The Chartered Institute of Building (CIOB)

submission to

The Construction Industry Council (CIC)

on the inquiry on

How can we build 1.5 million quality homes in this Parliament?

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Call For Evidence: How can we build 1.5 million quality homes in this Parliament?

About CIOB

The Chartered Institute of Building (CIOB) is 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, and we have been doing that 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 other professionals procuring built assets.

Full Response

At a broad level, we believe the Government's 1.5 million new homes in England target by the end of this Parliament is unattainable.

In the Chancellor's Spring Statement on 26 March 2025, Rachel Reeves MP told Parliament the Government would come within 'touching distance' of the 1.5 million homes target that it has continued to stand by since the General Election. The Office for Budget Responsibility (OBR) forecast 1.3 million net additional homes by the end of Parliament.

This appears to only be 200,000 short of the original targets but these 1.3 million new homes include construction across England, Northern Ireland, Scotland and Wales. The devolved nations were not included in the original 1.5 million homes target. Furthermore, given that housing and house building policy in the devolved nations are devolved matters, policy changes in England which are meant to scale up housebuilding will unlikely have much of a direct impact on build out rates.

Specifically in England, it is estimated that just one million homes will be built – which is 500,000 under the Government's oft quoted target.

The Government insists the Office for Budget Responsibility (OBR) projections overlook key measures, such as the Planning and Infrastructure Bill, a long-term housing blueprint, and an expanded Affordable Homes Programme, which will drive progress. However, many predictions are based on strong economic growth which are certainly not guaranteed in the current economic climate.

Furthermore, there are a range of other significant and pressing issues that cannot be easily addressed in a short term, these include questions about whether there is the industry capacity and capability to rapidly expand housebuilding, whether the £600 million worth of investment to train up to 60,000 more skilled construction workers will have the impact in this parliament and whether changes to the revised National Planning Policy Framework (NPPF) have any tangible impact on build rates.

Given the limitations in the response length and time, we have focused our response on a few key areas.

Sustainable Building Practices: How can we ensure that new homes are environmentally friendly and energy-efficient?

As the construction sector continues to push for the need to retrofit the existing housing stock to meet the UK's legally binding commitment to net zero, it is important that we do not continue to build homes that will need to be retrofitted in the years to come.

Pursuing a housing delivery model which prioritises the speed of delivery will mean that important areas, such a sustainability and quality, may need to be foregone for the sake of building purely based on numbers. However, there is an obvious dichotomy between building homes quickly and building them both to a high standard and sustainably.

Whilst the two principals can act harmoniously, the economic and regulatory environments necessary to ensure that they do are just not in place at present. Housebuilders are at a crux as prices rise across the board from materials, labour and land. It is also the case that housebuilders are rightly being required to commit more financial resources towards levy payments in building safety and sustainability (Biodiversity Net Gain). This does not just impact on the volume housebuilders but is being felt most acutely by the SME housebuilders that will be vital in delivering the 1.5 million home ambition on smaller sites that take less time to build out.

At the same time, consistent regulatory confusion has hampered the industry's ability to invest forwards in the technologies, skills and practices necessary to meet standards expected from Government. As a sector we have waited for the outcome of the Future Homes Standard consultation since 2023, one that, at first, was expected to overhaul the way that new homes were built. At present, we are unsure what form the Future Homes Standard will take, what will be required of housebuilders as well as when it will be published or come into force. Clarity on this is essential to allow housebuilders to plan for future work.

Fundamentally, at this point in time, the way to ensure that new homes are environmentally friendly and efficient is by understanding what is and what is not a priority when it comes to housing delivery. Are we going for speed, or are we going for quality?

If the answer is the former, then certain aspects of sustainable construction may have to be forgone. As an example, we do not have the energy grid infrastructure in place to accommodate for every new home, and every existing home, having a more energy efficient heating system (such as a heat pump). Simultaneously, we do not have the time to both upgrade the grid and deliver 1.5 million new homes in 5 years. This must be acknowledged and reflected in government policy, or we risk hundreds of thousands of new homes being stuck without connections, so while they may be built, no one can live in them.

