that facilitates growth, including infrastructure, and is supported by local communities.

22. The focus in the Sustainable Communities Plan on improving and protecting the local environment is a positive step; however there is as yet no clear understanding of the impacts of development on the wider environment and this has to be urgently addressed. There is a pressing need for a thorough environmental appraisal of the Sustainable Communities Plan. (Paragraph 77)

The Government agrees that assessment is needed, and planning processes at the local and regional levels are already in place to ensure that this happens for all developments resulting from the Plan. However, the Sustainable Communities Plan itself is not a detailed development document; rather it is a broad-brush plan of action. It would be impossible to make sensible assessments of land use, water use, flood risk, sewerage implications, air quality issues and waste management from the Sustainable Communities Plan document alone. However, as progress on housing densities and brownfield use has demonstrated, well-designed and planned settlements mean that the proportional impacts of the Sustainable Communities Plan may in fact be less in some areas than in earlier plans. We believe that the substantial appraisal and research exercises we have let will help us assess what should be done to mitigate impacts over the lifetime of this long-term strategy, which runs to 2016. In addition, we are working with the Environment Agency, as the Government's principal advisors on environmental issues, to ensure that matters of strategic environmental significance are raised early in the development process.

23. It is imperative that something as significant as the Sustainable Communities Plan should be assessed for its environmental and other impacts on the country as a whole, not only for its impacts on the areas where growth and investment are planned. With this in mind, the Government should strongly consider a National Spatial Framework similar to those already in place in Scotland and Wales. (Paragraph 80)

The Government does not accept the contention that there is a need for a National Spatial Framework on the lines of the 'super-regional' spatial frameworks currently in place in Scotland and Wales. In the English context we believe that such a definitive article would be over-complex and may not in itself add value. We would argue that a framework has been developing organically with key components already slotting into place. For example, alongside the Sustainable Communities Plan, we already have a number of national infrastructure plans (aviation, rail) and have seen the active promotion of inter-regional growth strategies, such as the Northern Way. The latter in particular aims to both promote and manage sustainable growth across adjacent regions and look beyond UK borders as appropriate, eg to take account of the North West European Spatial Strategy. We believe we should be looking beyond the national framework debate and focusing on improving trans-regional, trans-national connectivity.

Skills

24. It is imperative that the Government addresses the lack of skills and need for training, identified by both Egan and Barker, in all those professionals involved in delivering sustainable communities and regeneration, including outside agencies and consultancies. (Paragraph 84)

25. Whilst we welcome the creation of the National Centre for Sustainable Communities this will not be enough to address the problems at hand. There is a need for a largescale training programme for those professionals and officials at all levels already involved in delivering sustainable communities. (Paragraph 85)

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

The Government agrees with the Committee that we need to act to respond to the skills challenges outlined by Egan and Barker, and equip the country to meet the challenge of creating sustainable communities throughout England. We agree that skills are vital for success – although the work of the Commission for Architecture and the Built Environment (which ODPM funds by £17.75 million between 2003-06), other agencies such as English Partnerships, and the revitalised planning system will also be central.

The importance of skills led to our creation of the Academy for Sustainable Communities (ASC), to be based in Leeds. The Academy will focus upon the skills of precisely those the Committee have identified: regeneration and built environment professionals, officials in national, regional and local government, private sector developers and those working in consultancies and agencies, responding to the needs of the over 100 occupations identified by Egan.

ASC will not be a solution for every skills shortage: it seeks to influence the training provision of others and to promote cross-occupational learning, rather than deliver a large-scale training programme itself. But the Academy should be seen within the context of a very large amount of skills activity across the sustainable communities sector, including the Local Government Leadership Centre, support to local planning authorities through the Planning Advisory Service, an investment in planning of nearly £600 million over five years through the planning delivery grant, the new Planning Bursaries and liveability skills development. In addition, ConstructionSkills, the sector skills council for construction, is actively addressing trade skills shortages and has a budget of around £150 million per annum and a staff of 1,000. Finally, as part of the Planning Advisory Service, an Advisory Team on Large Applications (ATLAS), run by English Partnerships, is providing direct support to individual local authorities to help them manage large applications (500+ housing units) in London and the wider South East.

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

Local authorities are key bodies in creating sustainable communities and their performance is measured through the Comprehensive Performance Assessment (CPA) process. The Audit Commission has consulted on its proposals for a revised CPA framework to be introduced from 2005, which will include an assessment of an authority’s contribution to creating sustainable communities. The Audit Commission intends to make statements on its final approach to CPA in May 2005.

