



The voice of the home building industry



ANNUAL REPORT







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Stewart Baseley
Executive Chairman

executive

2011 proved to be a momentous year for HBF. Housebuilding rose even higher up the political agenda and, as a result of the draft National Planning Policy Framework (NPPF), our industry's issues also rocketed to the top of the media agenda.

A raft of policy announcements such as NewBuy allied with the high profile NPPF debate made it the busiest year many of us can remember. As such it is difficult to encapsulate in sufficient detail in this report the number of issues we dealt with during the year.

Since way before the election HBF, has strived to ensure that the Conservative party was aware of the scale of the country's housing shortage; the difficulties builders encounter operating in a planning system that has not delivered sufficient viable land for two decades or more; and the plight of many whose aspiration to own their own home has been thwarted by the large deposits required to access the mortgage market. In 2011 it became clear the penny had dropped and the Coalition Government meant business.

We saw major legislation such as the Localism Act emerge, and both the Budget and November's Housing Strategy contained a number of measures HBF had been making strong representations about for a long time.

Not least amongst these was NewBuy, a mortgage indemnity scheme to allow new home buyers to secure a 95% mortgage. It was a scheme HBF had been developing together with CML for a number of months, aimed at addressing the growing number of potential purchasers who have been excluded from the housing market since the economic downturn.

Critically, last Autumn we managed to secure Government backing for the scheme. This then enabled an announcement to be made last November as the centre piece of the Government's Housing Strategy.

Before NewBuy could be officially launched however there was an immense amount of complex details to be agreed to finalise a scheme designed to be accessible to as many customers via as many builders and lenders as possible. The task was enormous and huge credit is due to representatives of CLG and other Government departments; the CML; lenders, lawyers, accountants, tax advisers and many others who worked continuously on the project, often late into the night, as we navigated our way through a range of issues and challenges. Credit must also go to the many individuals from members companies who worked with us on the scheme.

Remarkably, just 16 weeks after the scheme was first announced, it was launched in March 2012. NewBuy should be regarded as a

significant success for HBF and the industry. I am confident that over the next three years it will allow many people currently excluded from the housing market to fulfil their dream and lead to a significant increase in sales.

From the very top Government clearly sees NewBuy as a key part of its housing and wider economic strategies. Prime Minister David Cameron joined me on housebuilding sites for both the launch of its Housing Strategy and the NewBuy launch. Treasury was also heavily involved in the measures announced, having established a clear appreciation of the economic boost, in terms of job creation and GDP, that increasing housebuilding can provide.

The Housing Strategy was a clear demonstration of this. At a time when Government was looking to cut spending, the £400m committed to Get Britain Building, a scheme designed to get stalled sites working, and one that HBF helped develop, was very welcome.

Also announced was a commitment to renegotiate Section 106 agreements, something we had been recommending and that fitted in well with the discussions we were having with Government on reducing regulation overall.

The Strategy followed on from March's Budget in which the Government unveiled FirstBuy, a shared equity scheme which we had advocated. In a Budget dominated by austerity measures it was a very positive move and an early indication that Government really was looking to meet its commitment to increase housing supply, address the housing shortage and create tens of thousands of jobs. We worked with them throughout the year to develop the scheme and ensure it was a success.

A very significant announcement in the Budget was a change to the definition of zero carbon so that housebuilders will only be responsible under the policy for carbon emissions relating to matters already covered by the Building Regulations – and not for those from appliances. It was a very positive move and will lead to considerable savings and viability improvements. The Government also confirmed its support for the Zero Carbon Hub's recommendations for Carbon Compliance – on-site reductions – as the starting point for its forthcoming consultation, along with its advice to move to an approach based on the carbon reductions that are achieved in real life, rather than those predicted by models. Throughout 2011 the Hub did a sterling job acting as a conduit between the industry and Government and achieved real progress on a difficult agenda.

Amongst other announcements, the Budget also saw the first details start to emerge of the public land release initiative. After a

chairman's report

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executive

lack of mortgage finance and a functioning planning system, a lack of viable land is the other main constraint on housebuilding, and so such a step was welcome. So too were the commitments in the Budget to make radical changes to the planning system “to support job creation and growth”.

I don't think anyone at that point would have anticipated the acrimonious debate that the implications of such a simple statement would cause.

In May, the Government published its draft NPPF document. In our opinion it was a sensible document that sought to ensure Local Authorities balanced the economic, social and environmental needs of a community when assessing an application and empowered the Local Authority to work with its community – Localism. It also ensured the planning system would maintain all the existing protection for green belt and areas of natural beauty that currently existed.

The reaction and ensuing debate however was extraordinary and surpassed anything I have ever experienced. What should have been a sensible consultation about the most important piece of planning legislation since the 1947 Town and Country Planning Act was turned into a media circus.

The NPPF was interpreted by some as being a developer's charter that would lead to every blade of grass being concreted over, and certain sections of the media lapped it up. *The Daily Telegraph* in particular ran almost daily scare stories about how the proposals would see rural England replaced by Los Angeles style urban sprawl.

It seemed at times that HBF stood alone against the might of the National Trust and the anti development lobby. HBF undertook numerous TV and radio interviews over the Summer in an attempt to address the constant stream of scaremongering claims. We provided regular media briefings and fact sheets and became seen as the “official opposition” as the battle raged into Autumn.

Thankfully the scaremongering tactics did not lead to a Government u-turn and the final version of the NPPF, just published, retains many of the sensible proposals set out in the earlier draft. Now it needs to deliver.

Our quarterly Housing Pipeline reports formed a large part of our argument as to why a pro growth planning system was needed. They continued to show a fall in the number of planning permissions granted across the country, a worrying sign for the future and proof of the need for change.

