

HBF
WORKING FOR YOU



Stewart Baseley,
Executive Chairman

"Latest figures show that over 180,000 new homes were added to the housing stock last year, up 25% year on year. NHBC figures show registrations up 75% since the low point in 2009."

EXECUTIVE CHAIRMAN'S FOREWORD

The election, of course, dominated the political year and housing issues featured prominently throughout the campaign and beyond.

The fact that housing became a significant election battleground showed the recognition that political parties and commentators now have of the need to increase housing supply, a situation we and others have worked hard for many years to achieve.

Both the Coalition and Conservative governments have introduced a series of policies aimed at enabling more homes to be built. HBF has worked with Ministers and officials to develop and implement these measures so that they are workable for the industry.

The introduction of pro-development policies, allied to a positive economic environment, has resulted in a huge increase in housing supply over the past two years or so. Latest figures show that over 180,000 new homes were added to the housing stock last year, up 25% year on year. NHBC figures show registrations up 75% since the low point in 2009.

This progress has been driven predominantly by the larger companies, whose output we estimate to have increased by 60% since the trough. The industry remains committed to delivering further increases moving forward, so that we help meet both Government ambition and housing need – but further policy improvements will be required, not least in terms of the planning system. Creating an environment within which larger companies can continue to grow, but, crucially, also allows smaller companies to play their part, whilst also enabling suppliers of retirement housing, PRS and affordable homes to contribute will be key.

Even on current trajectories we are on schedule for housing supply to surpass 200,000 homes in England within the next two years. This has required a significant commitment from the industry and we have recruited tens of thousands of new people; worked hard to develop the supply chain; and invested heavily in land.

Post-election we prepared a wide-ranging set of policy recommendations, many of which are on the way to being implemented.

Help to Buy is a prime example of how a policy stimulus can successfully deliver growth. We pushed Government hard for its introduction and then worked closely with officials to develop and then implement it. I think everybody accepts it has had a big impact on demand and thus supply and we were keen to ensure we avoided a 'cliff edge' scenario and so persistently lobbied Government for its extension that was subsequently announced last summer.

We have also worked closely with ministers and officials on improvements to the planning system. It is undoubtedly true that the NPPF has led to an increase in the number of permissions granted. But it is also unquestionably the case that it still takes far too long to get a permission to the stage when we can actually start building work. The complexity and cost of the system is a huge constraint on increasing output – and a barrier in particular to SMEs. We therefore welcomed commitments in the Productivity Plan and again in this year's Budget to make improvements, many of which we specifically proposed.

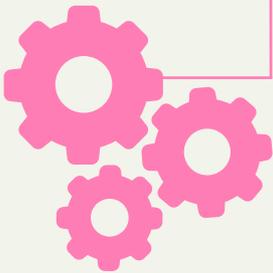
Starter Homes was a key focus. Getting the detail of the scheme right so it targets a different section of the market and is workable will be key to its success. More generally, with the significant ongoing changes in policies surrounding the affordable housing sector, our representations on the implications for housing delivery of social rent cuts resulted in a ministerial letter to local authorities that largely brought the desired effect. Interestingly, with housing associations changing their business models to suit the new environment we saw a big increase in interest in HBF membership from this sector. More generally, membership continued to grow.

Throughout last year we invested a huge amount of time in what was the number one issue on many people's minds – skills. We worked hard to develop initiatives to recruit experienced workers; with CITB on training for non-construction staff; launched a new website aimed at attracting young people into our industry; and in what was the culmination of a huge amount of work, in March this year we launched the Skills Partnership with CITB that we hope will see up to 45,000 new people trained in the coming years. Any further increases in supply are intrinsically linked to our success in this area but we are putting the building blocks in place.

Recruiting more people will also allow us to ensure we continue to deliver high levels of build quality and customer service. Whilst the focus is currently on volumes, we need to be very aware of the need to prioritise customer service and build quality as output increases.

Space doesn't permit me to go in to further detail here but there is more on our work last year and moving forward on the following pages.

On a personal level I would like to thank all our members for their continued support, the staff at HBF and also the board, for their guidance throughout a very busy year. I would also like to welcome Peter Andrew our newly appointed Deputy Chairman who I am sure will play a valuable role moving forward.



