

# PARLIAMENTARY DEBATES

HOUSE OF COMMONS  
OFFICIAL REPORT

First Delegated Legislation Committee

DRAFT SELF-BUILD AND CUSTOM  
HOUSEBUILDING (TIME FOR COMPLIANCE AND  
FEES) REGULATIONS 2016

*Monday 17 October 2016*

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**The Committee consisted of the following Members:**

*Chair:* † SIR DAVID AMESS

† Barwell, Gavin ( <i>Minister for Housing and Planning</i> )	Dugher, Michael ( <i>Barnsley East</i> ) (Lab)
† Berry, Jake ( <i>Rossendale and Darwen</i> ) (Con)	† Foxcroft, Vicky ( <i>Lewisham, Deptford</i> ) (Lab)
† Bingham, Andrew ( <i>High Peak</i> ) (Con)	† Haselhurst, Sir Alan ( <i>Saffron Walden</i> ) (Con)
† Blackman-Woods, Dr Roberta ( <i>City of Durham</i> ) (Lab)	† Leslie, Charlotte ( <i>Bristol North West</i> ) (Con)
Burns, Sir Simon ( <i>Chelmsford</i> ) (Con)	† Pow, Rebecca ( <i>Taunton Deane</i> ) (Con)
† Coaker, Vernon ( <i>Gedling</i> ) (Lab)	Shah, Naz ( <i>Bradford West</i> ) (Lab)
† Djanogly, Mr Jonathan ( <i>Huntingdon</i> ) (Con)	Smith, Owen ( <i>Pontypridd</i> ) (Lab)
† Doyle-Price, Jackie ( <i>Thurrock</i> ) (Con)	Gavin O'Leary, <i>Committee Clerk</i>
† Drummond, Mrs Flick ( <i>Portsmouth South</i> ) (Con)	† <b>attended the Committee</b>

The following also attended, pursuant to Standing Order No. 118(2):

Bacon, Mr Richard (*South Norfolk*) (Con)

# First Delegated Legislation Committee

Monday 17 October 2016

[SIR DAVID AMESS *in the Chair*]

## Draft Self-build and Custom Housebuilding (Time for Compliance and Fees) Regulations 2016

4.30 pm

**The Minister for Housing and Planning (Gavin Barwell):** I beg to move,

That the Committee has considered the draft Self-build and Custom Housebuilding (Time for Compliance and Fees) Regulations 2016.

It is a pleasure to serve under your chairmanship for the first time in my new role, Sir David. The regulations were laid before the House on 14 July and, if approved, will come into force on 31 October. They will do two things: set out the time provided for local authorities to comply with the duty to grant sufficient planning permission to match demand on their self-build and custom house building registers; and provide for local authorities to charge fees, on a cost-recovery basis, for people to be entered on or remain on those registers.

The Government are committed to driving up housing supply, and promoting and supporting self-build and custom house building is integral to that commitment. We will set out in a White Paper later this year our overall strategy to meet the Prime Minister's ambition to get this country building the homes we desperately need, but I will say briefly at this juncture that one of the problems with our housing market is that we are far too reliant on a small number of volume house builders, and we need to get a much wider range of people involved in building homes in this country. Custom house building and self-build are clearly part of that strategy.

Doubling the number of self-build and custom-build homes by 2020 will not only create much-needed new homes but, crucially, enable more people to live in homes that were designed by them to meet their specific needs. It will also provide welcome new business opportunities for smaller house builders, support and create new jobs, and drive innovation in alternative building techniques.

To take forward our commitment, we passed the Self-build and Custom Housebuilding Act 2015 and the Housing and Planning Act 2016, sections 9 to 12 of which relate to self-build and custom house building. I am grateful to my hon. Friend the Member for South Norfolk—I am not at all surprised to see him here—for his support of my predecessor's work in driving forward the Government's ambitions for this sector and his continued support, promotion and passion for self-build and custom house building. My advice to any future Housing Minister is that my hon. Friend the Member for South Norfolk is like a stalker—in the most benign way possible—who will follow them around to all the events that they do.

My hon. Friend's private Member's Bill, which became the Self-build and Custom Housebuilding Act 2015, came into force on 1 April this year. For the first time, all local planning authorities are required to keep a register of people in their area who wish to build or commission their own homes and must have regard to the size of that register when carrying out their housing, planning, land disposal and regeneration functions.

A fundamental barrier preventing more people from building or commissioning their own homes is the lack of suitable available plots for self-build and custom house building. The regulations, together with the Self-build and Custom Housebuilding Regulations 2016, which were laid last week and are subject to the negative procedure, are the final component of our legislative framework to support the doubling of this sector.