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chairman's report

As well as the forward looking projections, our Housing Crisis reports told the story of the present; housebuilding, employment and affordability down across the country and waiting lists up. From member feedback, these were particularly welcome and, following media reports in some areas, led to some Local Authority leaders calling me direct to discuss.

In other developments, we saw the first New Homes Bonus payments, another critical part of the Government's incentive driven Localism based system. For me the jury is still out on this and we are going to have to wait until the new planning system in its entirety is in place. However, Government must keep a watching brief. If the incentive is not proving enough it must increase it – and if need be switch to a stick based approach. We will monitor accordingly.

On a positive note, in April we published another fantastic set of Customer Satisfaction Survey results. Some people said the industry couldn't maintain the improvement in satisfaction levels seen in previous years, but we did – and more. In such tough economic times, to produce these results is a superb achievement, demonstrating a commitment to customers across the industry.

Despite these results we continued to attract criticism from some quarters for poor design. RIBA's *"The case for space"* report for example, led to some negative media reporting, focussing on house size statistics in a vacuum without addressing any of the land supply, viability or planning issues behind them. We responded in an appropriately robust manner.

There is more detail on all of the above on the following pages.

Finally, on behalf of all the board, I would like to thank the HBF staff who have worked so hard throughout what was an extraordinary year. We are a small team and so to achieve so much was a great reflection on them.

In addition I would like to thank my fellow Board members for all their support and guidance throughout a challenging year. I would also like to take this opportunity to again welcome Stephen Stone to the board, who joined us in September. His experience will prove invaluable in the years to come as we look to continue to represent you as effectively as possible.





John Slaughter
Director of External Affairs



Tim Collins
Deputy Director
of External Affairs

The year saw housing issues gain a level of political prominence not seen for a number of years. Since the 2010 election HBF has been stressing to Government the scale of the housing crisis and the potential economic benefits of increasing supply. As 2011 progressed, it was clear the penny had dropped.

With the Coalition bedded in and the Autumn 2010 Comprehensive Spending Review settlement behind it, ministers began to give serious consideration as to how it could increase supply and the role private sector-led construction and housebuilding could play in stimulating the economic recovery.

HBF lobbying and public comment on both the social impacts of continuing to undersupply housing and the economic importance of housebuilding in terms of job creation and its multiplier effects via the supply chain and the demand for professional services and consumer goods played an important part in making this case.

Housing was one of the priorities in the first phase of the Government's Growth Review and also featured in the Plan for Growth published at the time of the Budget. It grew in its political importance and profile through the year, culminating in the launch of the Government's Housing Strategy at a HBF member site by the Prime Minister and Deputy Prime Minister in late November.

HBF met the Housing Minister, Grant Shapps, and the Planning Minister, Greg Clark, on a number of occasions and Communities Secretary Eric Pickles spoke at the Spring Policy Conference in late March explaining why the Government had taken measures to support housing supply in the Budget. Grant Shapps spoke at the HBF Annual Lunch in April and stayed on to talk to as many of those attending as he could.

external affairs



Alongside contacts with ministers and senior officials, HBF also met shadow ministers regularly and briefed them on the main issues of interest and concern to the industry. Following changes to the shadow team in the Autumn, we met the new Shadow Communities Secretary, Hilary Benn, and the Shadow Housing Minister, Jack Dromey.

As in recent years, we organised informal discussions with parliamentarians at the main party conferences in the Autumn which were again attended by ministers and shadow ministers. We also held a very successful fringe event at the Conservative Party Conference in association with the NHBC, at which Grant Shapps was the main speaker.

In addition, we began to organise briefing meetings with HBF staff for MPs with an interest in housing as a way of building understanding of industry issues and gauging backbench views and priorities. This proved a valuable initiative which we are continuing and developing during 2012.



The Localism Bill and the draft National Planning Policy Framework were the focus of much of our external affairs work during the year

referendums could not cut across or complicate the normal operation of the planning system. Our representations on this issue were successful with the Government eventually deciding to drop the proposal for local referendums in the light of the concerns expressed.

We also worked closely with other housing and business bodies to support the Government's proposals for the NPPF when these were published in July. The very public campaign of opposition run against the draft NPPF by the National Trust and CPRE meant that it was important to work with others where we could to make the case for positive change and to counter the negative allegations made about developers' wishes. In addition to our media work, we issued a number of briefings to MPs, peers and other opinion-formers and worked with members to promote other ways of mobilising support for the NPPF.

In the Autumn, HBF also gave oral evidence on the draft NPPF to both the Communities and Local Government and Environmental Audit Select Committees.

Another important focus of external affairs work was to ensure that HBF concerns about the implementation of the Flood and Water Management Act 2010 were effectively represented to Defra Ministers and officials and to other key Whitehall departments. This work is continuing in 2012.

Amongst other work, we continued to support the South West Housing Initiative, which organised two successful summits in the Autumn and a new parliamentary group, and worked with Design Council CABE and Design for Homes to explore a future basis for the Building for Life initiative under the new planning system.

Complementing this initiative, we began to publish a series of regional reports drawing attention to the scale of the housing supply shortfall and the consequences in terms of lost jobs and investment in not increasing the level of building.

We also published a second Broken Ladder report setting out just how difficult it had become for aspiring first-time buyers to save for the level of deposit required to enter the housing market and making the case for a mortgage indemnity scheme.

The Localism Bill and the draft National Planning Policy Framework were the focus of much of our external affairs work during the year.

