

Cynulliad Cenedlaethol Cymru
Pwyllgor yr Economi, Seilwaith a
Sgiliau
Rhwystrau sy'n wynebu cwmnïau bach
sy'n adeiladu cartefi
EIS(5) BFSHBF11
Ymateb gan Royal Town Planning
Institute Cymru

National Assembly for Wales
Economy, Infrastructure and Skills
Committee
Barriers facing small home building
firms
Evidence from Royal Town Planning
Institute Wales

The Royal Town Planning Institute (RTPI) is the largest professional institute for planners in Europe, representing some 25,000 spatial planners. RTPI Cymru represents the RTPI in Wales, with 1,100 members. The Institute seeks to advance the science and art of spatial planning for the benefit of the public. As well as promoting spatial planning, the RTPI develops and shapes policy affecting the built environment, works to raise professional standards and supports members through continuous education, training and development.

The response has been formed drawing on the expertise of the RTPI Cymru Policy and Research Forum which includes a cross section of planning practitioners from the private and public sectors and academia from across Wales.

As referenced in the Inquiry papers, many SMEs were impacted by the recession around 10 years ago and the number of smaller house builders has not returned to housebuilding to what it was since. Recently there has been much discussion and research on the importance of SMEs in the delivery of housing and around the barriers facing such companies from engaging in the process across the UK.

A skills shortage within the construction industry and access to finance were found to be significant issues for SMEs looking to engage in house building, highlighted in [Federation of Master Builders \(FMBs\) House Builders' Survey 2018](#).

We are aware of the Welsh Government loan funding announced in May 2018 aimed at supporting small and medium sized builders to unlock stalled sites across Wales. "Research in 2015 suggested there were potentially 7,600 homes on nearly 400 sites across Wales, where progression has been halted for a wide range of reasons, from pre development works and economic viability, to challenges in securing affordable funding. These are known as stalled sites, most of which are

suitable for the SME sector to develop. Stalled sites could be unlocked through investment and support at an early stage, such as groundwork, infrastructure improvement or simply assisting with cash flow.”

<https://gov.wales/newsroom/housing-and-regeneration/2018/180523-up-to-160m-to-unlockstalled-sites-for-sme-house-builders04/?lang=en>

In response to the Committee’s Inquiry, RTPI Cymru can provide an overview of planning in Wales. The role of planning is to direct the right development to the right places and to plan for the long term. To encourage the delivery of housing in areas of need, partnership working is required amongst all stakeholders, including public sector, financial sector, statutory agencies and Government, working together to bring forward developments.

The planning system and the extent to which it actively facilitates developments by small home builders has been of much discussion recently and is one of the focuses of this inquiry.

Our [research into rural housing delivery](#) in Wales, focused on rural exception site policy and made the following observation: The “rise of volume house builders has created difficulties for the development of self-build, and more broadly smaller sites as might be identified in rural exception sites. There are particular financing challenges in borrowing smaller amounts for what are seen as riskier projects as well as lack of skilled tradespeople in construction, increasing materials costs and underperforming utility companies were all identified as making housebuilding in rural areas less attractive. ... Viability for rural exception sites is typically impacted on by dealing with waste, utilities instalment and costs of planning and building approvals, increased technology in housing requiring specialist installation teams to visit remote rural locations. As a result it is argued that the system disadvantages smaller scale house builders that would often be the ones to bring housing forward in rural areas.”

However, we are not convinced that the planning system alone places obstacles in the way of small builders. As discussion and research have shown, obstacles can be found in many other areas, such as the markets for buying and selling land, and for buying and selling houses, and in terms of social housing in procurement practices. The provision of infrastructure is another example, “delivering infrastructure is often harder to do if you have a spray of smaller sites than if you have one big one. On the large sites there have been some very impressive deliveries of infrastructure, which

have come as a consequence of economies of scale.”
<https://www.theplanner.co.uk/news/report-small-builders-call-forurgent-stimuli-to-survive>

The recently revised national planning policy has recognised the need to support small home builder. [Planning Policy Wales \(edition 10\)](#) recognises the vital role that planning has to play in facilitating developments by small home builders, paragraph 4.2.13 states “To assist in broadening the housing delivery options and enable the provision of housing by RSLs, SMEs and the custom and self-build sector, planning authorities should set a locally determined target for the delivery of housing on small sites. To facilitate this, planning authorities should maintain a register of suitable sites, which fall below the threshold for allocation in their development plan. Planning authorities should also work with developers to encourage the sub-division of large sites where this could help to speed up the delivery of homes. ... When promoting self-build and custom build development, planning authorities must consider all relevant policy options including the use of Local Development Orders (LDOs) and site specific design codes to simplify the planning process and enable housing development to be brought forward more quickly”.

The need to provide a range of different sized sites with different characteristics is recognised within planning. The market for small retirement homes close to facilities, larger family homes with gardens, small clusters of homes in villages etc will all potentially attract different builders, often small scale and local housing providers. While small firms working on infill / rural exception sites etc can make a good impact on delivering sites.

The skill set around understanding viability within LPAs and other stakeholders could be improved, but this requires open dialogue and partnership working between all stakeholders. Many LPAs already proactively engage with SMEs, running initiatives such as [Builders Breakfasts](#) and most have useful Supplementary Planning Guidance, for example [Rhondda Cynon Taf](#). The register of small sites required by national planning policy will prove an additional useful resource in identifying potential smaller sites for SMEs and opening dialogue between parties.

Given that Local Development Plans (LDPs) are prepared at the scale of the LPA, it is inevitable that they will have more of a focus, although not exclusively, on larger scale developments to meet housing targets. Place Plans, however, at the scale of the smaller settlement, may be a more

suitable medium for bring smaller sites forward, and while there is progress in their preparation, it remains patchy. Place Plans could facilitate more opportunities for smaller builders, although this activity would need to be resourced appropriately by LPAs.

There is no doubt that for some smaller builders negotiating their way through the planning system could be a challenge, as they are unlikely to have access to the kind of specialist support that larger house builders are able to rely on. However, as set out in national planning policy (PPW quoted above) and reflected in local initiatives, this is recognised by the planning community. In addition to what is already available, the provision of some kind of planning advisory service for smaller builders, might represent a key step in giving smaller builders the confidence to bring schemes forward.

RTPI Cymru have long argued for adequate resources, for planning to be able to deliver. In particular we have called for moves to allow LPAs to achieve full cost recovery from development management services to enhance planning service delivery. By ring fencing income from planning fees, planning services could be more effectively resourced to develop planning services and provide support.