

The Chartered Institute of Building

submission to the

Ministry of Housing, Communities & Local Government (MHCLG)

on the consultation on proposed changes to

House building; new build dwellings, England

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House building; new build Dwellings, England: Consultation on proposed changes

Introduction

The Chartered Institute of Building (CIOB) is at the heart of a management career in construction.

We are the world's largest and most influential professional body for construction management and leadership. We have a Royal Charter to promote the science and practice of building and construction for the benefit of society, which we have been doing since 1834. Our members work worldwide in the development, conservation and improvement of the built environment.

We accredit university degrees, educational courses and training. Our professional and vocational qualifications are a mark of the highest levels of competence and professionalism, providing assurance to clients and authorities who procure built assets.

This response has been collated following dialogue with CIOB members and several interested stakeholders who regularly use housing data. We welcome the opportunity to respond to this consultation and are happy to be involved in the debate as it develops.

Summary

- By presenting the quarterly data in an index form will provide frequency and timeliness which can be linked to the more accurate annual net additions new build data. This should help to reduce differences in and confusion over the numbers quoted for the level of house building.
- The title change is helpful. However, within the title the appropriate geographies should be prominent to avoid the confusion over England, GB, UK which is currently commonplace.
- House building starts and completions should both be provided.
- Geographical splits are useful. Volatility and accuracy may be an issue. The implications of these issues should be well flagged to users.
- The disaggregation into private, housing association and local authority data should continue, with clear guidance should be provided to ensure less-familiar users clearly understand the meaning of the data.
- The use of multiple sources and the analysis associated with this is positive.
- An historical series should be researched and published, with suitable caveats and the background analysis published, to provide a common basis for analysis of long-term trends. This should be open for critique and updating in the light of new research.
- MHCLG should initiate a discussion to examine how the disaggregation of the private, social, public split within the data might be enhanced and become more useful. This would explore the needs and the practical implications of undertaking such a task. This disaggregation is likely to be of increased interest and value as the nation emerges from the inevitable COVID-19 recession.
- There is a need for further investigation into how to improve housing figures collection from Approved Inspectors (AIs).

Questions

1. Which user group most represents your situation?

The CIOB is a professional body with over 45,000 members worldwide who work in the development, conservation and improvement of the built environment, including construction and house building sectors in the private and public sector.

2. What do you use the House building; new build dwellings statistics for?

The broader construction and house building sectors will regularly use new house building data to track and monitor activity. Many construction and house building sectors will utilise the data for forward planning of resources and investment.

The CIOB also produces regular research reports into the socio-economic impact of the construction industry and wider built environment, utilising housing data as a reference point for the performance of the sector.

3. Do you agree with the proposed changes to the statistics? Please give details for your decision.

The proposal to change both the title and the emphasis of the quarterly house building statistical release is welcome. There has been confusion within the construction and house building sectors for some while over house building numbers.

A major factor is the large and variable differences between the net additions (new build) and the house building completions figures. The more accurate housing supply figures in the net additions release have, for many years, received less prominence than they should be afforded, in part because they are less timely and less frequent.

For those in the industry managing resources and planning business strategies there is value in accuracy, timeliness and finer detail. However, there is normally in the collection of data a trade-off between frequency and timeliness on one side and accuracy on the other.

The proposed changes to the more frequent house building statistics offers a way to bridge the problems these tensions can cause.

There is huge value in the accuracy that the annual net additions bring to recording the actual level of house building. Equally there are significant advantage in having more regular (quarterly) and timely indicators of house building activity that allow industry and analysts to understand the more immediate movements in house building in volume, type and location.

The value of course rests on how accurately the data reflects what is happening on the ground.

The proposed changes offer the opportunity to produce two sets of complementary data that interlock to form a more reliable, more frequent, and up-to-date source to map house building activity. The inclusion of starts in the house building data as well as completions provides added value. These should be useful forward indicators particularly of changes in confidence and other factors, such as weather, that impact

on the private sector. Again, these need to be suitably sound if they are not to be misleading and clear indication should be given to any limitations in their accuracy. But for many businesses, partial sight is better than none, providing they understand the potential for misreading the data.

The proposed changes also provide an opportunity to create, through back casting, a more reliable historic series of house building activity that marries well with the current data series. The historical trends in house building are of constant interest and value to analysts seeking to understand current trends.

Our view, based on the evidence we have, is that the housing supply data should be regarded as the core measure of level, with new build completions referenced from this data set providing quarterly indicators. It seems appropriate that the quarterly data is delivered as an index rather than as a level to avoid confusion and to reinforce in users minds that these figures may provide a less accurate portrayal of the current level of house building.

So, the quarterly index could be pegged to the levels provided within the net supply figures and revised annually to match the new build data release and any other new emerging data.

The use of multiple sources to shape the index quarter to quarter seems a very sensible approach. In an ever-changing landscape of measurement of house building this approach would offer flexibility and help to future proof the underlying methodology in deriving the quarterly data. The need to triangulate data sources is well understood within the construction sector with multiple measures of variable quality and a high level of diversity. Accurate measurement can prove extremely difficult in construction.

4. Is there anything else you think it would be helpful for the statistics to contain?

If we interpret the changes to the data correctly, we see as very positive the proposal that the release would include analysis looking across the range of available indicators used to provide an early estimator of the final more robust housing supply statistics measure of new build. The transparency this adds allows individual users to weight the figures according to their assessment of the data while the release maintains a core agreed figure for common consumption.

For our needs, it would be useful to have these figures at various geographical levels and split between housing association, local authority and private.

On geographies, being able to track at local authority level is very useful, but again if data is provided there should be clear caveats where the data may be less reliable.

We would appreciate an official regional data series. However, within the title the appropriate geographies should be prominent to avoid the confusion over England, GB, UK which is currently commonplace and causes additional complexities.

However, the measurement and meaning of the private, social, public split is complex. Ideally, we need to be able to establish on one side who funds, develops and builds and on the other the ultimate tenure split. This creates a complexity in classification. This complexity increased with a proliferation in tenure types, by the substantial number of homes delivered through Section 106 contributions and with

housing associations providing homes across multiple tenures. The build-to-rent sector adds further complexity.

It seems appropriate to continue with the split as it is currently presented, in the absence of any better approaches to this issue at hand. But, certainly, the limitations of this disaggregation and the potential confusion this might cause suggests caution should be well flagged in any publication as to how this data split should be regarded.

We suggest this matter is given further consideration and that MHCLG instigates a discussion with interested parties on how best the differing requirements of users might be met. For those on the delivery side, the builder and funder may be the key issue. For those more concerned with supply and housing need the ultimate tenure may be the most important feature, irrespective of how that is provided. In terms of better understanding the dynamics of the overall market, the connection between these two positions is equally important. There is good reason to seek to establish who is funding and building what for whom. This disaggregation is likely to be of increased interest and value as the nation emerges from the inevitable COVID-19 recession.

5. Do you have any further comments?

Upon speaking to the Local Authority Building Control (LABC), they are aware that there is a shortfall in numbers because Approved Inspectors (AIs) are not required to send in their figures and therefore makes it difficult to know how many housing units they are supervising. Changing the title to make it clearer is sensible but it still does not alter the fundamental flaws with the data.

Although this is not part of the remit of this consultation, there should be further consideration about requiring AIs to supply their figures. This might be achieved without legislation if [CICAIR](#), the Approved Inspectors Register, were to make it a condition for AIs as part of their license to practice.