MEET THE TEAM



*John Stewart,
Director of
Economic Affairs*

"A healthy economy and continued thaw in the mortgage market, allied to the continuing success of Help to Buy, increased demand for new homes. After the extremely challenging environment of 2008-2011, the improving operating environment enabled housebuilders to continue to grow their businesses and increase output. We worked with Government on Help to Buy and Builders Finance Fund and the HCA on land disposal. We focussed on the development of Starter Homes and Help to Buy Shared Ownership and worked with the FCA and Government on Mortgage Credit Directive's (March 2016) requirements for the administration of second-charge mortgage back books."



*Dave Mitchell,
Technical Director*

"There are a huge amount of issues that impact on our industry with a constant stream of consultations and debates with various Government departments and stakeholders that we have to keep abreast of. In what was another very busy year technically perhaps the issues that most stood out were broadband provisions and SuDS. As 2016 progresses, there is still much to be done on broadband. Working with service providers to ensure homes are connected before move-in date is an absolute priority for house builders and our customers. We worked hard on proposals to change the legislation governing SuDS provision such that it didn't delay work starting on sites, as at one point it threatened to do. More generally, with more people working on more sites, we continue to work with members to ensure personnel safety remains priority."



*Andrew Whitaker,
Planning Director.*

"General Election years are busy in the planning arena as politicians seek to promise to do more on reforming the planning system so that it delivers more housing, helps people house themselves, or increases environmental protection. The closeness of the polls in 2015 meant differentiation in planning policy was a key issue. Influencing election manifesto pledges thus accounted for the first half of the year. Since the election, we have been discussing emerging planning legislation and regulation with the new government, and the myriad of consultations associated with the Housing and Planning Bill as it makes its way through Parliament."



*John Slaughter,
Director of
External Affairs*

"Skills continued to be one of the biggest issues facing the industry in 2015. As companies sought to increase output, shortages of skilled workers from the trades to site managers and many professionals became pressing. HBF research informed initiatives we took on behalf of members to improve skills capacity and also established the need for collaborative solutions to add value to the actions of individual firms. This work culminated in the development of plans for a Homebuilding Skills Partnership to research, develop and implement new interventions which we are delighted has now secured CITB funding so it can go ahead."



*David O'Leary,
Policy Director*

"With an uncertain and potentially messy election outcome expected at the start of the year, our focus in early 2015 was to appeal to all prospective parties of government by establishing the economic and social value of housebuilding and promoting the industry as an important economic driver. This messaging was integrated into our 'manifesto' which set out the measures needed to produce a step change in housing delivery. Following the election of a government which had a clear focus on housing supply we immediately began working with ministers and officials to help deliver on its priorities. This includes the Starter Homes initiative and broadband connectivity, both central to key Conservative election manifesto commitments."



*Steve Turner,
Director of
Communications.*

"Housing issues featured heavily in the media throughout the last year as recognition of the housing crisis became widely accepted and Government made increasing supply a priority. HBF provided frequent quotes, briefings and interviewees to ensure the industry's position was represented as debate raged about planning and demand side policies, volumes, build quality and a range of other issues. Through its various channels – social media, web sites, conferences, member briefings/newsletters/meetings etc – HBF ensured that internal and external audiences were kept abreast of developments from an industry perspective."

HBF COMMITTEES

HBF's committees reflect the day to day work of the in-house policy team. They provide invaluable member feedback on issues or policy implementation that helps to inform HBF in its discussions with Ministers, officials and stakeholders or for industry responses to consultations. HBF is extremely grateful to the people who give their time for committee meetings and especially to the Chairs, listed below.

National Planning Committee – Lee Bishop
National Technical and Sustainability Committee – Dale Saunders
Health and Safety Forum – Paul Haxell
Retirement Home Builders Group – John Slaughter
Careers, Skills and Training Committee – Bruce Boughton
Small Developer Group – Steve Midgley

UEPC represents housebuilder's in the European Parliament and with the European Commission. HBF is represented on UEPC by John Slaughter, Mike Freshney and Terry Roydon, who is currently UEPC President



WORKING FOR YOU

HELP TO BUY

HBF played a central role in the initial development and introduction of the Help to Buy equity loan scheme. We subsequently spent a lot of time stressing the key part the scheme had played in increasing build rates and the need to provide certainty by extending its end date; forward visibility is essential to create the conditions for sustained investment by house builders. We thus welcomed the Government's post-election extension of the scheme to 2021, and also the introduction of Help to Buy London that allows buyers in the Capital to get a 40% equity loan as opposed to 20% across the rest of the country.