The Bill was finally enacted at the end of 2011, but not before some lengthy debates on key provisions. HBF worked with other housing, business and trade bodies to make joint representations to MPs and members of the House of Lords on key provisions of the Bill – including ensuring that the proposed introduction of local

The mortgage market remained a dominant influence on the housing market in 2011. Net lending showed no sign of recovery, with the 2011 annual total equivalent to one month's lending in 2006 and 2007. First-time buyer numbers were stalled at exceptionally low levels. The median first-time buyer LTV improved a little, but the deposit gap remained a major barrier. Housing Minister, Grant Shapps, held two First-time Buyer Summits during 2011, bringing together a range of stakeholders.

Home builders received an unexpected boost in the March Budget when the Chancellor announced £250m for FirstBuy, a shared equity scheme designed to help bridge the deposit gap.

The mortgage market was a major focus for HBF in 2011. We had numerous meetings with the CML and individual lenders, as well as with insurers and brokers in the search for a viable mortgage indemnity scheme. We were approached by a steady stream of hopefuls with proposals to solve the deposit gap.

The first significant step towards a solution was Stewart Baseley's April letter to the CML and the major lenders suggesting that HBF and the larger home builders work with the CML and its larger members to devise a common, industry-wide indemnity solution.



John Stewart
Director Economic Affairs

The second important step was our September decision to make a joint HBF/CML approach to Government to see if it would become involved. On 21st November, in its Housing Strategy, the Government announced £1bn support for an indemnity scheme that eventually became known as NewBuy. A number of senior industry executives have described NewBuy as a "game changer". HBF's cautious working assumption is 25,000 NewBuy sales by March 2015, but numbers may be substantially higher.

The Housing Strategy contained a number of other measures, most notably Get Britain Building, a scheme to fund housing sites that are stalled because of a lack of development finance.

HBF continued to work closely with the Homes & Communities Agency (HCA) during 2011, organising regular Kickstart and

economic affairs



Affordable Housing meetings between our member working groups and HCA officials. We also set up new working groups to deal with FirstBuy and public land disposal. The focus of all these discussions is to inform home builders about the operation of the various public sector initiatives and to keep each initiative's performance under constant review.

The Government did not make any progress on the burden of regulation in 2011. Despite a strong commitment to reducing the cost burden on home building, in reality we have seen increased national regulatory costs from the 2010 changes to Part L of the Building Regulations and the measures flowing from the Flood and Water Management Act. Even more worrying, central Government is continuing to look at new areas of regulation.

A number of senior industry executives have described NewBuy as a "game changer"

However we hope we are making some progress on the cost burden imposed by Local Authorities. HBF opposed the Government's idea of a Local Standards Framework. However we persuaded central and local government to institute the Local Housing Delivery Steering Group, chaired by Sir John Harman. This is working towards producing advice for local authorities on viability testing of local plans and on rationalising local standards. Local plan viability testing will help constrain local authority policy and standards demands.

We continued to work with lenders and valuers in 2011 to improve new home valuation practice. We persuaded the lenders to abandon a proposal to require a "valuation pack" for every new home sale. In addition, Nationwide's decision to bring its new home valuation policy into line with the policy of other major lenders was very welcome.

HBF discussions with the FSA and HM Treasury helped persuade the Treasury to postpone bringing the regulation of second-charge mortgages, used in shared-equity sales, under the FSA.

HBF held a special seminar jointly with the HCA to inform members about the outcome of the HCA's Private Rented Sector Initiative (PRSI). HBF also held several discussions with HM Treasury about the private rented sector.

We helped our European body, the UEPC, to formulate a response to a consultation on the Directive on Credit Agreements Relating to Residential Property, liaising with HM Treasury and the CML.

During the year, we made a number of conference presentations on the economy, housing market and new home building, including at several HBF member events. We maintained close contact with a range of key organisations, including the Bank of England, Treasury, DCLG, NHF, RICS, CML, BSA and PINS.





Dave Mitchell
Technical Director

The year proved an extremely busy one on the technical front, with a number of very significant consultations affecting the industry's business climate taking place.

A major set of issues throughout the year – and which is continuing into 2012 – concerned the implementation of the Flood and Water Management Act 2010.

The lead department in government, Defra, struggled with the complexities of this emerging regime and this resulted in continuing delays in the originally proposed timetable.

The original commencement date of 1st April 2011 for the transfer of existing private drains was deferred to 1st July due to the confused state of affairs with the automatic transfer taking place on the 1st October 2011.

Similarly, the public consultations for both the Mandatory Build Standards for private sewers and Sustainable Urban Drainage (SUDS) Standards which had been due out early in the year were not finally released until mid December.

The proposals in these consultations themselves raised serious concerns for housebuilders, including the scale of proposed additional bonding entailed.

Given the extent of our concerns surrounding the Flood and Water Management Act, HBF wrote to both Defra and DCLG Ministers during the year seeking their assistance in clarifying and resolving a number of issues that threatened to adversely affect housing delivery.

A second major focus of work involved prospective changes to Part L of the Building Regulations and the next steps towards the future zero carbon performance standard.

March saw the Budget remove unregulated emissions from the definition of zero carbon, something HBF had been pushing strongly for. Zero carbon regulation for new homes is now based solely on energy used for heating, fixed lighting, hot water and building services.

Also in March DCLG held a meeting surrounding the review of Part L. This centred on the Government's priorities with regards to the Climate Change Act, the carbon plan, the Budget and zero carbon. DCLG also talked about the need to balance these objectives against the growth agenda and deregulation. The aim of the meeting was not only to establish where regulations needed to be changed but also where unnecessary or duplicated regulation could be stripped away.



technical



To look at the numerous issues arising from Part L, four groups were set up and tasked with reporting back to BRAC and DCLG. HBF was represented on two of these groups. As a result of this and a number of other related work streams that HBF was involved in, a consultation package was due to be released in the Autumn, however it did not eventually appear until January 2012.