If approved, the regulations will be critical to increasing the availability of land for self-build and custom house building in England. They will require councils to grant enough planning permissions to match the demand on their registers within three years of the year in which those entries were put on the register. That will ensure that land is made available for self-build and custom house building in a timely manner. In the Government's view, the regulations strike the right balance between ensuring that councils have sufficient time to identify suitable land and satisfying the desire of those seeking land to build or commission their own homes.

The regulations also allow councils to charge a fee for people to be entered on the register and, where entries on the register count towards the number of plots for which an authority must grant planning permission, charge such people an annual fee in subsequent years while they remain on the register. Councils will be able to charge fees only on a cost-recovery basis, which will ensure that any fees charged are reasonable and reflect the costs incurred by councils.

**Jake Berry (Rossendale and Darwen) (Con):** Fees are crucial in relation to the regulations. What estimate has the Minister's Department made of the fees likely to be charged by local authorities, if any?

**Gavin Barwell:** We are not expecting the fees to be significant. The work load required for local authorities to maintain a register of this kind is not huge, but given the financial pressures that local councils are under, it is reasonable that they should be able to recover the costs involved in this work, rather than for those costs to sit with the general taxpayer.

In conclusion, self-build and custom house building have the potential to play a significant role in securing greater diversity in our housing market, as they do in many other countries in the continent of Europe. We are committed to doubling the self-build and custom house building sector. We want it to become a mainstream form of housing, enabling more people to design their own homes to meet their specific needs. The regulations, if approved, will increase opportunities for aspiring self-build and custom house builders to realise their dream of designing and building their own homes. I commend the draft regulations to the Committee.

4.35 pm

**Dr Roberta Blackman-Woods (City of Durham) (Lab):** It is a pleasure to serve under your chairmanship again, Sir David.

I appreciate that the Minister was not in his position when the Housing and Planning Bill—now the Housing and Planning Act 2016—went through the House, but he will know from *Hansard*, if from nowhere else, that the Opposition are generally in favour of the measures in the Act to promote self-build and custom-build. We also agree with the Minister that we are too reliant in this country on volume house builders and that we need to diversify the range of people who are building homes, including through custom-build and self-build.

AMA Research suggests that the self-build and custom-build output remains steady at about 7% to 10% but that the overall number of new homes built each year in self-build completion is well below the 2007 peak of 14,000 homes. Perhaps I should not say this in these Brexit days, but as the Minister has said, the figures for a number of European countries are much higher. They do much better with custom-build than we do.

We broadly support the Government's aim of increasing the output in this part of the house-building sector and share the analysis that more needs to be done to bring plots forward and to make a reasonable assessment of the local need for such plots by compiling a register, which is the subject of this statutory instrument. However, measures put forward by the Government must be reasonable and it must be possible for local authorities to deliver on them. In that regard, I have some questions about what the Government propose.

Our concern is that the Bill and the regulations might place unreasonable burdens on local authorities. For example, section 2A of the Self-build and Custom Housebuilding Act 2015 imposes a duty on relevant authorities to grant a sufficient number of development permissions in respect of several plots of land to meet demand as evidenced by the register. I will come to the register in a moment, but regulation 2 specifies three years, as the Minister said, as the period within which the registered number of development permissions relating to the base period must be granted to satisfy the duty.

What happens if not enough land is available or it cannot be brought forward at all or without huge or unreasonable costs? There is nothing in the regulations about the sanctions or what they might be. Can the level of fees be increased to acknowledge that large costs might be involved in bringing forward a plot with planning permission?

We know that the Government intend to provide support to cover the costs of developing the register under the new burdens doctrine, but we would appreciate clarification today on whether they intend to provide support for the costs of bringing land forward for development, including the servicing of the plots. If the Government are providing financial support for local authorities under the new burdens doctrine, how long will that support be in place for?

What system is in place to ensure that the costs remain proportionate? As I am sure the Minister understands, local authorities could face a situation whereby the only plots available have quite high costs for extending electricity supply and other services. That could place undue burdens on the local authority. What system is in place to ensure that that does not happen and that the costs attached to the available land are proportionate? The Government have run a series of pilots, which might have dealt with the issues. In that case, we would like to hear about those today.

On fees, regulation 3(2) says:

"A relevant authority must determine when a fee is to be payable, and must refund any fee paid by a person whose application to be entered on or to remain on the register is unsuccessful."

Local authorities may have put a great deal of work into determining whether someone should be on the register, and they will have to refund the fee to be on the register if they do not then place the person on the register. That leaves the question of who meets the costs of the determination work that has to be carried out by the local authority. Will that cost simply be borne by local authorities and their council tax payers? That does not seem entirely fair.

