The Chartered Institute of Building (CIOB)

submission to

The House of Lords Built Environment Committee

on the inquiry

New Towns: Practical Delivery

22 May 2025

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Introduction

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.

General Remarks

1. We welcome the opportunity to respond to the Built Environment Committee's inquiry into the practical delivery of new towns. We understand the pressing need to build more homes in England and recognise the construction of new towns as a valid solution through large-scale investment in the national housing infrastructure.

2. However, the successful delivery of new towns is dependent on policy interventions that cut across issues related to planning, infrastructure, skills, supply chains, and materials.

3. Our response will be predominantly focused on the capacity of the construction sector to deliver new towns and expanded settlements, as opposed to considerations related to the planning and design aspects.

4. Looking at the capacity challenges, skills and labour shortages are the primary concern. In addition to its persistent skills shortages, the construction industry now must fill large gaps being left by the retirement of vast numbers of construction workers recruited in the late 1980s and early 1990s. The industry is losing both large numbers of workers and valuable skills and knowledge.

5. Labour shortages will likely increase calls for more construction to be shifted off-site work and into factories. This trend has a long history and has reaped huge benefits. But in developing and embedding modern methods of construction, overeagerness and misunderstanding have led to well-publicised failures, which have repeatedly undermined prefabrication and tarnished its image.

6. There are major barriers to the successful delivery of quality new towns due to the current capability of the construction sector. If the Government intends to have construction of new towns underway within the next decade, it must prioritise taking a range of steps to boost the construction sector's capacity.

7. The CIOB's Real Face of Construction 2023 report provides regional and national data to showcase where the main opportunities and challenges are for the construction sector, including details of major projects, construction output data, employment trends and the annual earning potential for those working in construction.[1]

[1] CIOB, Real Face of Construction 2023, April 2023

Full Response

3. What, if any, are the barriers to the development of good quality new towns?

8. A central barrier to the development of quality new towns is the future capacity of the construction workforce, especially considering the Government's wide range of ambitions to boost construction activity.

9. The construction sector has a pre-existing skills gap across many of its professions, that is only due to grow as the Government looks to bolster housebuilding, infrastructure development and decarbonisation of the built environment. The extent and drivers of the construction skills gap is discussed in our response to question 14.

10. Skills gaps in construction are not just a barrier to delivering a greater volume of work, but also a barrier to delivering quality in construction projects. The challenge of the lack of skilled and experienced workers to delivering quality is already a frequent occurrence in the construction sector, and was raised by construction managers consulted in our Real Face of Construction Report 2023.

11. The CIOB is concerned that a push to rapidly increase the construction workforce and sector capacity, without the right considerations, will lead to issues of quality of design and construction for new developments. Beyond the issues of cost and inconvenience, failures of quality in the built environment hold serious implications that are paramount in the building safety crisis and the wake of the Grenfell tower tragedy.

12. There is also a wider array of economic barriers to the construction sector having the capacity to deliver large scale developments. Due to the post-pandemic inflationary period, many construction firms already slim profit margins have been eroded, and debt has been accrued to deal with significant costs rises for labour, materials and land. This has led to a weakened financial position for the industry, and construction continues to be the sector with the largest number of insolvencies. According to the Insolvency Service, in March 2025, construction firms accounted for 18.1% of all insolvencies in England and Wales, thus resulting in fewer businesses with the capacity to take on new projects.[2]

13. A separate, but related, issue is that the common trend of race-to-the-bottom bidding for contractors to compete at tender could stand to significantly detriment the final quality of new towns in the long run through rampant cost-cutting.

14. Furthermore, the volume of critical materials required for the Government's drive to significantly increase housebuilding, such as aggregates, timber and steel, will come at significant cost, and may be subject to international tariffs. There is also risk of lack of future shortages of critical materials if there is not a stable supply either domestically or internationally. However, it must be noted that on imports, around three quarters of construction products are sourced domestically primarily because availability and distance is paramount.

15. A further barrier that could stand to impact the construction sector's ability to deliver is the continuation of a fluctuating and uncertain policy environment for construction firms. There are many changing standards the industry is currently adapting to, including the introduction of the Building Safety Act 2022 and changes through the upcoming Future Homes Standard. Whilst these changes bring much-needed improvements to safety and

[2] The Insolvency Service, Company insolvencies, April 2025

environmental standards, their introduction has brought challenges, particularly in terms of clarity and uncertainty on the future of what is expected to be delivered on-site.