The Building Regulations minister, Andrew Stunell, set out his particular wish to ensure that required performance standards under Part L are achieved in practice. In early February he convened a meeting which HBF attended to discuss issues connected with Building Regulations compliance at which the main focus was on Part L issues. The issues do, however, relate to the implementation of the Building Regulations as a whole.

The minister's interest in this issue also highlighted that one of the critical issues with regards to Part L concerns the SAP software that is used by assessors to calculate emissions and to demonstrate compliance with Part L. Because of ongoing concerns over the software, in early 2011 HBF set up a SAP forum to look at all aspects of the calculation tools available to SAP assessors. The two resultant reports have been sent to the relevant Government departments. They show that there are indeed areas within SAP that need attention and which are not accurate. The intention was that this would inform DECC in its preparation of the SAP consultation which was released in December.

Away from Part L, HBF gave evidence to DCLG in conjunction with the Home Office on security standards in domestic properties.

Also during the year Ofgem's Guaranteed Standards document was released. This gives the district network operators some 19 standards that they are required to adhere to. This is something HBF has been pressing for and we should, once these standards bed in, see an improvement in performance levels. HBF will now be pushing for this to be extended to other utility providers.

HBF and BT agreed a new Service on Demand agreement during the year. This updated the old agreement and also now includes fibre installations. There is also a checking mechanism to ensure that the companies claiming the benefit on this agreement are HBF members.

The HBF Sustainability Group, which was established in 2010, met three times during the year. The remit remains to look at sustainability issues and communicate them to the wider membership.

In July, HBF held its first National Utility conference in Wigan. Delegates received presentations from various sectors of the utility industry and were able to look at products on show from utility suppliers at the exhibition attached to the conference.

The National Technical conference took place in November at Austin Court in Birmingham. The conference, entitled "*The shape of things to come*", looked at the technical issues currently facing the industry and indeed those on the horizon. There were presentations on Part L and other sections of the Building Regulations as well as the Flood and Water Management Act from a range of speakers representing, amongst others, DCLG, NHBC, Robust Details and a number of major housebuilders.



Andrew Whitaker
Planning Director



James Stevens
Strategic Planner
for the Regions

2011 will go down in history as a hugely significant year for planning policy and one when planning issues became the focus of national debate.

The key policy development concerned the Localism Act. Enacted in November it dominated the year as HBF and all of those involved with local government and planning set out their own views as to how the Government's vision of delegating power to the lowest practicable level would pan out.

Chief among these was the revocation of the Regional Strategies (RS), the key part of which was the Regional Spatial Strategy and the District by District housing provision numbers therein.

In a legal battle that rumbled on throughout the year focused on its Barton Farm development, CALA Homes challenged Secretary of State Eric Pickles' attempts to rescind the "top down" RS, winning a number of significant legal victories.

The fallout from the Secretary of State's actions and the subsequent legal wrangling created considerable confusion amongst both developers bringing sites forward under the provisions of the RS and those Local Authorities which believed that the revocation of the RS gave

them scope to prepare plans using any housing figure that they wished. Of course, a critical part of the Localism Bill was the introduction of the Duty to Co-operate between authorities and the need for plans to be based on robust evidence. The ensuing confusion led to a very turbulent year with seemingly random decisions being made at both the development plan level and in association with individual planning applications.

planning

Throughout the year we sought to be reasoned, pragmatic and, above all, balanced in our views



But if the Localism Bill created confusion and debate it was nothing compared to the debate surrounding the proposed National Planning Policy Framework (NPPF), the policy statement to replace all existing Policy Guidance Notes (PGNs) and Policy Statements (PPSs). The planning minister asked an advisory group of four people – a housebuilder, a planning consultant, an environmentalist and a local councillor – to let him have its thoughts on how to ensure that this single document could both streamline existing guidance and strike a practical balance between the need for economic growth, social goods and environmental protection. The Government's subsequent consultation draft of the NPPF taking on board the advisory group's thinking and suggestions made by a wide range of interested parties including HBF caused the biggest row of the year, propelling planning issues on to the front page of every newspaper.

While the planning minister was frequently saying that he wished planning was talked about more, he certainly had not envisaged the amount of coverage he received over the draft NPPF.

The debate over the draft document drew a huge response from the anti-development lobby with the Campaign to Protect Rural England and the National Trust (which discussed it at its AGM) being particularly outspoken against the proposals.

HBF was at the forefront of the debate, pushing hard both publicly in the media, through the official consultation process and in the regular meetings we hold with ministers, working as an industry trade body for a pro-growth final document.

The official NPPF consultation process generated 16,500 responses, half of which were standardised campaign generated duplicates. This left Government officials with a huge task. This final document was subsequently published in March 2012.

Even with the publication of the final document, that whilst keeping many of the vital "pro growth" elements did give some concessions to the environmentalists, it is likely that there will be many more battles to come. It will take some strong Government decisions to show those who do not want change and seek to use the planning system to stop development that the vision has changed – that planning must be used to manage change, not prevent it.

Aside from these major issues, HBF continued to engage on other issues of importance throughout the year. These included Government consultations on locally set planning fees (yet to be implemented); proposed changes to the Town and Village Greens Registration process; and the more detailed parts of planning legislation such as the necessary regulations for neighbourhood planning, community infrastructure levy and the associated guidance that inevitably accompanies change. We also continue to represent members locally through our regional meetings and representations and appearances at the relevant stages of development plan production.