At the same time, pushing ahead with new homes that will need to be retrofitted in 10 years' time will simply push costs onto consumers later down the line. Costs which many are not able to afford, even with grant funding assistance from Government. Guarantees must also be in place to ensure that levy charges, such as those derived from BNG, are not pushed onto consumers by housebuilders in the purchasing process.

CIOB is clear in our position that quality must come before quantity and the risk of pushing ahead with new homes at speed without the correct regulation in place could have disastrous effects.

Innovative Construction Techniques: How can modern construction methods and technologies accelerate the building process while maintaining quality?

It will be impossible to deliver the Government's target of net 300,000 new homes per year through strictly 'traditional' building methods.

Thinking purely about the skills required, the Construction Industry Training Board (CITB) estimates that an extra 251,000 workers will be required to meet UK construction output by 2028 (50,300 per year), and this was prior to the Government's mandatory housing targets announcement which will likely push demand up significantly. Of course, this figure covers more than just housebuilding, but it highlights the rapid uptake that would be required, and this does not consider aspects like education, training and professional development which will be needed for specific roles.

The supply of labour issue is just one part, and it is ultimately a demand issue that also needs addressing, firstly as an industry we must simply use less labour by utilising technology, including Modern Methods of Construction (MMC), to make accommodation faster and more efficient to build. This requires investment, and investment needs government support in respect of:

- ensuring that the pipeline of work is visible, secure, long term (i.e. at least 5 years)
- that the policy and legal framework around construction remains stable
- there needs to be appropriate fiscal support to enable business in what is a low margin sector i.e. R&D tax breaks continuing, grants for R&D, investment support for manufacturers, amongst other things.

Secondly, the built environment sector needs to plan, organise, and manage more effectively than it has done in the past. The fragmentation of the industry is clear and was rightfully pointed out in the Grenfell Inquiry phase 2 report. However, this fragmentation is also clear in policy terms, when you consider that building regulations, housing, skills, sustainability and modern methods of construction cut across a multitude of government departments and ministerial responsibilities all with differing priorities and areas of focus.

Separately, it is worth commenting that the rapid collapse of multiple modular home providers over a two-year period has been challenging for those who championed modern methods of construction (MMC). The list is extensive of failed firms that sought to revolutionise housebuilding by delivering large modular elements, such as Legal & General Modular, Swan Modular Homes, Ilke Homes and Urban Splash.

For almost a decade we have seen growing enthusiasm, high hopes, public investment and wider government support, along with the formation of a trade body (Make UK Modular) all pointing to a new world for housebuilding. One in which significant numbers of homes are primarily built in factories and shipped to sites for erection and connection to services.

If a major investor like L&G with an ample supply of patient money and a big footprint in the housing market cannot make it work, who can? Perhaps more worryingly, the collapse of so many firms set up to deliver modular-built homes will inevitably casts a dark shadow over future attempts to modernise how we build homes. It will also raise questions over whether widespread prefabrication is possible within the housebuilding market.

We are of the belief that the housing challenge will require a mixture of traditional build and modular to deliver at the pace of change that the Government wishes. However, any future Government strategy on housebuilding must take into consideration previous failures and learn from previous mistakes.

Finally, further work must be undertaken with the lending market to ensure that prefabricated homes, or other homes and buildings built through MMC, are eligible for mortgages and insurance in the same manner that bricks-and-mortar properties are. We are aware that there are numerous other challenges in the construction products market, notably around the use of certain types of insulation which could also be a further barrier to uptake and investment in new materials. All of which will have a negative impact on build out rates.

Policy and Regulatory Frameworks: What changes in policy and regulation are necessary to support the rapid construction of quality homes?

Finding labour and skills is the primary concern for the industry as it looks to deliver the promise of huge future workloads. Construction firms face two critical and related challenges, how to boost its workforce and how to raise productivity.

Even ambitious workloads suggest the wider construction sector workforce needs to expand by anywhere from 500,000 to one million over the next few years. That is if the sector is to meet both the underlying market demand and the government's aspirations for house building, moving towards net zero, and upgrading infrastructure.

The official figures put employment within the defined construction sector at about 2.1 million, down by about 150,000 over the past five years. The Construction Industry Training Board (CITB) takes a wider count including building professional services and about 300,000 office-based non-construction professionals. It produces a total figure for total employment in 2023 close to 2.7 million.