Defra and the Audit Commission are currently reviewing the Quality of Life indicators, which were first suggested by the Local Government Act 2000. These are not statutory indicators but aim to help local authorities and their partners monitor progress on

delivery of the Community Strategies and services through Local Strategic Partnerships. They cover three broad areas of economic, social and environmental well being and are intended to complement the Best Value Performance Indicators.

The previous set of Quality of Life indicators relied on local authorities to collect and report on the data using a definitions manual. The aim of the revised set is to avoid overburdening local public services with additional data collection requirements by ensuring all the core indicators have data available nationally which the Audit Commission will collate and provide online.

There are however a second tier of indicators which are useful to complete the full picture, but these are not available nationally and require some local collection.

Given the recent publication of the Government's Definition and Components of Sustainable Communities, we are keen to ensure clarity over how these systems fit together. For that reason, the new Quality of Life indicators can be structured under the eight components for sustainable communities to help demonstrate the linkages between these initiatives to local authorities and Local Strategic Partnerships.

Planning and Sustainability

28. We are surprised to see the proposed PPS1 title “Creating Sustainable Communities”, given that there is as yet no clear understanding of what sustainable communities are. The final version PPS1 should make very clear how sustainable communities and sustainable development relate to each other and not treat them as interchangeable concepts. (Paragraph 90)

29. Nowhere in the draft Planning Policy Statement 1 is recognised the need to ensure development occurs within environmental limits, or the need to adopt a precautionary principal with regard to what those environmental limits might be. This is a serious failing and should be rectified by ODPM. (Paragraph 91)

Following consultation, draft PPS1 was substantially re-written and restructured. The Government published PPS1 in its final form on 1 February 2005. The new title – “Delivering Sustainable Development” – reflects the statutory duty in the Planning and Compulsory Purchase Act 2004 for regional and local plans to be prepared with a view to contributing towards the achievement of sustainable development.

PPS1 reflects the UK sustainable development strategy. It now includes references to the need to consider both a precautionary approach to proposals for new development (paragraph 24(vi)) and recognition of the limits of the environment to accept further development without irreversible damage (paragraph 19).

The relationship between sustainable development and sustainable communities has now been clarified by the work of the Central-Local Partnership sub-group on the local delivery of sustainable development, and was laid out in the full definition and components included in the UK sustainable development strategy.

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

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

PPS1 (paragraph 30) makes clear that planning policies should not replicate, cut across, or detrimentally affect matters within the scope of other legislative requirements – such as those set out in building regulations for energy efficiency. The Government therefore considers that minimum environmental standards of buildings are matters that should be covered by building regulations and not the planning system.

Whilst it is for the Courts to be the ultimate arbiters of what constitutes a material consideration in a particular planning case, the issue of the wider environmental impacts of development is identified in PPS1. Paragraph 20 of PPS1 indicates that development plan policies should take account of a range of environmental issues such as:

- mitigation of the effects of, and adaptation to, climate change through reduction of greenhouse gas emissions and the use of renewable energy; air quality and pollution; land contamination; the protection of groundwater from contamination; and noise and light pollution;
- the protection of the wider countryside and the impact of development on landscape quality; the conservation and enhancement of wildlife species and habitats and the promotion of biodiversity; the need to improve the built and natural environment in and around urban areas and rural settlements, including the provision of good quality open space; the conservation of soil quality; and the preservation and enhancement of built and archaeological heritage;
- the potential impact of the environment on proposed developments by avoiding new development in areas at risk of flooding and sea-level rise, and as far as possible, by accommodating natural hazards and the impacts of climate change; and,
- the management of waste in ways that protect the environment and human health, including producing less waste and using it as a resource wherever possible.

The Government has no immediate plans to produce any good practice guidance specifically linked to PPS1. However, the need for good practice guidance will be kept under review.

32. In order to limit the amount of undeveloped land being built on to meet housing targets, ODPM should use every effort to maximise both development on brownfield sites and housing densities. (Paragraph 98)

The Government reiterated its commitment in *Homes for All* to maintain our 60% target of additional housing to be provided on previously-developed land and through conversions of existing buildings. Since 1997 the rate of brownfield development has increased from 56% in 1997 to 67% in 2003. We expect that this target should be met in the future at the same time as delivering the step change in housing supply outlined in the Sustainable Communities Plan.

We have added new policy to Planning Policy Guidance Note 3: *Housing* (PPG3) which will help to maximise brownfield opportunities. In January 2005, ODPM published PPG3 update *Supporting the Delivery of New Housing* which requires local planning

authorities to treat applications sympathetically for housing or mixed use development on sites in employment use, which are no longer needed for that use, where they are sustainably located and where they are needed for housing.