During such a turbulent year it has been the role of HBF to ensure that we both contribute to the debate and keep members informed of policy developments. It is often harder to ensure that drafts do not get changed in response to some very vocal opposition or that important areas of policy and legislation do not get overlooked when the focus is on only a small number of clauses in a Bill or paragraphs in a 50 page Framework. Throughout the year we sought to be reasoned, pragmatic and, above all, balanced in our views. We, like the industry, must listen, debate and adapt, ensuring the planning system remains usable and delivers the framework the industry needs to prosper in the future and deliver the homes the country needs for the future.



media



Steve Turner
Head of
Communications

The year proved an extremely busy one for HBF's media team as housing issues became the focus of national debate.

HBF senior management team made regular appearances on news broadcasts and current affairs programmes to ensure the debate was balanced and the industry's perspective was heard.

In the print media too HBF became the recognised voice on a range of issues.

The NPPF debate in particular propelled HBF into the spotlight as we sought to address the anti-development rhetoric of powerful lobbying organisations such as the National Trust and CPRE. HBF forcefully put forward the case for a pro growth planning system that would allow the homes needed to be built.

As the debate raged over Summer, HBF directors became regulars on the main TV news broadcasts on the BBC, ITN and Sky as well as flagship radio programmes such as the Today Programme and more consumer focused programmes such as The One Show.

Whilst *The Daily Telegraph*, with its "Hands off our land" campaign, sided unashamedly with the anti-development lobby, HBF ensured there was a level balance across the rest of the media. By supplying

a constant stream of quotes, statistics and reports such as our "Fact not fiction" briefs, HBF became the front for one side of what became an increasingly hostile debate, featuring in and, in some cases, generating numerous prominent national newspaper articles.

Throughout the year HBF issued a number of reports that ensured housing remained in the public eye and emphasised the need for government action and more housing.

The quarterly Housing Pipeline reports demonstrated how planning permissions were falling and allowed HBF to demonstrate the need for a more efficient planning system. They were covered extensively in the national, regional and trade press and have become an anticipated barometer of progress on housing delivery.

We also issued a series of Housing Crisis reports to demonstrate the social and economic impacts of the undersupply of housing. Initially these were focussed on specific urban areas such as Leeds, Brighton and Kirklees where there was a particular housing issue or in response to member requests. They led to prominent articles in the local media stressing the implications of the housing shortfall. The reports were then broadened out to regional reports that allowed HBF to target a wider media audience. The first regional report was for the West Midlands and resulted in a five



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HBF ISSUES A SERIES OF 'HOUSING CRISIS' REPORTS TO DEMONSTRATE T

& communications

minute piece at the top of the regional BBC news and coverage in numerous local papers across the region. This was followed by a similar exercise in the south east, and more are planned for 2012.

In October we issued a second Broken Ladder report to highlight the difficulties faced by first time buyers in saving up a deposit for a new home. The report featured prominently in the media including on ITN's main news programmes and included an interview with the case study provided by HBF who talked about the need for government action.

Broken Ladder appeared just before the Government's Housing Strategy was announced which featured a range of measures aimed at boosting housebuilding including the flagship NewBuy announcement, a scheme HBF has been instrumental in developing. HBF worked closely with Government on the strategy launch, which resulted in the measures headlining every news broadcast and featuring on every national newspaper front page, all featuring HBF commentary.

Throughout the year HBF issued regular reactive statements responding to Government announcements or events such as the Budget, or when relevant statistics were released. We also issued proactive statements or reports to highlight certain issues such as

how much housebuilders had invested in shared equity schemes. HBF's website continued to be a source of information for various sources and is regularly updated. HBF also increased our usage of social media and we are now followed on Twitter by several thousand people and post regular blogs.

The NPPF debate in particular propelled HBF into the spotlight as we sought to address the anti-development rhetoric of powerful lobbying organisations such as the National Trust and CPRE

HBF's senior management team are recognised as experts in their field and we provided speakers for a range of high profile events and conferences. HBF's own conferences proved as popular as ever. The Policy Conference and Housing Market Intelligence conferences attracted top level speakers and were extremely successful, as were the more social events, the annual lunch and Golf Day and the Annual Ball.

THE SOCIAL AND ECONOMIC IMPACTS OF THE UNDERSUPPLY OF HOUSING BREAKING



Richard Price
Planning and Policy
Adviser, Wales

The 2011 election was the major political event of the year.

In advance of the election HBF had intensified its work both with the Government and the other political parties to increase the focus on housing and delivering solutions to industry issues. We worked closely with ministers and officials in order to ensure in particular that they recognised the important link between housing delivery and development viability. HBF issued a manifesto that highlighted the level of the housing shortfall and the steps needed to address it.

Throughout the second half of 2011 HBF then sought to develop dialogue with the newly elected Welsh Government and new Ministers in order to ensure they were fully aware of the extent of the housing crisis in Wales and developed policies accordingly. HBF made it a priority to ensure national policy recognises the need to increase the provision of new homes and to release more land for development

HBF was actively involved in all aspects of Local Development Planning (LDP). Our evidence at LDP Examinations played a key role in ensuring the Planning Inspectorate takes a tougher line on local authorities attempting to reduce housebuilding rates. We also fought hard to reduce local planning regulation and to ensure local authorities recognise how the cumulative impact of regulation can have a damaging effect on land values and development viability.

On the supply side, HBF continued to press the Welsh Government for initiatives to help the housing market in Wales. This included pushing for the introduction of the NewBuy scheme, a decision on which will be made in 2012. Whatever the outcome, HBF will continue to pressure the Welsh Government to improve access to mortgage finance in Wales for all potential home purchasers, particularly first time buyers.