Regardless of the figure used, the construction workforce will need to rapidly expand, particularly with the rate of losses to retirement.

We know that the Government has attempted to address the shortfall in industry capacity and capability, including the £600 million worth of investment to train up to 60,000 more skilled construction workers but this will take time to bed in, and we will likely only see the results towards the tail end of this parliament. Furthermore, Delivery in construction is also more complex than just simple funding commitments and questions remain as to who will teach and assess these numbers, has anything been done to address the historic high dropout rates and of course the vital question about how long it will take for these new entrants to be 'site ready'.

Separately, it is worth noting that a lack of confidence in long-term policy direction has impeded the construction sector's ability to acquire new entrants and train them in areas such as low carbon skills of the future. Failure in the structuring and delivery of the Green Homes Grant and prior to that, the Green Deal has meant piecemeal policy have weakened the resilience of the construction supply chain and reinforced a lowest-cost procurement model which has eroded quality and hindered innovation across the sector.

In short, these are just two examples where successive governments have put in place delivery-side stimuluses without full consultation with the construction sector about its ability to deliver.

Training staff in new technologies is an expensive endeavour and if funding is cut, it further erodes trust in schemes and initiatives.

Community and Infrastructure Development: How can we ensure that new housing developments are well-integrated with local communities and infrastructure?

CIOB's 'New-build housing – how regulation can improve the consumer journey' report published in December 2023 provides useful data to indicate the importance of 'location' as well as concerns around the 'lack of infrastructure' when purchasing new homes. We recommend reviewing Chart F, H and I that showcase the importance of these elements in new housing developments.

The Institution of Civil Engineer's (ICE) 'State of the Nation 2019: Connecting Infrastructure with Housing' also points towards broad public support for local housing developments that integrate necessary infrastructure. An important recommendation made in the report is through the creation of regional infrastructure strategies across England to better ensure effective integration of infrastructure and housing planning across boundaries and at local, regional and national levels.

Flood Risk Management: How can we avoid building in areas of higher flood risk to minimise potential damage and ensure safety?

Current climate projections indicate that the frequency and severity of storms is likely to increase over the next 60-100 years, so the management of water and flood risk must be critical considerations in the location, design, and development of quality new homes. It will be essential to manage flood risk from all sources, taking account of advice from the flood risk management authorities, ensuring new development does not increase flood risk elsewhere, and avoiding inappropriate development in areas at risk of flooding by directing development away from areas at highest risk, and safeguarding land for flood management.

Decision making must be informed by expert input and good quality data. Strategic Flood Risk Assessment will be a vital tool to understand flood risk from various sources and how they might change over time. Flood risk assessments for developments should include catchment and site-specific information, such as modelled data, topographical surveys of the ground including building thresholds and anything that might affect the flow of flood water. Rainfall, river level and flow datasets can be used to calibrate and validate modelled data. It is essential to understand the source, likelihood, and severity of flooding.

The obvious mitigation is to not build within the designated floodplain, with consideration of flooding from all sources. Perhaps we need to consider making more efficient use of other available land, reusing buildings, revitalising brownfields, prioritising infill development, increasing density or vertical development?

Another mitigation option for new developments is to raise the property threshold to prevent flood water entering it. The Environment Agency, Scottish Environmental Protection Agency and Natural Resources Wales typically require the finished floor level to be raised above the 1 in 100-year (fluvial) and 1 in 200-year (tidal) flood levels, to allow for climate change, wave action and modelling inaccuracies.

Where flood risk cannot be fully eliminated, it is essential to design and build to maximise water exclusion, including flood resistance and resilience measures as standard to protect property and its occupants, but also considering whether additional mitigation may be required to ensure risks are not displaced to neighbouring sites or buildings.

Green Infrastructure and Sustainable Drainage Schemes (SuDS) can attenuate water before being discharged from the site, providing areas for storage, allowing water to soak into the ground, evaporate from the surface or transpire from vegetation, and potentially providing benefits for biodiversity. Other measures might include reducing the density of development, flood barriers, early warning systems, flood resistant low-permeability materials, flood doors and air brick covers, etc (see www.gov.uk/prepare-for-flooding/protect-your-property) which should be fitted as standard.

We are happy to expand on any of these areas if helpful.