Has the Minister thought about including in the system a determination cost, as well as a cost for simply being on the register, to ensure that local authorities are not out of pocket because they are determining a lot of applications that do not end up on the register, but for which they have to bear the costs? I am pressing that point because we all know that planning departments are really short of resources at the moment. Giving them more work with no additional resources will make a bad situation worse. Will the Minister provide some clarity on that?

We welcome different fees for different categories of applicant and the overall thrust of the policy. I look forward to the Minister's response to my questions and concerns.

4.43 pm

**Jake Berry:** I do not intend to detain the Committee long; I just want to make a few brief points about this important matter.

One of the issues with self-build in the UK is that whether or not we maintain a register and charge fees for it, as is proposed today, some people have a fear of undertaking self-builds. That said, lots of people already do it; in fact, self-builders are the biggest developers in the UK by number, beating Persimmon Homes, Bellway and all those big developers. However, people often feel that undertaking a self-build means that they will actually have to physically lay the concrete slab and the bricks, one on top of the other. Although I support the regulations, I think that the Government should provide more information, as well as the register, to allay people's fears, to some extent, about what is involved in self-build. I pay tribute to my hon. Friend the Member for South Norfolk, who has done so much work to promote self-build.

Many people dream of building their own home but when lots of people think about bespoke or self-built homes, they think of the "Grand Designs" properties on television. Local authorities should be obliged to ensure that the message gets out to people looking to build their own home that they can build a house that any of us would want to live in such as a semi-detached house, or a two or three-bedroomed family house.

The self-build sector supports small developers. Many small developers such as B&E Boys in my constituency are really trying to get into the self-build sector because of the Government's fantastic work promoting it. The regulations tackle, to some extent, what has always been the greatest fear of people who want to self-build: obtaining a plot. Obtaining a plot is extremely difficult because there are absurdly high land values for any land that is already consented, where all the planning gain has already gone to the benefit of the owner.

[*Jake Berry*]

Another reason why land values are absurdly high is that so few plots are available. When people start to look for a plot to do a self-build, they rapidly realise that they may want to live in the village their parents brought them up in or near a really good primary school, but no plots are available. That is the huge value of the proposals we are discussing, because they are an obligation on local authorities to provide consented plots, or plots that will get consent, in the area people already live in. Those people will tell the local authority that they want to self-build their home and it will be obliged, within three years, to provide a list of sites. For many people, that will be enough: they will go on to instruct the architects, the builders and structural steel engineers to come and build their house, but for many that still will not be enough. Much as I welcome the regulations, I gently say to the Minister that I hope in addition we will look at promoting modular construction, which lends itself naturally to self-build.

Before I did this job, I was involved as a lawyer in trying to set up a modular construction business on behalf of a client, and the main barrier to getting the industry going is that it militates against the existing business model of many of the small developers we are talking about today. Their model is to build a house, wait until it is sold and then start to build the next one. They may have a piece of land with two or three plots on it and eke that development out over a four-year period while they sell them. Asking them just to put down a serviced slab with the services already in it will take all the development profit away from them, so among existing developers and builders there is a great fear of modular construction, although it actually does present a huge opportunity.

As the Minister will know, the Prime Minister has set out that the Government want to tackle our housing crisis, and I believe that modular construction both for self-build and for general construction is a fantastic way of mechanising our housing market, producing many more houses than is possible through only the standard construction technique.

**Mr Richard Bacon** (South Norfolk) (Con): Although my hon. Friend is right about the fears that some conventional, small-scale house builders have, and he is certainly right in what he said about modular construction, does he accept that it is also the case that, for what one might call the more agile small house builders, the issue also represents an opportunity? Once they have acquired a plot and got services in there, they could say to a potential customer, “Come with me and buy this plot. I will sell you this plot and then build for you the house you want to buy,” and then make the commensurate amount of profit from doing that, very much in accordance with what the customer wants.

**Jake Berry**: I agree; I was going to talk briefly about the market in the USA, which works in exactly that way. People go to the equivalent of IKEA—some of us may go there to buy flat-pack wardrobes and fear that three hours later we will have to get someone in who knows what they are doing to put them up—and, perhaps with the developer or landowner, see various different timber-framed buildings built to a high construction standard. They can almost say, “I want that house delivered to my plot in four or five days’ time.”

If we promoted modular construction, particularly in relation to self-build, it would de-risk so much of the development. We are asking someone to take on the development of building their own home but they are worried about slippage and first fix and second fix cost increases; promoting modular construction for self-builders would massively de-risk people who are taking it on. It has been very successful in the USA where it is now the norm to provide serviced plots. As I said, promoting modular construction is the only way to help tackle the housing crisis that my right hon. Friend the Prime Minister has, quite correctly, made the centre of her new plan for government.