PPG3 (2000) introduced new policies to secure sustainable, well-designed, higher density development that makes the most efficient use of land. As a result of these policies, densities have increased from 25 dwellings per hectare in 1997, to 33 dwellings per hectare in 2003. To support these policies, we introduced a Density Direction in 2002, to ensure that the Secretary of State was notified of low density applications on large sites in areas of high demand. Earlier this year, the Direction was extended wider to cover other regions experiencing high demand as well as the whole of the Growth Areas.

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

The Government has no plans to relax planning controls on the Green Belt and has a target to maintain or increase the amount of Green Belt land in all regions of England. An additional 19,000 hectares of Green Belt land has been created since 1997, with further increases being proposed in emerging plans. The Government has recently announced proposals to introduce a Green Belt Direction to strengthen protection of the Green Belt.

Planning policy on Green Belts is set out in Planning Policy Guidance Note 2 (PPG2). PPG2 makes it clear that boundaries of Green Belts established in local plans should only be altered exceptionally. But, the Government recognises that in some areas Green Belt boundaries may have been drawn too tightly, thereby encouraging development to “leapfrog” the Green Belt into less sustainable locations. Where that is the case, the Government considers that it may be sensible for planning authorities to review whether Green Belt boundaries need revision. In that case:

- the Deputy Prime Minister would want to be satisfied that all opportunities for development within the urban area contained by the Green Belt had been properly considered; and
- the need for boundary changes should be considered as part of a review of regional planning guidance in the first instance. Only when that need for change has been established should detailed boundary changes be considered through the local plan process. This will ensure that local people have a full opportunity to make representations or object to the proposed changes.

The Role of Defra

34. The Secretary of State for DEFRA, The Rt Hon Mrs Margaret Beckett MP, has a duty to ensure that sustainable development, which is a vital component of the Department’s responsibilities, is properly considered across Government. As a Committee we strongly support Mr Morley’s efforts to champion sustainable development within Government and we regret that in the case of housing the Department seems to have been sidelined. (Paragraph 103)

35. DEFRA is the department with responsibility for taking forward the Government’s policies on sustainable development. We therefore find it highly unsatisfactory that when embarking on the Sustainable Communities Plan and the

Barker Review – both of which clearly have major implications for the ability to meet sustainability targets – the Government did not feel it necessary to give DEFRA a more prominent role. (Paragraph 105)

The Government does not accept that Defra has been in any way marginalised in the development of our policies on sustainable communities. The facts speak for themselves, with Defra Ministers involved in overseeing policy direction at the highest levels. Defra has prioritised its strategic involvement around two overarching issues: ensuring that development in the Growth Areas is environmentally sustainable, and that the Government's response to the Barker Review takes full account of sustainability considerations. With respect to the development of our detailed policies on sustainable communities, Defra has had and continues to have a key role in relation to water supply, flood risk management, waste management, energy efficiency measures, greenspace provision, the protection of biodiversity, and the provision of affordable housing in rural areas.

Defra is taking this agenda forward through a wide variety of fora, including the MISC22 Ministerial Committee, which oversees delivery of housing supply policies, and upon which Elliot Morley and Margaret Beckett represent Defra, a number of Central-Local Partnership sub-groups, one of which had a lead role in agreeing our definition of sustainable communities and a variety of technical officials groups, including the Barker Technical Group and Barker Research Group. It was in this context that the joint ODPM-Defra research project into the sustainability implications of the Barker recommendations was commissioned. The Entec Report previously commissioned by Defra had a significant influence on the overall direction of research in this area.

A recent example of a joint policy initiative between Defra and ODPM was the publication in February of the *Greening the Gateway Implementation Plan*, which set out the delivery framework to enable coordinated implementation of the greenspace vision which the two Departments set out jointly in the *Greenspace Strategy for the Thames Gateway*.

As one example of Defra's direct involvement on the ground, it is working with waste sector organisations including the LGA to assess the impact of the Growth Areas on waste production and in particular the implications for the Landfill Trading Allowance Scheme targets.

36. Environmental considerations and sustainable development are central to land use and planning policy and it is inexplicable that responsibility for these areas was separated into different departments. It is a matter of urgency that they are once again integrated into a single Government department at the earliest opportunity. (Paragraph 106)

The Government agrees that environmental issues and sustainable development are central to land use planning. That is why Defra and ODPM collaborate very closely on all revisions of planning policies. For example, the publication in Autumn 2004 of the consultation document on developing a new Government strategy for flood and coastal erosion risk management in England, *Making Space for Water*, linked with the review of Planning Policy Guidance Note 25: *Flooding*, demonstrated how well this relationship works.