With environmental issues at the fore, HBF ensured the Welsh Government was aware how any changes to the sustainability agenda could compromise the ability of our members to invest in developing homes in Wales. In terms of the proposed changes to Part L of the Building Regulations, HBF played a key role in the initial consultation stages and we are now gearing up to take a lead role in the main consultation, which is due to take place in Spring 2012.

Technical Issues

2011 saw the Welsh Government fully devolve Building Regulations to Wales. In order to facilitate any future alterations to the regulations, a new Building Regulations Advisory Committee for Wales has been launched and we have secured a key HBF member on the panel. This appointment will ensure the industry is properly represented and will provide the necessary conduit to enable our members to influence any future proposed changes to Building Regulations.



HBF continued to press the Welsh Government for initiatives to help the housing market in Wales

Wales

Wales Construction Federation Alliance (WCFA)

In order to strengthen the voice of the construction industry in Wales, HBF formed a “working alliance” on issues of mutual importance with the Federation of Master Builders, the National Federation of Builders and the Civil Engineering Contractors’ Association. The Alliance was formally launched by the Business Minister Edwina Hart in November and has already made significant strides in ensuring the construction industry is properly represented at a national level.

new homes marketing board

2011 proved to be another challenging year for UK housebuilders. Sales and output continued at a relatively consistent level to the previous year, with mortgage availability remaining the biggest constraint to increasing supply.

Within this environment NHMB continued to look for ways to promote the industry to consumers.

As part of this, NHMB concluded an agreement with Smart New Homes for it to take over the operation of the new-homes.co.uk website. The deal included a redevelopment of the site such that it could operate on Smart's own support system and resulted in hugely enhanced functionality and appearance. It also led to significantly reduced overhead costs for NHMB.

Following development of the site throughout the Spring and Summer, a relaunch of the site took place in September. The site now incorporates not only the display of developments by most of the major and regional housebuilders but in addition has a considerable library of information related to all aspects of purchasing property and associated matters.

The site has been designed so that all relevant generic industry and housebuilder specific information can be uploaded. The intention is to allow members a real opportunity to promote their individual developments and the benefits that each has to offer.



David Bryant
New Homes
Marketing Board

We have already seen new housebuilder members register on the site and trust that the site will be a new valuable source of purchaser interest.

NHMB also continued its practice of undertaking a YouGov survey around people's perceptions of the housing market that resulted in a number of positive media articles. These results are published on the website and are invaluable media statements about the demand that exists for new homes.

In October NHMB, along with the Zero Carbon Hub, worked in conjunction with Housebuilder Media to produce a supplement *The road to zero carbon* that was distributed with *Housebuilder* magazine. The supplement was a guide to explain the progress made and next steps, and has since been distributed at a number of conferences and events.

Whilst continuing our campaign to promote new homes, NHMB has also extended its activities to engage more fully with its supplier membership. This included the NHMB's first housebuilder/supplier forum in October where a number of suppliers were able to present their new products to the industry and to gain direct feedback from their potential housebuilder customers. The event was a great success and more are planned for 2012. The initiative is aimed at driving an increase in supplier membership.





Ben Roskrow
Publishing Director

Housebuilder Media had a successful year in 2011 with revenues improving across the board as the firm continues to lead the way in providing the housebuilding industry with business useful information and networking opportunities.

The core of the business, *Housebuilder* magazine, remained ahead of the field in its unrivalled coverage of the many issues affecting the housebuilding sector. The magazine analysed key developments in the industry, including the debate over the National Planning Policy Framework, the New Homes Bonus, the Housing Strategy and the road to zero carbon. Advertising revenue in the magazine continued to rise, rebuilding after the difficulties of the industry downturn.

Housebuilder Media's important online presence increased, with the website www.house-builder.co.uk attracting nearly 9,000 registered visitors to its variety of news, blogs, jobs and event information. The website and digital media are now attracting significant revenue to the business.

Events go from strength to strength. The HBF Policy conference in March was addressed by Communities Secretary Eric Pickles as well as CBI Director General John Cridland and attracted a large audience. Also in the Spring HBM organised, marketed and delivered the first Zero Carbon Hub annual conference in London.

In October the annual Housing Market Intelligence conference also proved popular as delegates signed up to hear debate and discussion on the ever widening range of issues that face the industry. The HBF Planning and Technical conferences were well attended and successfully delivered.

The Housebuilder Awards were again sold out in the Autumn and the accolades were handed out by presenter and comedian Alexander Armstrong. Large Housebuilder of the Year went to Barratt Developments and William Lacey Group took the small to medium housebuilder award.

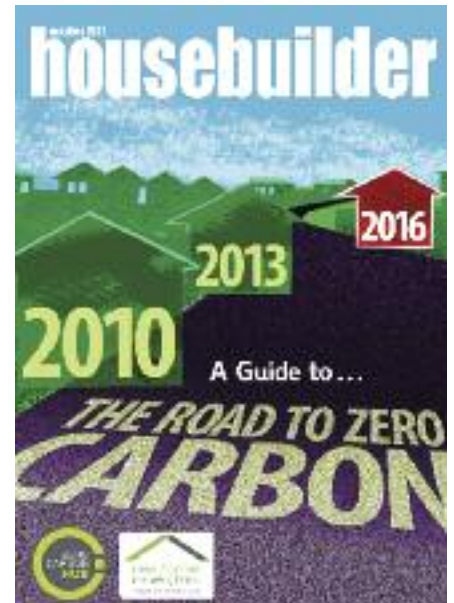
housebuilder media



Once again HBM organised the AGM for HBF in May as well as the Golf Day in the Summer and the Ball in December.