On the idea of planning reforms, we heard from the shadow Minister that local authorities’ planning departments are massively overstretched. I recognise that from my constituency and I am sure many hon. Members also recognise that. The planning White Paper presents an opportunity. At my old business we had a planning lawyer, who I will not name—he would be delighted if I did name him—who must have been the best planning lawyer for supermarkets in the United Kingdom. He would be doing three or four supermarket applications every month. He would go to a small borough council such as Rossendale or Blackburn with Darwen, which I represent; it might be the first supermarket application it had had for 10 years. Bluntly, he would wipe the floor with the planning department—not because they were bad people, but because they did not have the depth of knowledge to deal with the application.

It is my personal view that in the planning White Paper we should consider making higher-tier authorities responsible for planning. Local planning departments from borough councils could go into higher-tier authorities, where they would be less stretched, would have the benefit of scale and would be able to deal with things such as maintaining the self-build register at a higher-tier level. They would have people to do that and to deal with more complicated planning issues such as supermarket applications.

I would be grateful if the Minister answered a few questions for me when he sums up. The point made by the hon. Member for City of Durham about how we pay for services on service slabs that may be available for self-builders is absolutely crucial. I know from developments that I have been involved with that simple things such as moving a sub-station can cost nearly £1 million. If we are providing self-build plots for people, we have to find a way to provide services at a reasonable price.

Also, I would be grateful if the Minister said what these regulations will specifically do to increase the number of planning permissions being granted. He mentioned that briefly in his speech, but it is really important that we focus on increasing supply because that is crucial for releasing the self-build revolution. I wonder whether any estimates have been made of the number of additional planning permissions that would come forward through the creation of this register.

I intervened on the Minister earlier to say that I have some concerns about fees. From my own experience, when planning authorities are given the ability to charge, they try to charge as much as humanly possible; there are lots of other expenses around running planning departments that they could perhaps legitimately move in. From his answer, I understand that the Minister

wants this to be determined locally, which I think is the right approach, but I would be grateful if he kept a very close eye to make sure that the annual fee, in particular, is not too high. We do not want people to register and then fall off the register because the annual fee is too high for them. They will have been on the register for some time and will think, “I am not actually getting what I want, so why should I pay the annual fee?”

Will the Minister comment on whether the Government intend to make any Government-owned land available for self-build? Thinking about the Ministry of Defence, the Department for Transport and many local authorities, we see that there is a huge Government land bank. A way to put rocket boosters on this brilliant policy is to make sure that that Government land goes in to the register.

Finally, will the Minister say what he is going to do in his Department, and what obligation there is on local authorities, to advertise the availability of self-build plots? The danger is that we do something fantastic in Westminster that is really exciting for people out there who want to build their own homes, and that local authorities go away and create the register and do a really good job, as lots of planning departments do, but then forget to tell anyone about it. There is an obligation on all of us as constituency MPs to go out and promote this as an opportunity for our constituents, but it is not too much to ask that local authorities should make sure the people they represent have some knowledge of the register.

4.53 pm

**Mr Bacon:** It is a pleasure to take part in this Committee, particularly as I am not a member of it. According to House rules I am allowed to contribute, and as long as there is not a vote that is apparently fine. I particularly endorse everything that my hon. Friend the Member for Rossendale and Darwen said. He made many points that I was going to make, so I hope I will be quicker as a result.

The Minister kindly referred to my Self-build and Custom Housebuilding Act. I served on the Public Bill Committee for the Housing and Planning Act 2016 because I wanted to be sure that sections 9 to 12 got through safely, as indeed they did. I thought the Minister was a little unfair to accuse me of being a stalker, since I saw him on only four occasions at four different events on Monday, Tuesday, Wednesday and Thursday last week. Taxpayers will be pleased to know that he gets into the office for about 6.45 am; I often see him parking his car at that time. On many occasions, which he does not know about, I have not gone out to nag him about self-build and custom housebuilding, so he should be grateful.

I am strongly in favour of the right legislative environment—it is unsurprising to hear me say that, given that I introduced the Self-build and Custom Housebuilding Bill, which became the 2015 Act—but the experience from the Netherlands is that although laws may be necessary, they are not sufficient. What made the real difference in the Netherlands was not simply having laws—it had a target of 30% self-build at one point and that made scarcely any difference—but having the right environment in which self-build is easy to do. The local authorities concerned had the wherewithal and the knowledge, which is why the National Custom

& Self Build Association’s proposal for an expert group, which it is in the process of setting up, will make such a difference.

It turns out that there are roughly three kinds of local authorities in this space. There are those actively in favour, such as Cherwell District Council, whose leader, Councillor Barry Wood, spoke at our self-build summit in No. 10 Downing Street last year. Only a small number, mercifully, are heavily opposed and will do everything they can to stop it. Several years ago, I saw one local councillor who, when asked whether he would support the proposals, folded his arms at a seminar said, “No, I am not going to do this. It won’t help me to meet housing need,” as if he knew more about housing need than the people who needed housing. Fortunately, such local authorities are in a minority.