Similarly, a joint Ministerial Statement launched the Defra consultation on Sustainable Waste Management and the ODPM consultation on draft Planning Policy Statement 10:

Planning for Sustainable Waste Management. The two Departments are working closely together to deliver a coordinated suite of policies to improve planning processes in this area.

It is not therefore clear how machinery of Government changes would improve the coordination and development of policy.

Housing Construction

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

We are working with the key local authority and approved inspector building control bodies and industry umbrella organisations to develop cost effective guidance, dissemination and training to improve compliance. A series of management level seminars are scheduled for this summer at which it is planned to launch a training pack.

We consider that the use of existing and new competent person self-certification schemes will greatly increase the level of compliance with the requirements in Part L. An independent report on the first competent person schemes authorised (FENSA, OFTEC, HETAS) concluded that their existence had increased the level of compliance with the requirements of the Building Regulations and had raised standards of workmanship in the industries concerned.

38. Unless significant measures are put in place to reduce emissions from the housing sector from their current level of around 40MtC a year they could constitute over 55% of the UK's target for carbon emissions in 2050, nearly doubling the current 30% contribution. This is clearly unsustainable. (Paragraph 125)

We are progressing well with the next major revision of the energy efficiency provisions in the Building Regulations. This will come into force by the end of 2005. The energy performance of new dwellings would then be expected to be some 25% better than those built to the current standards whilst remaining cost-effective, flexible and without unacceptable risks. We have also signalled a further review of energy performance standards in 2010.

As we made clear in *Homes for All*, our five-year strategy, these improvements in energy efficiency, taken together with existing measures and policies in the Energy Efficiency Action Plan – in particular the Energy Efficiency Commitment, the Decent Homes Programme and the Warm Front Programme amongst others, should set us on course to deliver an improvement in domestic household energy efficiency of 20% by 2010 compared with 2000.

39. Expected emissions from the housing sector are in themselves a cause of concern, but appear even more worrying when viewed in conjunction with other areas, such as aviation, where emissions are projected to rise dramatically. These

increases will significantly affect the UK's ability to meet its targets for reducing carbon emissions. DEFRA recently admitted that on the basis of current policies alone it will not be possible to achieve the 2010 UK domestic target of a 20% cut in carbon dioxide emissions. Our figures show that on current trends exactly the same can be said for the 2050 target of cutting yearly emissions by 60% to 65MtC.

(Paragraph 126)

In 2003, households were responsible for about 27% of UK carbon dioxide emissions and about 24% of greenhouse gas emissions. Since 1990, carbon dioxide emissions from the household sector have fallen by about 3%. On the basis of current policies³, carbon dioxide emissions are expected to decline by about 16% between 1990 and 2010. This takes account of the projected growth in the total number of households, the steady improvement in the energy efficiency of electrical appliances in the home, and trends in energy prices.

The Government is committed to moving towards our national goal to reduce UK carbon dioxide emissions by 20% below 1990 levels by 2010 as well as our long term ambition to cut the UK's emissions of greenhouse gases by 60% by around 2050. Recent projections of the impact that our existing policies will have on our emissions suggests that we need to do more if we are to achieve our national goals and the current review of the UK Climate Change Programme will consider what further action is required.

40. We urge the Government to explore all avenues for reducing emissions from existing housing and for the construction of new housing, given the levels of carbon emissions from this sector. This should include considering the introduction of fiscal measures to encourage improved energy efficiency in homes, in particular the introduction of a reduced rate of stamp duty for all homes that achieve set standards.
(Paragraph 127)

Building Regulations currently apply to the construction, extension or change of use of new housing. We are exploring the opportunities that new enabling powers provided by the Sustainable and Secure Buildings Act 2004 give us to make regulations in relation to existing building stock.

The Government highlighted the importance of household energy efficiency in the 2003 Energy White Paper, and is considering ways to encourage the improved use of energy in residential properties. The Government sees economic instruments – as part of a wider package of measures – as an effective way to provide an incentive for investment in energy efficiency improvements.