IMPACT OF CHANGES TO SOCIAL RENT AND AFFORDABLE HOUSING

Since the election, there have been significant changes to the Government's approach to social housing provision. The definition of affordable housing now includes Starter Homes; Right to Buy has been extended to Housing Association (HA) properties; and large cuts have been made to the rents social landlords can charge over the four years from 2016-17. HAs were consequently pulling out of, or seeking to renegotiate, deals to purchase affordable homes from house builders through S106 agreements. HBF quickly made representations to officials at Downing Street, DCLG and Treasury, and as a result the Housing Minister wrote to local authorities urging them to renegotiate Section 106s with builders speedily and efficiently. HBF will continue to monitor this situation throughout the year.



73,813 properties bought with support of Help to Buy; equity loan scheme
59,871 (representing 81% of total sales) to first time buyers



STARTER HOMES

Initially announced before the election, Starter Homes will allow first time buyers under the age of 40 to buy a new build home with a 20% market discount. We are currently engaged in helping to design a workable scheme which hopefully will allow this initiative to have a major impact on output. HBF set up an expert member Working Group to discuss all the issues and we also sit on the Government's Technical Working Group, ensuring the industry's perspective is fully considered in the development of the nuts and bolts of the policy.

MORTGAGE REGULATION

The EU Mortgage Credit Directive, which took effect in the UK on 21st March 2016, has major implications for house builders' shared-equity loan back books. For several years HBF has worked with the FCA (and FSA previously), Treasury, DCLG, third-party bodies and members to make sure we understand the implications of the Directive.

From the implementation date, back books of regulated loans will have to be administered by a fully FCA-regulated body. It is unlikely many, if any, house builders will become regulated, so house builders needed to appoint a regulated third party to administer their back books.

New loan origination will also have to be done by a regulated body, but the process will be rather more complicated than simply appointing a third party. However with Help to Buy Equity Loan, Starter Homes and the new Help to Buy Shared Equity available to house builders, members have advised us not to take any further action on new loan origination at present, but to keep the situation under review.

PLANNING

Whilst the NPPF is delivering an increased number of planning permissions, it is undoubtedly the case that the planning system remains a constraint on increased levels of house building. Whilst not advocating further wholesale changes to planning policy, we are pushing hard for 'tweaks' to the new system. In 2014 we submitted to Government our 'End to End' paper and then last year submitted a set of policy recommendations covering development management, Local Plans, public land, and other issues.

Since last summer our suggestions have largely been picked up and are now being implemented by Government particularly on: Local Plan requirements for LAs; the need to only establish the principle of development once; office to residential permitted development rights extension; the development of a "delivery test" on LPAs to ensure Local Plan housing targets are met; and the announcement of a further review of the operation of deemed discharge of conditions.

LOCAL PLANS

HBF continues to represent the industry at every Local Plan inquiry to ensure house builders' interests are taken into account as Local Authority plans are finalised. Throughout 2015, the HBF Local Plans team attended 45 public examinations and made representation on over 200 consultation documents. In total we estimate that our interventions added over 60k homes to Local Plan provision.

HBF has also continued to represent the industry at CIL setting schedules around the country. Following representation from HBF about the complexity of CIL and our insistence that it was not delivering on its initial objectives to be fast, transparent and fair, Government announced a review. HBF's Andrew Whitaker is on the review team.

Finally, we worked with the HCA and members to inform their review of their public land disposal processes, and given the potential importance of public land to the total supply of residential land, we continue to work with the HCA.

REGIONAL PLANNERS' SUMMARY

James Stevens - London and South East:

"In the South East, East of England and the London regions the HBF has submitted 62 responses to Local Plan consultations and statements to examinations. It has participated in 14 examinations including the London Plan. It has helped to secure increases of 200 homes more a year in Basingstoke, 250 more a year at Cherwell, 50 more a year in Lewes, 20 more a year at Canterbury, 250 more a year at Arun, 150 more a year in Horsham, 140 more a year in Crawley, and 200 more a year in Swale. It has helped to fight-off West Oxfordshire's attempt to plan for far fewer than the SHMA indicated."