The vast majority of local authorities are somewhere in between. They know that self-build is an issue that they are supposed to address but do not know a lot about it, and think that there are any number of potential difficulties. In the Netherlands, when there was an expert group, with people who had done it going around—charging by the hour, with a small subvention from central Government and part of the cost paid by the local authority—it made a very significant difference to the build-out rate.

With the help of the National Custom & Self Build Association, I put in such a proposal to the Treasury last year in time for the autumn statement, and again in time for the Budget this year; I have not yet been successful. The Minister knows that the proposal is still on the table because the chairman of NaCSBA and I made the point to him when we met him and the Secretary of State recently.

My hon. Friend the Member for Rossendale and Darwen said that despite this kind of building being very difficult to do, the self-build sector by itself accounts for more than any single volume house builder, such as Persimmon Homes. It accounts for 12,500 units a year. It used to account for 15,000 units a year, and if we were doing pro rata what they are doing in the Netherlands, it would now account for 60,000 units a year. When people ask me what I think of the present target of increasing the number of units done each year through this process to 20,000, I am tempted to say that it is the wrong question. The right question is what the level would be if this were as easy to do as it could possibly be. If it were as easy to go and get a serviced plot of land to build a house as it is to go into a Ford or Vauxhall dealership and buy a motor car, a lot more people would be doing it.

The hon. Member for City of Durham made a number of important points, including about making sure that the difficulties of the proposals do not impose unfair burdens on local authorities. She mentioned the new burdens money. Informally, officials at the Department for Communities and Local Government estimated to me, when that first became apparent last year, that the amount of money that local authorities will get through the new burdens money could be in the region of £40 million to £50 million. I would not sign my name in blood to that number, but it is a significant sum, so they should be able to cope.

The second point about new burdens is that there are various ways in which local authorities can meet their legal obligation to keep a register. They could do so by

[Mr Bacon]

sharing it, doing it in concert with others or having someone do it for them, as long as they meet their legal obligation, so that it is clearly visible what their residents in a particular area are entitled to.

**Jake Berry:** Given that my hon. Friend speaks with expertise in this area, what does he think that local authorities and/or Members of Parliament can do to ensure that members of the public are aware of the register? As he said, some local authorities are now at the stage of being vaguely aware that they might have to keep a register. I guess that if they are only vaguely aware, virtually none of the people who live in their borough is aware. What does he think should be happening to promote the register?

**Mr Bacon:** Were I in charge, what I would introduce in carrots and sticks is probably not printable in a family newspaper. The truth is that my hon. Friend is right: most people are only vaguely aware of the register. Although we are now at a point where 89% or 91% of local authorities have a register in some shape or form, they are not yet meeting their statutory obligation to promote it properly.

However, on the figure that my hon. Friend referred to of 12,500 units a year, we know that according to Ipsos MORI numbers, a pipeline of 1 million people would like to acquire a serviced plot of land and start their own project in the next 12 months. “Grand Designs Live” at the National Exhibition Centre is coming up in a few days’ time—I heard an advert for it on the radio—and one would expect 120,000 people to go through that venue in a couple of days. The same will happen at the ExCeL centre and in Glasgow. Many hundreds of thousands of people are trying to build in this way.

Another index of the interest is to look at the magazines on the shelves of shops in motorway service stations; it is quite difficult to buy a copy of the *New Statesman*, *The Spectator* or *The Economist* because they cannot earn their keep on those shelves and not enough people buy them to justify their shelf space. To justify the space, a magazine has to be about one of the following: beautiful interiors, implausibly perfect abdominal muscles, gossip, cars, motorbikes and possibly caravans. That is about it, apart from *Homebuilding & Renovating*, which I am pleased to say makes the cut, because so many people buy it every month because they are so interested in how to do that work.

The key issue for us is how to turn that huge latent pent-up demand into something real and, if I can use a Hegelian term in the presence of members of the Labour party, “actualised” demand. Demand that means something in terms of supply and demand. That is the difficulty that we have faced.

My hon. Friend the Member for Rossendale and Darwen made an extremely important point about public land. The week before last, we visited the Netherlands for two days with an expert and members of the all-party parliamentary group on self-build, custom and community housebuilding and place-making; it will not surprise you, Sir David, that it has a longer name than any other APPG—for very good reasons which I will not go into. We had with us the head of accommodation for the Ministry of Defence.