16. It is worth noting that a wider lack of confidence in long-term policy direction in recent years has had a range of impacts on the capacity of the construction sector. Inconsistent policymaking has weakened the resilience of the construction supply chain and reinforced a lowest-cost procurement model which has eroded the quality of work and widely hindered innovation across the sector. The lack of confidence has also impeded the construction sector's ability to acquire new skilled workers.

The Role of Government

7. How can central Government support the planning and delivery of new towns?

17. The successful delivery of new towns will be dependent on the Government taking meaningful steps to boost the construction skills base for the long-term. We will address issues surrounding the capacity of the construction workforce and the associated measures the Government can take under our response to question 14.

18. The Government's approach to new towns needs to be developed in the context of its significant range of ambitions for the construction industry, including the target of constructing 1.5 million new homes – especially when setting timelines for delivery. We recommend the Government to take a detailed appraisal to gauge capacity to deliver an increased rate of housebuilding and infrastructure development for the decades ahead, including the new towns and expanded settlements, looking at key factors such as the capacity of construction workforce and local infrastructure critical to development.

19. The wider policy environment surrounding construction activity is key to supporting efficient and timely delivery of new towns. Given that the construction of new towns will take many years to complete, there is a risk of future disruption to efficient delivery through stop-start policy announcements or alterations to the required specifications of new developments. The Government should look to ensure it makes clear and coherent policymaking regarding the built environment, that avoids disruption to construction of new developments after the design and planning stages.

20. In summary, the Government can act to deliver a supportive policy environment, sufficient skills pipeline and stable supply of critical materials and local infrastructure, to build confidence among investors and contractors that new towns can be delivered in a reasonable timeframe.

Legalities, Economics and Skills

13. What long-term support will new towns need to ensure that their delivery is efficient and successful?

21. As noted previously, the successful and efficient delivery of new towns will be dependent on there being sufficient construction industry capacity, supported by factors including coherent policymaking, a sustainable pipeline of skilled workers, and a steady supply of construction materials.

22. It is worth highlighting that the timely delivery of enabling infrastructure - including transport links, utilities, broadband connectivity, and energy grid capacity - is fundamental to the successful delivery of new towns. Early-stage coordination between

developers, local authorities, infrastructure providers, and central government will be essential to ensure that new towns are viable and have access to the necessary infrastructure.

23. A strong and well-coordinated construction supply chain will also be critical for delivery. To build industry capacity regionally, the procurement strategy for delivering new towns should encourage early engagement with local industry and long-term collaboration with supply chain partners.

24. A further risk to the successful delivery of new towns is that a contractor fails during the decades-long construction process, given the rate of insolvency in the construction sector. To future-proof plans for delivery and ensure new towns are successfully built out, it is recommended that the Government considers a contingency mechanism where it can step in to re-tender the project or buy the land at a low cost in the event of insolvency.

14. Does the construction sector have sufficient capacity and skills to deliver new towns?
    a. Is there sufficient capacity in the English workforce?
    b. If not, what should be done to ensure that it is, and over what timeframe can capacity be made?

22. We do not believe that the construction sector is on trajectory to have the number of skilled and experienced workers required to deliver quality new towns, especially considering the full range of Government ambitions for the UK built environment that will create fierce competition for skilled workers. However, there are steps the Government can take to boost the sector's capacity in the medium to long term.

23. The construction skills gap is well-documented, and pre-dates the current Government and its associated ambitions to drive widespread development of the UK's built environment. Key drivers of the lack of workers include an ageing construction workforce, changes to immigration policy following the UK's exit from the EU and social perceptions of construction careers.

24. 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.

25. The Construction Industry Training Board's (CITB) latest Construction Skills Network Industry Outlook estimated that an additional 251,500 new entrants into the industry will be needed by 2028 to meet expected demand.[3] However, this forecast took place prior to the July 2024 General Election and the Labour Government's housing and construction announcements that have since been made. With this in mind it is likely the demand for construction workers is considerably higher.

26. Current understanding of the Government's ambitions for housebuilding, infrastructure development, improving the sustainability of the built environment suggest that the wider construction workforce would need to expand by anywhere from 500,000 to one million people over the next few years. Regardless of the figure used, the construction workforce will need to rapidly expand, particularly with the rate of losses to retirement.