Sue Green - Midlands and South West:

"In the last 12 months HBF submitted written representations on 39 Local Plans in the Midlands and 25 Local Plans in South West. HBF attended 18 Local Plan Examinations (10 in Midlands and 8 in South West). 10 Inspector's Final Reports were issued which increased overall housing requirements by 22,300 dwellings above the housing figures in these Plans as originally submitted."

Matthew Good - North West, North East and Yorkshire & Humberside:

"HBF has responded to 85 Local Plan consultations and attended 9 Examinations. This has resulted in some notable successes including proposed increases to the submitted housing requirements in Cheshire East (33% increase) and Carlisle (13% increase), removal of unviable policy burdens in Pendle and Blackpool, easing of policy constraints in East Riding of Yorkshire and Blackburn with Darwen and withdrawal of the Bury Local Plan. We have also actively lobbied and engaged with Council's, City Regions and LEPs, including playing a crucial role as part of the Housing the Powerhouse campaign within Greater Manchester."



Responses: 211

62: South East, East of England and London

39: Midlands

25: South West

85: North West, North East and Yorkshire & Humberside



Examinations attended: 45



Resulted in around 60,000 additional homes being added to local plan provision.

TECHNICAL

Defra had proposed an extraordinarily complex system for Sustainable Urban Drainage Systems (SuDS) adoption for new home developments, but our representations to Defra, DCLG, Downing Street and Treasury eventually resulted in Defra abandoning the SuDS AdOption Boards (SABs) approach, and implementing a much simpler system for SuDS approval and adoption operated through the planning system.

In its Productivity Plan the Government announced that there would be no further change in Building Regulations requirements for energy efficiency in 2016 and dropped its Allowable Solutions proposals under the zero carbon homes policy. We have long been stressing the need for a pragmatic approach on energy efficiency and demonstrating how adding further requirements to the significant achievements already made would be marginal on a cost/benefit basis.

We also worked with Government on the Housing Standards Review to ensure the best outcome possible. Its implementation from October means the Code for Sustainable Homes will no longer be applicable to new homes.

On the wider regulatory front, we pushed hard for progress on the commitments to cut regulation and associated costs and thus welcomed the announcement in December of a 'Cutting Red Tape Review'. We have worked with members to input fully into this process.

CONSUMER CODE

HBF sits on the Code advisory forum to ensure house builder's interests are represented. We submitted a response to the ongoing review Consultation and are working to ensure that any changes are workable for the industry.

BROADBAND

Over the past year or so we have held numerous meetings with Openreach representatives from the CEO down, alongside relevant ministers and officials from Government. As a result, Openreach are now working to an action plan to reduce the backlog of sites that need connecting and are putting in place measures to provide a more efficient system moving forward.

At the beginning of 2016, HBF, Openreach and the Government signed a new agreement that will see more developments than ever get 'super-fast' broadband.

HBF will continue to work with Openreach and the Government to ensure member developments are properly connected to broadband. We are also exploring other options with other providers.

BUILDING FOR LIFE 12 (BFL12)



In 2016, HBF will be working hard to promote BfL12 as the industry's preferred set of principles for place making, taking the initiative forward to help members promote good design practically and in building relationships with local authorities and communities.

This will involve the creation of a new steering group that will include representatives from house building, local authorities and government.

For the scheme to be successful, we must do more to promote the benefits of BfL12 to LPAs, and as such we will be redesigning the BfL12 brochure and website, and engaging with key LA figures across the country.

CUSTOMER SATISFACTION SURVEY (CSS)

With the increasing focus on quality and customer service, the HBF CSS and star rating scheme has played a key part in measuring industry performance and providing data to rebut negativity. The latest results show the industry's overall scores have stabilised and the levels achieved still compare favorably with surveys in other sectors. To ensure the survey is seen to be as robust as possible, HBF and NHBC will be launching a review of the scheme, details of which will be announced soon.