The permanent secretary at the MoD, Stephen Lovegrove, has appeared before the Public Accounts Committee to discuss the retention of very expensively trained military staff. We heard that they are leaving the services because either the wife or husband comes home and says, “I am not living any more in this cold house with mould growing up the wall and a broken cooker.” That is down to the failure of a particular MoD accommodation contract. Given the amount of land available to the MoD, much of which is needed for training, but not all of it, it would be very easy for it to craft an offer to retain those expensively trained personnel and say, “We will help you craft the house of your dreams, and allow you to live in it at a rent from us, and then at a point in the future, calibrated depending on your loyalty, allow you to buy it from us.”

The same is true for doctors, nurses and teachers, particularly teachers in difficult-to-recruit-for subjects, who could have a home on county land, of which there is a huge amount. The same could be true for social services managers. My local head of children’s services tells me that they can recruit young social workers, now that we have a social work school, but they cannot recruit senior managers with 20 years’ experience of leading social work teams.

The policy could be applied creatively in many ways to meet other policy goals. In the Netherlands they have a thing called the “plot shop”. I had hoped that the Minister would come on our trip to the Netherlands, but he was unable to do so at the last minute. I am sure by a process of stalking, he will eventually come to the conclusion that the lesser evil is to accede to my request and visit the “plot shop” himself. It is not possible to understand what is achievable, Sir David, unless you see it for yourself in the Hague, Almere and Ijburg, where I was just the other day.

My great concern, to which my hon. Friend the Member for Rossendale and Darwen referred, is fees. The regulations are about fees and although I agree with the hon. Member for City of Durham that local councils should be able to recover their fees on a cost-recovery basis, it is extremely important that that is not used as a way to kill off the latent demand. A local council actively opposed to the policy could use the fee structure in that way. The regulations provide local councils with considerable autonomy. Regulation 3(3) states:

“The amounts of fees charged by a relevant authority under paragraph (1) are to be determined and must be published by that authority.”

That is it. Basically, the authorities have considerable autonomy.

My plea to the Minister is simply this: will he keep a very close watching brief to ensure that the regulations are implemented as they are supposed to be, and undertake today that if it appears that things are going slightly off piste for any reason, he will be prepared to revisit and, if necessary, tweak the regulations?

5.4 pm

**Gavin Barwell:** I thank all members of the Committee who have contributed. To handle their contributions in reverse order, I am sorry that my hon. Friend the Member for South Norfolk took offence at my characterisation of him as a stalker. I did say that he

was a benign stalker. I am grateful to learn that he has exercised restraint on a number of occasions of which I was unaware.

My hon. Friend rightly argued that, generally, Government should not just assume that passing laws or making policies will drive change on the ground and that part of the job is advocacy and spreading the word—the gospel, as it were—around the country. He suggested that there should be a role for a passionate advocate for the policy around the country; it is difficult to think of a better person for that role than him.

My hon. Friend also referred to his experiences in Holland. I am looking forward to going with him. I should set the record straight: I was bumped by the Secretary of State, who then could not go, but by that point my office had filled up my diary with more engagements and I was not able to go either. However, I certainly look forward to joining my hon. Friend there and I thank him for all his advocacy in the area.

My hon. Friend the Member for Rossendale and Darwen made a number of important points. He started by focusing on the fundamental issue that our policy tries to address, which is the lack of available plots; he said, quite rightly, that increasing supply would drive uptake. However, there is also another issue: in some parts of the country, if people knew they could make land available for self-build or custom build for local people, we might see some landowners making available sites that they would not have made available if they thought they were going to be sold off to developers. One issue that we have not touched on in these regulations, but that is in the negative procedure regulations that go with them, is the ability for local councils to apply a local connection test to ensure that the sites they make available go to local people. That underlines my hon. Friend's point.

My hon. Friend also made an important point about modular construction. The Government are very keen not just on modular construction but on off-site construction generally. To get the country building the homes we need, we want innovation in the industry. There is huge potential to speed up the rate at which we build homes; I have seen examples of that myself over my last three months in the job. This policy is a potential boon to that. I also point my hon. Friend to the Secretary of State's announcement at the Conservative party conference that we will use the home building fund to try to stimulate the adoption of innovation in industry. There are people already doing it; what everybody involved says is that they need an order book of scale over time to increase supply, which would, hopefully, encourage others in the sector to take things up. My hon. Friend is quite right to point to that.

My hon. Friend asked what the capacity was. The Government's objective is to double the number of homes provided through this route. He makes the case that we ought to be able to do better still, given what appears to be the demand out there. If we could recover what was lost in the great recession of 2008–09 and go beyond that, it would certainly be a good start; obviously I would like us to go as far as we possibly can.