[3] CITB, CSN Industry Outlook 2024-2028, 15 May 2024

27. With construction being a cyclical boom and bust industry, it means workloads and staffing requirements are often dictated by the general condition of the economy. Construction is further hampered by its pro-cyclical growth rate: because construction demand rises and falls faster than the overall economy, it tends to recruit when the economy is buoyant and competition for recruits is fierce. And, when it does recruit, it is normally looking for a disproportionate share of those available. These factors have, in part, meant that construction sector has consistently struggled to recruit the numbers required to maintain or grow its output.

28. Previous growth periods for construction have relied on bringing in skilled workers from overseas to meet heightened construction demand. Looking back at construction employment since the 1950s, there were three periods of major expansion in the workforce. In the five years to 1964 the workforce grew by just over 17%. In the five years to both 1990 and 2007, the rise was 16%. In those periods there was a ready supply of migrant workers, initially from Ireland, but latterly from the EU. And, during the rise in the workforce to its peak in 1990, construction could draw on a huge pool of unemployed adults, which in 1987 topped 3 million.

29. Compared to the post-war boom in building, a much smaller percentage of the workforce are employed in construction's manual occupations. In 1961, 43% of the workforce was employed in the production and construction sectors. Today that figure is closer to 15%. This means that there is not just lower capacity in the construction workforce overall, but that there is less scope to entice manual skills from other production sectors.

30. With a current lack of options to draw on existing pools of the workforce that were previously used to fuel construction booms, increasing labour and skills must be at the top of the Government's agenda when considering how to build capacity in the sector to hit their ambitions. The Government will need to ensure there is a strong domestic pipeline of skilled workers, particularly given the recent proposals to changes to UK immigration policy made in the white paper.[4]

31. This wider capacity of the workforce to deliver the Government's full plans for housebuilding and infrastructure development will need to be considered when looking at the capability for new towns and expanded developments specifically, as these development programmes will have to compete for skilled workers. Competition for skilled workers in construction is already rife, and 'poaching' of experienced professionals by construction firms by offering higher pay is a common practice due to skills gaps, as found in CIOB's Real Face of Construction Report 2023.

32. This point was further highlighted in research by the University of Birmingham and Warwick Institute for Employment Research which suggest that construction "is a volatile sector, prone to gluts and shortages in demand for workers, who are often employed on a project-by-project basis. Poaching from other firms was by far the most common strategy for addressing skills shortages". Furthermore, the "fear of poaching" is also regularly seen as a reason for a lack of investment in training to address shortages.[5]

    It is well documented that construction has struggled to attract new entrants. However, the imperative of bringing new workers into the sector is more crucial than ever given the heightened loss of skilled construction workers to retirement. Measures to attract

[4] HM Government, Restoring Control over the Immigration System, May 2025

[5] University of Birmingham & Warwick Institute for Employment Research, Employer decision-making around skill shortages, employee shortages and migration: Literature Review, September 2020

and retain a large number of workers to the sector will therefore be critical to sustainably improving the domestic skills pipeline.

33. The Government has begun to take steps to increase the construction workforce to deliver on its housebuilding targets, notably with the recent announcement of £600m worth of investment to train up to 60,000 more apprenticeships in key construction trades. While this is a welcome measure, the announced funding will not be sufficient solution alone to meet skills needs for housebuilding, with the number of additional apprenticeships to be delivered in the skills hubs falling short of those that are needed to meet future construction demand. It will also take years to feel the impact of this funding, as it will take time for the skills hubs to be established and deliver cohorts of apprentices with industry experience.

34. Further to this, there are still several practical questions regarding whether there is the capacity to teach and assess these new construction workers, whether anything is being done to address the high dropout rates of built environment related courses and apprenticeships and how long it will take to have these workers competent and 'site ready'?

35. We would also highlight that recent policy announcements have been focused on increasing numbers of workers in the 'trades' without considering the 'professional' side of the sector that is essential to delivering construction projects, which includes construction site managers, surveyors, architects, town planners and other specialist roles.

36. Delivering new towns at scale requires a government commitment to facilitate workforce development across the full spectrum of construction-related professions. This includes funding greater opportunities in technical education, apprenticeships, and ongoing professional development to upskill the current workforce.

37. There are a range of further actions the Government can take to improve the pipeline of skilled workers, including:

    a. Ensure the upcoming reform of the Apprenticeship Levy to the Growth & Skills Levy improves the flexibility and accessibility for construction businesses to develop their workforce.

    b. Raise public awareness of career opportunities available in construction, through improved careers advice, campaigning, and the introduction of new qualifications to the school curriculum, such as a built environment GCSE.

    c. Consider improvements in accessibility and affordability of training opportunities across age groups to enable career changes to the sector.

    d. Build the further education sector's capacity to deliver construction qualifications to a greater number of learners.

    e. Collaborate with industry to explore how to increase both recruitment and retention of workers.

    f. Encourage improvements in the construction sector's diversity and inclusion.

    g. Work with Skills England and other relevant departments to carry out a full appraisal of construction sector skills and create a detailed plan for improving the construction skills pipeline.