"85% of new home owners would recommend their builder to a friend"

HOUSING FOR OLDER PEOPLE

The Housing in Later Life campaign has been a particular focus for us over the past two years and we have met with the housing minister to discuss the issue of increasing the provision of retirement housing. Discussions with DCLG and the HCA on means to help our members deliver more have also continued through the year. We are now undertaking further research and policy work, focusing on the full range of older home owners' housing needs.

SMALLER DEVELOPERS

HBF continues to push for measures to help smaller home builders, repeatedly telling the Government that we need 'more players on the pitch' if we are to increase housing output still further. While Help to Buy has been enthusiastically taken up by smaller house builders, we have also: worked with the HCA to improve the Builders Finance Fund and target it more accurately at the business needs of SMEs; always stressed the particular needs of SME house builders in our discussions with the HCA on public land disposals; and proposed a range of planning reforms to assist SME house builders, covering both development management and local authority local plan making, many of which have been accepted by DCLG. Moving forward we are focused on what more can be done to increase access to finance for smaller companies.

SKILLS

HBF has worked closely with members, the CITB and Government on ways to increase industry capacity, including on: a pilot scheme to recruit and train experienced workers; and submitting representations on the Apprenticeship Levy to ensure what we already pay CITB will dovetail with the new levy. We are also working to ensure that CITB's future support is much more responsive to home builders' needs and launched a new £1million training fund exclusively for HBF members to provide enhanced grants to train non construction related staff.

In early 2016 we then launched our new Homebuilding Skills Partnership to drive industry skills initiatives. We will work closely with Redrow CEO John Tutte, who is chairing the board, to develop initiatives such that the £2.7m Partnership, the first of its kind, will hopefully see over 45,000 workers trained by 2019.



We launched our own housebuildingcareers.org.uk new web site aimed at promoting the variety and opportunities of careers in our industry to school pupils, college students and university graduates; and also worked closely with CITB

to develop the house building section of their own new Go Construct site. The house building related geography lesson plans that are on both sites are starting to be used by teachers in schools whilst HBF's free Student Membership offer is increasing in popularity.



DEVOLUTION

This is a key priority for Government and as a result we have tried to assess the implications for housing supply and house builders. On a regional level we have looked to influence local politicians in this regard, in particular in Manchester where we have been the figurehead for the local 'Housing the Powerhouse' campaign; and in the Capital through our London members group.



IMAGE AND CONSUMER ISSUES

HBF has worked hard to provide the industry's perspective on the significant number of media stories that have arisen throughout the year, issuing numerous statements and briefings, and providing people for interviews on TV, radio and across national and local press. We have continued to promote awareness of increases in output; and rebut negative claims on build quality.

In December we gave evidence to the All Party Parliamentary Group (APPG) Commission of Inquiry into build quality and service. The Commission focused on a wide number of issues and it is clear that build quality and customer service is an area the industry needs to continue to demonstrate its commitment to.

The 'Economic footprint of UK house building report' HBF published last year with NLP generated positive messaging about the knock-on benefits of development, creating a lot of interest in the media. Throughout the year HBF then published mini 'Economic Benefits' reports for each region that were widely picked up in the local/regional media.

Our election manifesto and materials produced for politicians during the election campaign ensured housing issues remained at the forefront of candidate's minds.

HBF also produced a series of consumer facing fact sheets highlighting the benefits of new build homes which are now being widely used by house builders.



May 2016 will also see the return of New Homes Week as the industry looks to promote the significant benefits of buying a new home.



Ben Roskrow
Publishing
Director

HOUSEBUILDER

"Housebuilder Media had another successful year in 2015 with strong advertising revenue in Housebuilder magazine and successful events. HBM benefits from its unique position at the heart of the housebuilding industry leading the way in providing business useful information and networking opportunities throughout the year. The core of the business, Housebuilder magazine, continues to provide unrivalled coverage of the many issues affecting the housebuilding industry both on paper and online. Events are flourishing and once again The Housebuilder Awards and the annual Housing Market Intelligence conference and annual report launch were a great success."



The Home Builders Federation (HBF) is the representative body of the home building industry in England and Wales. The HBF's member firms account for some 80% of all new homes built in England and Wales in any one year, and include companies of all sizes, ranging from multi-national, household names through regionally based businesses to small local companies.

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