My hon. Friend was absolutely right to emphasise the importance of Government-owned land. I point him back to the Secretary of State's announcement at the Conservative party conference about accelerated construction. The previous historical model for the

release of public land has been one of selling off large sites to a volume house builder. We want to use the Government's position as a major landowner in the country to drive innovation, with respect both to the mixture of people doing the building and to the techniques used. We plan to divide the sites up and perhaps to have some self-build plots, but also to go into joint ventures with smaller builders, to encourage them to get into the development of the industry and potentially to promote off-site techniques.

**Jake Berry:** Many local authorities own very small sites. Until now, there has been no obligation—or, indeed, incentive—for them to release them, except for the financial imperatives they face. Will the Minister give some thought to obliging local authorities to release some of their own lands—smaller plots, such as those with just one house—for self-build?

**Gavin Barwell:** My hon. Friend is luring me into the wider debate about what we are going to do on housing. I will say just two things. First, there is a target to get local authorities to release a similar scale of public land to the Government's own commitment. We have committed to release land that would be suitable for 160,000 homes over the course of this Parliament; there is a similar target for local authority land.

Secondly, my hon. Friend makes an important point about smaller sites. I think all Members would agree that in recent years there has been a trend for local authority plans to focus on large sites. That brings several dangers. It essentially guarantees that we will be dependent on large-volume developers, because large sites are really only suitable for such developers. It also creates a risk of local authorities falling below their five-year land supply targets, because if one of those sites hits the buffers and drops out, the local authority finds itself below the five-year land supply and the rules on speculative development then apply. There are many good planning policy reasons. If my hon. Friend bears with me until we discuss the White Paper, he will see that there are many good reasons for strongly encouraging local authorities to provide for a mixture of sites in their local plans, especially if we want a more diverse range of people to provide housing.

I am pleased to hear that the official Opposition favour the policy. I have now presented two statutory instruments, both of which have been supported from the Opposition Benches, and long may that continue. I am conscious that other bits of the Housing and Planning Act 2016 did not meet with such favour, but I will gloss over those for now.

The hon. Member for City of Durham asked a number of questions. The first was about how local authorities might identify sites. They can use a number of mechanisms, one of which was touched on by my hon. Friend the Member for Rossendale and Darwen. Surplus local authority land may be suitable for such purposes. Authorities may, in certain circumstances, wish to acquire sites on the market, but there is also potential for them to use the planning system to deliver sites. For example, they could include as an application condition for a larger site that the developer provides a certain percentage of custom build sites.

The hon. Member for City of Durham raised a very fair point: what if local authorities cannot find enough sites to provide for the number of people on the register?

[Gavin Barwell]

The negative procedure statutory instrument that sits alongside this provides the answer to that question, which is that areas that have a high demand for self-build or custom house building, and very limited land for development through no fault of their own, are able to seek an exemption from the Secretary of State. Those regulations broadly set out how that exemption works, but I will provide a little bit of detail.

The Government's view is that it would be unreasonable to require authorities to grant planning permission in respect of all their future land supply for self-build or custom build. At the moment, about 10% of new homes are self-build or custom build housing, and we want to double that. The regulations will enable those authorities where the demand for self-build and custom build is greater than 20% of their available land to apply for an exemption. That is how we would seek to address that issue.

Even if there is an exemption, the authority would still need to have regard to persons on the register when carrying out their general duties in terms of seeking further sites over time. Individuals in an exempt authority would be able to register in neighbouring areas with greater land availability, so it would not rule out opportunities altogether for people who live in those authorities.

**Dr Blackman-Woods:** Will the Minister confirm whether the negative statutory instrument also covers any possible sanctions against local authorities? If authorities do not meet the supply within the three-year period, will they be subject to sanctions?

**Gavin Barwell:** Obviously, we would have to keep that under review. The evidence from the vanguard programme is that there is generally an enthusiasm in local government for this purpose, but my hon. Friend the Member for Rossendale and Darwen made the point that we need to get out there and evangelise. We need to look at what action we will take if authorities do not meet their obligations. When we come discuss the housing and planning White Paper, the hon. Lady will see that a considerable amount of thought has been given to the extent to which the Government should intervene in local plans, and to what those thresholds should be. If she bears with me for a little while, she will hear some more details about that.

**Vernon Coaker (Gedling) (Lab):** On the important point of local authorities exempted from the regulations because they do not have the required land, if somebody in such an authority wanted to self-build, would they satisfy the local connection tests for other authorities around them so that they were not disadvantaged through no fault of their own?

**Gavin Barwell:** No they would not, but they would still be able to go on the register. In those circumstances, the neighbouring authority would keep two classes of register. Those people who have satisfied the local connection test would have first priority. However, people from exempt neighbouring authorities would still be able to go on the register and, if there were a surplus of

land in that area, they would have an opportunity. They will be disadvantaged to a degree if their authority is exempt, but it will not rule out their prospects of acquiring land elsewhere. There will still be an ongoing duty on their authority to pay regard to the number of people on their list in seeking to secure additional sites over time.

