

Cynulliad Cenedlaethol Cymru
Pwyllgor yr Economi, Seilwaith a
Sgiliau
Rhwystrau sy'n wynebu cwmnïau bach
sy'n adeiladu cartefi
EIS(5) BFSHBF05
Ymateb gan Chartered Institute of
Housing

National Assembly for Wales
Economy, Infrastructure and Skills
Committee
Barriers facing small home building
firms
Evidence from Chartered Institute of
Housing

The Chartered Institute of Housing (CIH) is the independent voice for housing and the home of professional standards. Our goal is simple – to provide housing professionals with the advice, support and knowledge they need to be brilliant. CIH is a registered charity and not-for-profit organisation. This means that the money we make is put back into the organisation and funds the activities we carry out to support the housing sector. We have a diverse membership of people who work in both the public and private sectors, in 20 countries on five continents across the world. Further information is available at: www.cih.org

In Wales, we aim to provide a professional and impartial voice for housing across all sectors to emphasise the particular context of housing in Wales and to work with organisations to identify housing solutions.

General Comments

CIH Cymru welcomes the opportunity to provide a information to support the Economy, Infrastructure and Skills committee as it undertakes its inquiry into barriers facing small home building firms.

Our response is informed by feedback from our members, our knowledge of the housing industry and expertise from our policy and practice teams.

CIH Cymru supports the development of Welsh policies, practices and legislation that aim to address the key housing challenges we face, to improve standards and supply, promote community cohesion, tackle poverty and promote equality. We promote a *one housing system* approach that:

- places the delivery of additional affordable housing at the top of national, regional and local strategies as a primary method of tackling the housing crisis;
- secures investment to ensure the high and sustainable quality of all homes in a sustainable framework;

- improves standards and develops the consumer voice within the private rented sector
- promotes the concept of housing led regeneration to capture the added value that housing brings in terms of economic, social and environmental outcomes;
- recognises that meeting the housing needs of our communities is a key aspect of tackling inequality and poverty;
- ensures that there are properly resourced support services in place to prevent homelessness and protect the most vulnerable;
- uses current and potential legislative and financial powers to intervene in housing markets and benefit schemes;
- promotes consumer rights & tenant involvement;
- and supports the continued professional development of housing practitioners.

1. Barriers facing small home building firms in Wales

- 1.1 As Wales continues to face substantial challenges in meeting demand for homes, particularly social and affordable housing that meets the needs of vulnerable groups and individuals across society, we welcome the committee's focus on how small homes builders (referred to as SMEs in this submission) could be further enhanced and supported to help address this challenge.
- 1.2 These challenges have been driven by market conditions, stagnant and decreasing wages, a falling rate of homeownership and an undersupply of homes in both the social and private rented sectors. As is the case for other UK nations, Wales faces an intensive challenge with homelessness; despite positive progress in this area more action is needed to address rough sleeping and the use of temporary accommodation - particularly considering the long-term impact on families with children.

1.3 The Welsh Government has taken considerable steps to boost the supply of social housing stock in Wales. During the period between 2011-12 to 2015-16 a total of 11,508 additional homes at social rent were built, which at the time exceeded the target of 10,000 set by the previous government. Supply was further bolstered during this period with a total of 10,948 long-term empty homes being brought back into use – this compared with a target of 5,000 during the same period ¹. Despite this progress, we believe the problems that are now emerging mean an urgent need to transform the way we consider housing demand and how we meet housing need both now and in the future.

1.4 All organisations either directly delivering or supporting the delivery of social housing has an important role to play in tackling stigma which according to our “Perceptions of housing” research, conducted through our Tyfu Tai Cymru project continues to be an issues across Wales. Whilst there was positive support for the importance of building new homes in Wales the following statements reflect the breakdown between housing tenure in relation to social housing:

Statement	Home-Owners	Private Renters	Socail Housing Occupants
I would never want to live in socail housing	47%	42%	9%
I would be happy to see more social housing built near my own home	26%	38%	69%
We need more social housing in my local community	35%	38%	63%
Socail housing estates suffer from high levels of anti-social behaviour and crime	56%	58%	25%
Socail housing is of a low quality	23%	37%	18%
Socail housing is where we hide people with problems	30%	31%	16%

1.5 We believe that efforts to support the building of new homes should go hand in hand with efforts to address the ever-present stigma attached to social housing, an area where SMEs have a vital role to play.

¹ <http://www.assembly.wales/laid%20documents/pri-ld10975-em/pri-ld10975-em-e.pdf> (Accessed 02/09/2018).

- 1.6 The role of SMEs should not be undervalued given the nature of the construction market in Wales. SMEs have a vital role to play in ensuring the delivery of homes in areas where at present, the large-scale house builders are less inclined to be active. Our [Housing Voices](#) report which captured the views of over 90 housing professionals working across Wales found that rural areas are reliant on SME builders to deliver new homes. Some practitioners suggested however that SMEs often lack the business infrastructure and support to deliver on larger sites. This appears to be an area where greater support would be beneficial.
- 1.7 Looking at the construction industry more broadly in Wales there is relatively low productivity, with falling output per person (at a UK level) over the last few decades. The reasons for the decline include lower skill levels, lack of investment in new techniques, methods and materials, and a reluctance to innovate².
- 1.8 The construction workforce faces similar challenges to those of health and social care in that increasingly an ageing workforce is causing real concerns regarding the future sustainability of skills/ capacity at current levels. A report by Aviva found that SMEs are currently much less likely to see the benefits of taking steps to retain their older workers, only 14% of SMEs in the UK had plans in place should their employees retire later than expected – compared to 42% of large businesses³. This seems particularly concerning at a time where SMEs may be one of the ways through which the procurements process for materials and skills could be significantly improved.
- 1.9 The Construction Industry Training Board in Wales in its “Forecasting Wales’ Future Construction Skills” report highlighted that construction accounts for around 7% of the Welsh workforce, the construction workforce profile largely mirrors the age profile of all industries in Wales – there is an ageing workforce (17% of the Welsh construction workforce is aged 55+, similar to

² <https://41ydvdlcuyvlonsm03mpf21pub-wpengine.netdna-ssl.com/wp-content/uploads/2017/12/CHC-BREXIT-FINAL-with-back-page.pdf> (Accessed 09/09/2018).

³ <http://welshbusinessnews.co.uk/hr/why-welsh-smes-need-to-harness-their-ageing-workforce/>(Accessed 09/09/2018).

all industries 20%)⁴.

- 1.10 The Construction Information, Advice and Guidance (CIAG) research carried out by CITB on an annual basis investigates young people's opinions of the construction industry as a potential career choice and highlights the extent of the problem. Although improving, the average score for the attractiveness of the construction industry amongst young people is just 4.2 out of 10⁵.
- 1.11 It is important that going forward, the Welsh Government considered developing workforce strategies to future-proof the skills available to serve delivery across the housing system.

⁴https://www.citb.co.uk/global/research/forecasting_wales_future_construction_skills_final_dec2017.pdf (Accessed 09/09/2018).

⁵https://www.citb.co.uk/global/research/forecasting_wales_future_construction_skills_final_dec2017.pdf (Accessed 09/09/2018).