38. Even with measures to attract and train new workers to construction, it will take time to build a skills pipeline that delivers enough qualified and experienced workers for a higher rate of housebuilding. At this stage, the Government will need to ensure there is sufficient skills required for the earlier planning and design stages of the process of building new towns, as well as building the future skilled workforce to deliver later construction phases.

39. In addition to increasing the volume of workers, another method to boost capacity is through productivity improvements enabled by innovation and adoption of "Modern Methods of Construction" (MMC). This can help both reduce labour requirements and help transfer more labour from on-site to a factory environment.

40. A recent CIOB report on MMC in Ireland stated the benefits it could provide to the sector, highlighting that "greater use of MMC offers many potential benefits to those working within the sector and to society at large. It provides opportunities for a more sustainable built environment, better working conditions, and a more productive construction sector that can deliver high-quality homes more quickly than conventional, onsite construction."[6]

41. Successful MMC demands investment in Research & Development (R&D) and manufacturing plants and equipment. This in turn requires potential investors to have confidence that the fiscal and economic environment will support adoption of MMC in the long-term.

42. Significant strides have been made in this direction but, there have also been notable failures, particularly around volumetric production. Recent examples of this are evident in the letter sent to Government by the House of Lords Built Environment Committee following its inquiry into MMC. The inquiry was established following the collapse and closure of several Category 1 MMC (volumetric modern methods of construction) companies during 2022 and 2023.

43. Two quotes illustrate the point. firstly: "… we came away from our inquiry with the impression that the Government had too easily accepted that undirected and nonstrategic investment of public money was the obvious way of providing this assistance."[7] This highlights the need for both greater oversight and a much more clearly articulated strategic approach to encouraging innovation within construction. Although the lack of oversight and strategy is evident across policymaking relating to construction and the built and natural environment.

44. Detrimentally, expedient decision-making has been prevalent compared to long-term strategic approaches towards creating and maintaining the built environment. This in part may be down to the nature of policy announcements within contemporary political systems that are acutely focused on the media cycle and characterised by short-termism.

45. Secondly, the letter said: "we note that undertaking this inquiry has been challenging owing to a lack of a comprehensive dataset on MMC usage." This highlights the need to improve how the industry encourages and facilitates better information collection, collation, and interpretation. This does not simply apply to the future, but to historical use of MMC, as it has much to tell us about failure and success.

[6] CIOB, Modern Methods of Construction: barriers and benefits for Irish housing, May 2025
[7] House of Lords Built Environment Committee, Letter to the Secretary of State for Levelling Up, Housing and Communities on Modern methods of construction in housing, 26 January 2024

46. We are of the belief that the new towns and housing challenge will require a mixture of traditional build and modular to deliver the pace of change that the Government wishes. However, as identified by the Committee previously, the Government and industry must take into consideration previous failures and learn from previous mistakes.

47. Further work must also be undertaken with the financial services sector to ensure that prefabricated homes, or other homes and buildings built through MMC, are eligible for mortgages and insurance in the same manner that brick-and-mortar properties are. We are aware that numerous other challenges exist 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.

48. Finally, new towns offer an opportunity to utilise “geographic clustering” to enable use of MMC and other innovative construction techniques in their development, by offering supply chains certainty and the required scale for viable adoption.

49. There is growing pressure for the construction sector to undergo a major reshaping, changing its focus from lowest cost to highest value, and to increase its uptake of labour-saving technologies. Clustering could prove a critical tool in fostering closer cooperation across the supply chain, creating opportunities for knowledge sharing essential to meet the challenges ahead. Clustering of businesses is seen as positive for innovation and productivity. As part of this, the New Towns Taskforce could explore how to effectively incentivise offsite manufacturing and modular homebuilding to improving industry capacity to deliver the 12 new towns.

50. In summary, it is unlikely that there will be the industry capacity and skills for the 12 towns under construction by the end of this Parliament, in addition to all other construction works planned by the Government. However, there are steps the Government can take to build the capacity to commit to delivering new towns in the years ahead. We recommend the Government undertakes a wider audit and appraisal of construction sector capacity considering its full set of ambitions to increase construction activity in the UK.