**Vernon Coaker:** I gently say to the Minister that that is a little bit unfair to people who, through no fault of their own, have lost a right to custom build. That goes against the Government policy drive. Perhaps that is something that the Minister could look at with his officials. Has he made an assessment of how many people the issue might affect?

**Gavin Barwell:** We have not made such an assessment yet. I am happy to write to the hon. Gentleman and to the Committee with some thoughts on that. I take his point; we will look into the matter and see how many people are involved. The point reflects the reality that there are a small number of local authorities in this country that are very heavily constrained in terms of their land supply. Clearly, there might be the opportunity for them to look at options beyond their authority boundaries in some cases. I am aware that some councils do that in terms of support via affordable housing.

I turn to the last two issues that the hon. Member for City of Durham raised. All three Members who have spoken in the Committee raised the issue of fees. We should recognise that there are competing pressures here. On the one hand, Members rightly worry about local authorities and the financial pressures they are under, and want to be assured that they are going to receive the level of financial support necessary to carry out these duties. On the other hand, my hon. Friends are also concerned that fees should not be set at levels that are going to prove prohibitive and stop the policy from working.

I want to come back to the specific point that the hon. Member for City of Durham made about new burdens, which she questioned me about. We recognise that this is a new burden and will be funded as such. The Government's view is that over time, once local authorities have developed their processes and procedures and a pipeline of land has been identified, the cost of meeting the new duty will be recovered through the sale at market value of the plots that are envisaged, and also through the fee process. Clearly, there will be some upfront costs setting the process up before the process of sales begins. We recognise that is a new burden and will be funding accordingly.

The final point made by several hon. Members was about the overall level of resourcing of local authority planning departments. In terms of the conversations I have had in the first three months of this job, this is one of the rare issues where there seems to be a consensus. Those involved in local government, but also those in the development industry applying for planning permission, all say to me that we need to get more resources into our planning departments.

**Mr Bacon:** Before the Minister sits down, as I fear he was about to do, may I invite him to return specifically to the subject of fees? If a local authority can remove a

very large broken fridge-freezer from my house for £11 and take it away on a truck—as it has done—it seems that the cost of keeping my name on a list should not be that high. There is huge autonomy at the moment for local authorities within these draft regulations. Although there are some very benign and encouraging attitudes from some local authorities, it is perfectly possible that some other, less enlightened local authorities will seek to use this fee structure as a way of punishing and restricting the activities of people who wish to get a plot of land and build their own house, or have someone build a house to their design. Will he undertake to keep a very close eye on this and, if necessary, to take further action?

**Gavin Barwell:** My hon. Friend has stolen the final remark I was going to make; that is exactly the undertaking I was going to give. Certainly there seems to be very broad support for this idea across this Committee today, so I hope that local authorities will show a similar level of enthusiasm. This is something that the Government will keep under review. Clearly, we would want to take action if we felt authorities were setting fees at levels that were not cost-recovery but were designed to dampen demand in their area.

Let me end by trying to address the point about the resourcing of local authority planning departments. The Government have consulted on this issue and are looking at whether there is a case for a general increase in fees and whether there should be some kind of greater degree of flexibility, so that if a local authority wanted to offer a premium service, in terms of speed, to those people who were prepared to pay a premium fee, or some other kind of service development, there should be some flexibility to allow that. We have got the results of that consultation, and the hon. Member for City of Durham will probably not be surprised to hear me say

that if she awaits the White Paper she will get an answer on that issue. I hope I have given a clear impression that we have a lot of sympathy with the concerns that have been raised. This is one of those rare issues in my role as Housing Minister where people on all sides of the housing sector are speaking to me with one voice.

Having done my best to address the comments that were made, I will end by saying that it is good to hear strong support from both sides of the Committee for the principle of what the Government are trying to do. I pay tribute, again, to the work that my hon. Friend the Member for South Norfolk has done. These regulations, along with the negative statutory instrument that goes with them, and those that we have already enacted in relation to the 2015 Act that my hon. Friend took through, are a big part of our policy to double our ambition in this area.

In closing, I should also mention in part the other two crucial issues: ensuring that those people who want to build custom and self-build properties can get access to finance, which is something the home builders fund will help with, and the discussions we are having with the lenders to ensure that people can acquire mortgages on these kinds of properties. Those three considerations together—making sure there is enough small service plots, making sure people can get mortgages and making sure those who want to develop these properties can get finance—are the key to unlocking this issue.

*Question put and agreed to.*

*Resolved,*

That the Committee has considered the draft Self-build and Custom Housebuilding (Time for Compliance and Fees) Regulations 2016.

5.20 pm

*Committee rose.*

