

National Assembly for Wales

Communities, Equality and Local Government Committee

CELG(4) HB 09

Inquiry into barriers to home building in Wales

Response from : CITB-ConstructionSkills Wales

1. CITB-ConstructionSkills Wales welcomes the opportunity to respond to the inquiry into barriers to home building in Wales. The construction sector has the potential to play a central role in delivering economic recovery in Wales, with investment in Welsh infrastructure offering further benefits through jobs, training and skills development.
2. The Welsh Government's commitment to improving the quality and supply of housing stock, as indicated by the forthcoming Housing Bill and through the Wales Housing Quality Standard can provide a welcome boost for the construction sector in Wales. However, if this opportunity is to be maximised, investment in infrastructure, jobs and skills need to be accompanied by measures which reduce the regulatory burden upon house builders and the construction sector, and ensure that the environment is appropriate for the many SMEs which make up the backbone of the industry in Wales.

The cost of development

3. Whilst CITB-ConstructionSkills Wales wholeheartedly supports measures to ensure that Wales' housing stock is world-leading in terms of safety and sustainability, the cumulative burden of regulation in comparison to other territories in the United Kingdom, particularly England, is a deterrent to many UK-wide developers, and places a particular burden on smaller enterprises within the construction sector.
4. It has been estimated that the combined cost of regulations in Wales above and beyond those in place in England place an additional £10-13,000 of the cost of a 1,000 sq ft house, with independent studies concluding that fire sprinklers alone would add around £5,000 per dwelling.

The impact upon SMEs

5. The additional regulation in place (or forthcoming) in Wales is particularly burdensome on the many SMEs which are the core of the construction sector in Wales, particularly where these requirements are implemented in a one-size-fits-all manner which places smaller business at a competitive disadvantage (both with larger indigenous contractors in Wales, and with England).
6. A concern consistently expressed by SMEs is the unsuitability of the Site Waste Management Plan (SWMP) proposals, as currently set out, for smaller building projects and contractors. The requirement in England for every project over £300,000 to require a SWMP presents an ideal threshold above which waste management plans can provide a practical and cost effective management system. A mandatory SWMP for all work requiring planning permission or compliance with building regulations places a disproportionate burden on smaller contractors. The additional paperwork to be undertaken will place additional demands on the time of already stretched contractors, whilst the fee for submitting a SWMP (between £50 and £100) will likely be passed onto the consumer.

Reducing the burden: “quick-wins” to assist the homebuilding industry in Wales

7. Withdrawing unnecessary regulation and ensuring that regulation is best calibrated for the needs of smaller contractors in Wales offers the best route assisting the homebuilding industry, and to supporting a return to growth via construction.
8. With regard to Domestic Fire Safety (Wales) Measure 2011, a principal concern raised by the house building sector is the impact of these regulations on the cost of new homes, when evidence to date suggests that deaths, injury and property loss occur overwhelmingly in older properties, in particular those without hard-wired smoke detectors (the installation of which became mandatory in 1992). Revisiting the scope of these regulations and their applications to new build homes would therefore go a considerable way in reducing the cost of new dwellings in Wales, and assessing the cost impact of the legislation versus its effectiveness in achieving its stated aims.
9. Likewise, revisiting requirements for and the cost threshold of Site Waste Management Plans has the potential to reduce the burden on smaller contractors. With the financial cost of the extra burden often passed on to the consumer, a reduction in or abolition of these costs will offer an immediate boost to the construction sector by reducing the costs of individual projects.
10. Difficulties in accessing credit and gaining a mortgage, especially for first time buyers, have placed extra pressure on the housing market by compressing demand. The implementation of a specific Welsh first time buyers scheme will offer additional support to first time buyers and, if linked exclusively to new build properties, will offer a direct boost to the home building sector in Wales.
11. In sum, re-assessing the cumulative cost of regulations on new home building in Wales, and ensuring that all regulations are proportionate to the size of the project and contractor in question will alleviate many of the challenges which place house builders in Wales at a competitive disadvantage compared to England. Combined with investment in shovel ready projects and a progressive procurement system which allows Wales to maximise the value of the Welsh pound through re-inventing in local skills, jobs and training, reducing the regulatory burden facing the sector in Wales offers Wales a stable route to recovery and economic growth through construction.

About CITB-ConstructionSkills Wales

CITB-ConstructionSkills Wales is the Welsh arm of the Sector Skills Council and Industry Training Board for the construction industry. Our membership includes 10,000 construction companies across Wales, with 4,000 employers actively engaged through our regional construction fora. We are working to ensure that construction employers have the right skills, in right place, at the right time by investing funds and providing a wide range of industry-led skills and training solutions.