Since 1997, the Government has introduced a number of fiscal measures designed to improve energy efficiency in homes. The Government introduced the first ever reduced rate of VAT for professionally-installed energy-saving materials in 1998, and has extended this reduced rate several times since then. In Budget 2004, the Government increased its support for energy-efficient micro-generation in households by extending reduced VAT rates to ground source heat pumps, and also stated its support in principle for a reduced rate for domestic combined heat and power, subject to field trials. It also

³ Mainly Energy Efficiency Commitment (EEC) 2002-05 and 2005-11, amendments to the Building Regulations in 2002 and 2005, plus various fiscal measures, contributions from fuel poverty programmes, market transformation and programmes including £50 million + £10 million just announced for the Community Energy Programme run by the Energy Saving Trust.

introduced the Landlord's Energy Saving Allowance (LESA) and announced its intention to actively consider a Green Landlord Scheme – both of which are designed to encourage improvements in energy efficiency in the private rented sector. These fiscal measures complement other non-fiscal measures which exist – including the Energy Efficiency Commitment; information and advisory service provided by the Energy Saving Trust; the Warm Front scheme and raising energy efficiency standards in households through changes to Building Regulations.

The Government continues to look for further ways within existing legislation to reduce emissions from households through higher levels of energy efficiency. When assessing the effectiveness of potential schemes, the Government takes account of all environmental, economic and social objectives. The Government is also committed to reviewing the effectiveness of environmental measures, and the ongoing Climate Change Programme Review is currently evaluating the impact of schemes to date and possible carbon savings in the future.

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

The Government currently carries out a large number of research projects into the built environment. Estimates suggest that UK expenditure into this research 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), indicated that current UK expenditure is estimated at approximately £53 million per annum, based upon the CABE/nCRISP definition of built environment.

This definition includes both 'hard' built environment research (construction, building) and 'soft' built environment research (design, social/user). The mapping covered key funders in the sector (including the Engineering and Physical Sciences Research Council (EPSRC), ODPM, DTI, the Economic and Social Research Council (ESRC), DCMS, and the Joseph Rowntree Foundation (JRF)).

Within ODPM, the most pertinent programme is the research and technical support funded by the Buildings Division. This underpins the development of building regulations by ensuring they are formulated on a sound scientific and evidential basis. It is commissioned through five framework contracts, and has a 2004-05 budget in the order of £5 million.

42. The Government should consider setting up a body specifically charged with encouraging and co-ordinating research and development in the areas of sustainability and construction. (Paragraph 131)

Following the last election, the Government undertook a major review of Government policies that affect innovation – including research funding. The Innovation Report, published in December 2003, recommended that Government closely focus its resources on areas with either a clear market focus or broader public benefits.

The Department for Trade and Industry has subsequently produced, in consultation with industry, a Modern Built Environment Technology Strategy which recognises a number of the drivers for sustainable construction as key underpinning technologies for improvement. The strategy has been endorsed by Defra and ODPM.

Specific new technology research needs are identified in areas such as energy, whole-life costs, materials and waste. The report will be used to inform the Technology Strategy Board which will be providing the future strategic direction for the DTI-sponsored research, and eventually wider research sponsorship.

A significant back catalogue exists of research into sustainable construction. Unlocking this existing knowledge seems a major key to improvement in this area.

In addition to the establishment of this coordinated technology research strategy, the Government has considered whether more should be done to centralise research into sustainable development and related themes. We have already conducted a study looking at the overall remits of current research groups set up to look at sustainable development-related issues to see whether there was overlap. The findings of this research were that there is not any significant overlap or duplication between bodies as those reviewed were all originally set up to advise on different areas. The Government would not therefore wish to exclude bodies from carrying out their own research when they have their own specific areas of expertise.

A Code for Sustainable Buildings

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

(Paragraph 133)

Government believes that modern methods of construction – construction that uses modern processes to provide more, better quality houses in less time – have an important role to play in delivering the step change needed in our housing supply.

In July 1998 Sir John Egan gave his report from the Construction Task Force on the scope for improving the quality and efficiency of UK construction, *Rethinking Construction*. In this report, the Task Group estimated that up to 30% of construction costs are tied up in reworking, accidents can account for 3-6% of total project costs, and at least 10% of materials are wasted.

Modern methods can improve sustainability by cutting construction time, improving productivity and efficiency, and reducing waste. For example, one factory house building production reports that they have reduced waste to 1%.

Modern methods are not a panacea, but one of a range of approaches that could help deliver more, better quality houses in less time. We do not advocate one specific system, but believe there is great potential in learning from the manufacturing approach to process efficiency and standardisation of processes.

Traditional building will continue to offer the optimum solution in many situations but greater use of modern methods offers improved potential to increase the supply of robust, environmentally sustainable housing. The technology has improved significantly since the 60's and 70's, and has been used extensively and safely elsewhere, especially in Europe where there has been a strong market for houses built using modern methods for many years.