The success of the Housebuilder Media team in developing the various arms of the business – paper, online, face to face, contract – and building the business back to strength was recognised in 2011 with a major national award. Housebuilder Media was named Team of the Year in the Professional Publishers' Association Independent Publisher of the Year Awards 2011, and several members of the team attended the ceremony at London's Vinopolis to pick up the trophy on behalf of all the HBM staff.

Housebuilder Media was named Team of the Year in the Professional Publishers' Association Independent Publisher of the Year Awards 2011



committees

National Technical Committee

We entered 2011 still waiting for the Government to provide an acceptable definition of zero carbon. This subsequently came along later in the year since when it has had a major influence on the work of the Zero Carbon Hub and, of course, the next iteration of Part L.

In many respects a substantial part of our technical year was spent dealing with the fallout from the Flood and Water Management Act 2010. The automatic transfer of private sewers, to be followed later in the year by two key consultations that would introduce profound changes in the way we design, construct and manage drainage and sewerage infrastructure, took up a significant part of our time and resources. That said, by continuing to question the effectiveness and practicality of Defra's proposals, we were able to exert some influence in terms of how the transfer of private sewers was to take place and with minimal impact on HBF members.

Interspersed amongst all of this were planned changes to the planning system, changes to the Building Regulations, a further update of SAP, changes to the environmental permitting regime, and, for added spice, changes in the contaminated land regime. In the latter case we saw the Government reverse its decision of earlier in the year concerning the abolition of contaminated land tax relief. Indeed as we approached the last quarter of 2011, we were confronted with some 14 separate public consultations from almost every conceivable body that had some influence over the provision of new housing and development in general. These ranged from a light touch review of certain parts of the Building Regulations, to in depth consultations that would have widespread repercussions for the industry's future, typically Part L, SAP, the MBS, the SuDS Standards and an Ofwat consultation that set down proposals for the future charging structure for new connections. In addition we had our response to the Gray Review and the Water White Paper dealing with flooding and surface water drainage in general, reflecting a diverse range of issues successfully dealt with by the committee. However 2012 promises even more consultations and yet more dialogue with Government departments, including HM Treasury, concerning a number of profound technical issues.

Steve Wielebski

National Technical Committee Chairman

Health & Safety Committee

The committee met four times throughout 2011. The meetings were held at different member company offices and attended by HSE and NHBC representatives.

The meetings are chaired by elected members who sit for a two year term.

Internal sub groups are formed from the main committee to consider specific aspects of health and safety that have, or will have, a direct effect upon member companies' operations. These groups then report back to the main committee. Members from the committee also work externally with other interested stakeholders/partners, including the HSE, CONIAC, Utilities and the UK Timber Frame Association.

As an extension to the collection of accident data on injuries reported in accordance with RIDDOR, we modified our approach to include more detail on "slips, trips and falls" to better understand the underlying factors and help identify preventative actions.

In addition, due to the concerns on timber frame and fire, we started to collect details on fires, including the contributory factors for causation.

Improving standards, with particular reference to the work of utility contractors, has been tackled by the development of a Code of Conduct, endorsed by the HSE, supported by the group and now available on the HBF website.

One major contribution to improve health amongst the work force includes the combined efforts of the group, in raising issues on dust inhalation and the requirements for face fit testing for respiratory protection.

Health and Safety is embedded in everything we do. It is intended that all the work of this committee provides members with sound and practical guidance, particularly from sharing good practice and learning events, which they can then implement in their day to day activities.

David Hickman

Health and Safety Committee Chairman

Planning Committee

With the evolution of the Localism Bill and the publication of the draft NPPF, the HBF National Planning Committee has been as lively as ever during 2011. Discussion over the practical implementation of the new legislation and policy has tried to focus on how to deliver sites capable of implementation in such turbulent times.

Detailed discussion over the need for a consistent approach towards viability assessment, the evidence base for housing requirements and detailed proposals for the community right to buy and build have all generated considerable debate at committee meetings. The HBF responses to Government consultations on these detailed issues and the wider legislative framework above are formulated through the national committee drawing extensively on the views and evidence of members around the country.

The move towards localism means that HBF is well placed to draw on practical examples and experience through our network of regional planning forum and meetings and I am grateful to the many HBF members who continue to support these meetings in increasing numbers. As we move forward into a world of community engagement and locally based policy requirements it will be vital that members' experiences are fed back through HBF in order that the full impact of the change of direction introduced by the new Government can be monitored and reported fully and fairly.

Through the committee and around the country it is vital that we learn, and learn quickly, what works, what does not and what might work better if there was more guidance from central Government. The legislation is just the start of localism. The challenge for the year ahead is to make it work.

Lee Bishop

National Planning Committee Chairman

Careers, Skills & Training Committee

The Committee met regularly through the year and increasingly operated as an electronic forum outside meetings in order to inform HBF policy and representations.

Against the background of the impending renewal of the CITB Levy Order, members contributed to an active discussion on how housebuilders could achieve a better return on their Levy payment in the form of grant for staff training and other support.

The Committee has particularly focused on whether more grant support could be made available for the training of sales and marketing staff. CITB-ConstructionSkills recognised the strength of this wish in view of the importance of such staff to the industry and the new demands being placed on sales teams by changes to regulation and the market climate. Discussions are continuing and we are exploring a number of possible routes for providing more financial support in this field.

Views were also fed into a review of a number of technical issues relating to the Levy Order's operation that was chaired by HBF's CITB-ConstructionSkills Board representative, Derek Field of McCarthy & Stone.