Indeed, the Council for Mortgage Lenders' own report, *Non Traditional Housing in the UK – a review (2002)* states that 'Most non-traditional housing systems have performed well from a structural point of view, although some problems developed with a number of system built dwellings.'

In 2003, ODPM, jointly with the Housing Forum, commissioned Imperial College to carry out a study on the capacity of the industry, *Manufacturing Excellence*. More recently ODPM has been working closely with the Building Research Establishment on a new construction standard for dwellings LPS2020, the details of which are currently at consultation stage.

ODPM, jointly with the Housing Corporation, has just commissioned the National Audit Office to look at the comparative costs and benefits of modern methods. This work will be completed later this year.

44. We very much welcome the work of the Sustainable Buildings Task Force and agree that there is a real urgency for change and reform in how buildings are designed and constructed. We generally support the approach of the Task Force, although as its proposals stand they will result in a Code for Sustainable Buildings that will not be as stringent or cover as wide a range of areas as we would like to see. (Paragraph 137)

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

46. We do not see how ODPM and other departments can claim to be making credible efforts to improve the environmental performance of buildings when they set a target of what will effectively be six weeks or less for the outline of the Code for Sustainable Buildings to be agreed. (Paragraph 139)

47. We would like to hear further details from the Government on the expected levels of uptake of the Code and how, other than the various demonstration projects that have been mentioned, it will be encouraging uptake by housebuilders. (Paragraph 141)

48. The Task Force proposed that the Building Regulations should require 10% of materials in the construction of new building to be recycled. We welcome this, although we would prefer to see a higher figure. In addition, we would like to see the Code include a requirement for any new materials used in construction to meet minimum recycability standards. (Paragraph 143)

49. The Task Force recommended the Code should be set up to work in conjunction with the Building Regulations. We agree; and ODPM must make clear that the requirements of the Code are precursors to more stringent Building Regulations. It would also help the building industry if the Department set out a clear timeframe for

the standards in the Code to be met or to be translated into the Regulations. This is the only way a voluntary Code will have any significant impact on housebuilders.
(Paragraph 147)

We agree that developing the Code for Sustainable Buildings (the Code) as recommended by the Sustainable Buildings Task Group (SBTG) would not cover the range of sustainability areas that the Code needs to cover. We also agree that simply taking the Building Research Establishment's environmental standards forward could result in a missed opportunity. In accepting the principal of establishing the Code, we considered it essential that the Code will have the support and commitment of industry, not 'reinvent wheels' unnecessarily and be practical, cost-effective and achievable by all. As we made clear in our response to the SBTG report, we will consider how best to build on these standards as well as other work, including our successful Millennium Communities programme on which we work with English Partnerships.

We established a senior steering group to advise us on the overall development of the Code on 15 December 2004. This group produced an initial outline of the Code as a discussion tool for the Delivering Sustainable Communities Summit in February 2005. We are currently holding a series of stakeholder workshops on this initial outline and aim to issue formal consultation draft later this year.

The Code will extend beyond the design and construction phases and set requirements for building performance. The Code will cover a wide range of themes and consist of clear, simple and precise performance-based compliance criteria, rather than stipulating restrictive approaches. The Code will work in conjunction with the Building Regulations. The relevant minimum requirements of the Code will be higher than the statutory minima and give a clear indication of their likely future direction.

The Code is a voluntary scheme being developed by Government and industry. Our objective is to develop a marketable Code which will become the single national standard for sustainable building that all sectors of the building industry will subscribe to and consumers demand. The senior steering group will consider ways in which take-up of the Code could be encouraged and will be advising us in due course. This group will also consider the long-term ownership and future development of the Code.

We will use the new Code for Sustainable Buildings to give purchasers information on the running costs and sustainability of their new home. This will be piloted in the Thames Gateway by both the private and public sectors, before being rolled out nationwide. From April 2006, all new homes receiving Government funding will meet the Code for Sustainable Buildings.

We will encourage local authorities to promote the Code and apply similar standards consistently to privately developed new homes as part of their Local Development Frameworks.

The House Building Industry

50. The Government should set out a clear timetable for achieving zero carbon emission homes through the proposed Code for Sustainable Buildings.
(Paragraph 149)

A number of work streams being developed by ODPM, including the Code for Sustainable Buildings, aim to raise the standards of house building and thereby reduce the levels of carbon emissions both during construction and use.

We support the principle of zero carbon homes and are part funding a project to develop the concept for a zero energy homes community in the Thames Gateway. This is due to be completed in March 2007. One of the outcomes of this work will be to promote designs and strategies for sustainable urban infrastructure across English urban communities through developing recommendations to disseminate to urban local authorities and Regional Development Agencies. This is being closely aligned with other work currently going on in the Department, including the Code for Sustainable Buildings.

Improvements in building standards are expected to play a significant part in achieving carbon emission reductions, so that by 2010 more than half the carbon emissions reductions in the existing climate change programme – around 10 MtC (million tonnes of carbon) 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.

51. The emphasis placed by ODPM on using a few developments as examples of best practice is clearly not enough when we are told that builders are already quite willing and able to meet higher environmental standards when forced to do so. More needs to be done by ODPM to address this. (Paragraph 157)

The Government announced in the February 2003 Energy White Paper that it will seek to raise building energy performance standards over the decade to 2013, learning lessons from comparable European countries. As the first move in this programme it also gave a commitment to bring the next major revision of the energy performance provisions in the Building Regulations into effect in 2005. We are on course to achieve these objectives.

The proposed changes in 2005 will raise standards by 25% – just three years after the current provisions (which also raised standards by 25%) came into effect. The consultation document on the 2005 changes included a forward thinking paper and proposals for taking account of climate change in line with the Government's adaptation strategy. The forward look envisages substantial improvements in standards and a further amendment around 2010 and nominally at five-yearly intervals thereafter. The aim in the next round of improvements is to stimulate changes in constructional practice including much more uptake of low and zero carbon energy supply systems.

The Government does not accept that regulation is always the most effective route to achieving higher standards. We believe that a broad range of activities provides for a better use of regulation – including working closely with industry to raise awareness, best practice, improved customer awareness and supporting innovation and exemplary schemes.

52. It is unclear to us how increasing the supply of land available to private developers, as proposed by the Barker Review, would in any way compel them to bring forward proposals for smaller dwellings, at higher densities, to reverse the trend in reduced affordable and social housing supply. (Paragraph 162)

The Government has accepted the case, made by Kate Barker in her Review of Housing Supply, that increasing the amount of housing overall will improve affordability in the long term. We believe that the evidence shows that the availability of land is a key driver of housing supply.

An increase in overall supply of housing is also likely to widen the range of housing and increase the amount of affordable housing (social and other sub-market) that is delivered as part of private developments.

However, we accept that the impact of new housing on affordability is complex. There are linkages between different segments of the market, which mean that any changes in supply are likely to have effects across the wider housing market. That is why we have let a major research contract to examine this relationship (see no.2).

ODPM is currently consulting on changes to Planning Policy Guidance Note 3: *Housing* which will require local planning authorities to work in partnership with stakeholders to establish the scale of housing demand in local housing markets, the nature of that demand and the policy approach to address that demand.

The consultation on the PPG3 update, *Planning for Mixed Communities*, proposes that local planning authorities should set out the broad balance between the different household types to be provided for across the plan area for the plan period. PPG3 expects that local planning authorities and applicants for planning permission work collaboratively, prior to the determination of a planning application, in order to establish an appropriate and well-integrated mix of housing.

The Government is also committed to increasing the amount of social housing through higher investment. In the Spending Review 2004 the Chancellor announced plans that will lead to spending on new social homes for rent being nearly twice the level of 1997. This extra investment will provide for an additional 10,000 social homes per year: a total of 75,000 by 2008.

53. The Government should make it clear that it will oblige the housing industry to address the way it functions if there is no clear and significant improvement in housing quality and affordable housing supply by 2007, at the latest. The housing industry as a whole will do very little unless forced to, which the Barker Review has failed to recognise. Unless the industry improves its standards it should expect to be required to operate in an enhanced regulatory environment. (Paragraph 164)

We agree with the committee that Government alone will not be able to deliver the growth required. Housebuilders and developers must respond. Kate Barker laid down specific challenges to the house building industry to improve productivity, design and customer satisfaction. We are working with the industry to address these issues and achieve the extra growth required. As was made clear in the Government's initial response to Kate Barker's Review, we intend to review progress made against these recommendations in Summer 2005.

Annex A

DEFINITION AND COMPONENTS OF SUSTAINABLE COMMUNITIES

In one line

Places where people want to live and work, now and in the future.

Definition

Sustainable communities are places where people want to live and work, now and in the future. They meet the diverse needs of existing and future residents, are sensitive to their environment, and contribute to a high quality of life. They are safe and inclusive, well planned, built and run, and offer equality of opportunity and good services for all.

Components: headlines

Sustainable communities are:

- Active, inclusive and safe
- Well run
- Environmentally sensitive
- Well designed and built
- Well connected
- Thriving
- Well served
- Fair for everyone

Components: in full

Sustainable communities embody the principles of sustainable development.

They:

- *balance and integrate the social, economic and environmental components of their community*
- *meet the needs of existing and future generations*
- *respect the needs of other communities in the wider region or internationally also to make their communities sustainable.*

Sustainable communities are diverse, reflecting their local circumstances. There is no standard template to fit them all. But they should be:

(1) ACTIVE, INCLUSIVE AND SAFE – *Fair, tolerant and cohesive with a strong local culture and other shared community activities*

Sustainable communities offer:

- a sense of community identity and belonging
- tolerance, respect and engagement with people from different cultures, background and beliefs

- friendly, co-operative and helpful behaviour in neighbourhoods
- opportunities for cultural, leisure, community, sport and other activities, including for children and young people
- low levels of crime, drugs and anti-social behaviour with visible, effective and community-friendly policing
- social inclusion and good life chances for all

(2) WELL RUN – *with effective and inclusive participation, representation and leadership*

Sustainable communities enjoy:

- representative, accountable governance systems which both facilitate strategic, visionary leadership and enable inclusive, active and effective participation by individuals and organisations
- effective engagement with the community at neighbourhood level, including capacity building to develop the community's skills, knowledge and confidence
- strong, informed and effective partnerships that lead by example (e.g. government, business, community)
- a strong, inclusive, community and voluntary sector
- a sense of civic values, responsibility and pride

(3) ENVIRONMENTALLY SENSITIVE – *providing places for people to live that are considerate of the environment*

Sustainable communities:

- actively seek to minimise climate change, including through energy efficiency and the use of renewables
- protect the environment, by minimising pollution on land, in water and in the air
- minimise waste and dispose of it in accordance with current good practice
- make efficient use of natural resources, encouraging sustainable production and consumption
- protect and improve bio-diversity (e.g. wildlife habitats)
- enable a lifestyle that minimises negative environmental impact and enhances positive impacts (e.g. by creating opportunities for walking and cycling, and reducing noise pollution and dependence on cars)
- create cleaner, safer and greener neighbourhoods (e.g. by reducing litter and graffiti, and maintaining pleasant public spaces)

(4) WELL DESIGNED AND BUILT – *featuring a quality built and natural environment*

Sustainable communities offer:

- a sense of place (e.g. a place with a positive 'feeling' for people and local distinctiveness)
- user-friendly public and green spaces with facilities for everyone including children and older people
- sufficient range, diversity, affordability and accessibility of housing within a balanced housing market

- appropriate size, scale, density, design and layout, including mixed-use development, that complement the distinctive local character of the community
- high quality, mixed-use, durable, flexible and adaptable buildings, using sustainable construction materials
- buildings and public spaces which promote health and are designed to reduce crime and make people feel safe
- accessibility of jobs, key services and facilities by public transport, walking and cycling

(5) WELL CONNECTED – *with good transport services and communication linking people to jobs, schools, health and other services*

Sustainable communities offer:

- transport facilities, including public transport, that help people travel within and between communities and reduce dependence on cars
- facilities to encourage safe local walking and cycling
- an appropriate level of local parking facilities in line with local plans to manage road traffic demand
- widely available and effective telecommunications and Internet access
- good access to regional, national and international communications networks

(6) THRIVING – *with a flourishing and diverse local economy*

Sustainable communities feature:

- a wide range of jobs and training opportunities
- sufficient suitable land and buildings to support economic prosperity and change
- dynamic job and business creation, with benefits for the local community
- a strong business community with links into the wider economy
- economically viable and attractive town centres

(7) WELL SERVED – *with public, private, community and voluntary services that are appropriate to people's needs and accessible to all*

Sustainable communities have:

- well-performing local schools, further and higher education institutions, and other opportunities for life-long learning
- high quality local health care and social services, integrated where possible with other services
- high quality services for families and children (including early years child care)
- a good range of affordable public, community, voluntary and private services (e.g. retail, fresh food, commercial, utilities, information and advice) which are accessible to the whole community
- service providers who think and act long term and beyond their own immediate geographical and interest boundaries, and who involve users and local residents in shaping their policy and practice

(8) FAIR FOR EVERYONE – *including those in other communities, now and in the future*

Sustainable communities:

- recognise individuals' rights and responsibilities
- respect the rights and aspirations of others (both neighbouring communities, and across the wider world) also to be sustainable
- have due regard for the needs of future generations in current decisions and actions



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