More generally there was an opportunity to seek changes to the level and range of CITB grant available as the balance of the Levy-Grant scheme's finances improved during the year. Members have particularly sought an improvement in the level of achievement grants for completing vocational qualifications.

Other discussions have involved the development of new online systems for accessing CITB-ConstructionSkills support and the Committee has continued to monitor the progress of the Qualifying the Workforce initiative adopted by Major Home Builder Group companies.

During the year, HBF was also successful in securing CITB financial support for the development, led by NHBC, of an online future skills portal and to run further Nearer to Zero events for developers and planners. The portal will provide details of training available to help all parts of the industry gear up for future skills challenges.

John Slaughter

Acting Careers, Skills and Training Committee Chairman

UEPC

During 2011 the UEPC entered into its agreed trial alliance with the European Property Federation (EPF) with a view to a possible merger if UEPC members judge the trial successful.

Alongside this trial, the UEPC also sought its members' views on what services and issues a European trade body could provide that would add most value for them.

A strong view advanced by HBF, and shared by other members, was that there needed to be a clear focus on residential development issues as part of the trial alliance with the EPF. As a result it was agreed to establish a new Residential Committee. This is being Chaired by HBF Board member Mike Freshney and met fully for the first time in early 2012.

In the light of the continued ramifications of the global financial crisis we have ensured that UEPC/EPF makes necessary representations in partnership with other European trade bodies on proposals for a new EU Directive on mortgage regulation. It is important that any new EU rules do not cut across the UK regulatory regime for mortgages or prevent a full range of mortgage products being available to the market.

Other significant areas of activity and interest have included the latest EU discussions on possible changes to the VAT rules and several areas of environmental legislation. On the latter, HBF has participated in the work and policy formulation undertaken by the EPF's Energy and Environment Committee on the implementation of the Energy Performance of Buildings Directive (which sets the objective of near zero energy buildings by 2020) and in the negotiations on the proposed new Energy Efficiency Directive. Later in the year discussions also commenced on possible European legislation relating to water efficiency in buildings.

John Slaughter

**HBF is represented on UEPC by Terry Roydon,
Mike Freshney and John Slaughter**



HBF Ltd Board



Stewart Baseley
Executive Chairman



Paul Pedley OBE
Hon. Treasurer



Stephen Stone
*Co-Option,
Crest Nicholson*



Mike Freshney,
*Co-Option,
Cala Homes*



Andy Yallop
*Co-Option,
Croudace Homes*



Mike Gaskell
*Co-Option,
Morris Homes*



Malcolm Harris
*Co-Option,
Bovis Homes*



Neil Fitzsimmons
*Co-Option,
Gladedale Group*



Philip Davies
*Co-Option,
Ashill Developments*

HBF Team

John Slaughter	Director of External Affairs
Tim Collins	Deputy Director of External Affairs
John Stewart	Director of Economic Affairs
Dave Mitchell	Technical Director
Andrew Whitaker	Planning Director
Steve Turner	Head of Communications
Michael Powell	Finance Director
James Stevens	Strategic Planner for the Regions
Richard Price	Planning and Policy Adviser, Wales

finance



Michael Powell
Finance Director

The push to increase membership that started in 2009 continued to bear fruit, generating £132,000 of additional income during 2011 to support the activities of HBF. This has enabled us to hold our subscription scale rates at 2010 levels during 2011 and 2012 with the exception of a small increase in the minimum subscription rate. The increase in full housebuilder membership subscriptions was slightly diluted by the loss of a small number of associate members.

Interest received in the year was boosted by the decision taken in late 2010 to invest surplus funds for periods of 12 and 18 months. The fall in income from External Affairs Consultancy reflected lower funds committed by the CITB to the Qualifying the Workforce initiative.

Overheads increased by £168,000 largely due to increases in staff and property costs. Staff cost increases were driven by higher national insurance charges and the full year cost of staff recruited during 2010. Property costs were inflated by 20% increases in council tax as a result of the reduction in transitional relief introduced with the revaluation of properties in 2010.

The net impact of these changes to income and costs is that we have been able to reduce the deficit during 2011 by £38,000 to £6,500.

On 11th May 2010, the Pension Protection Fund validated the section 120 notice which means that, based on the information provided, the scheme is eligible to enter an assessment period during which time all data held by the scheme will be reviewed for accuracy. No significant costs for pensions advice were incurred during the year but the possibility remains of future costs.

2012 is likely to be another difficult year for the industry. However, due to the recent policy successes, there has been an increased awareness of HBF's activities and this in turn has led to a further increase in membership.

In spite of the difficult trading conditions being experienced by our members, it is pleasing to report that subscription renewals for 2012 have started extremely positively with more than 90% of the subscriptions due having been received during the first three months of the new financial year.

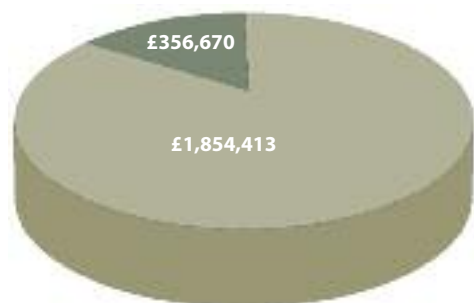
INCOME	2011	2010	Incr/(Decr)
	£	£	
Subscriptions	1,854,413	1,721,922	132,491
Other Membership Income	122,867	141,500	(18,633)
Interest & Dividends	45,029	19,269	25,760
Management Charges	76,492	81,358	(4,866)
External Affairs Consultancy	45,200	60,200	(15,000)
Programme Contribution	65,000	65,000	0
Other Income	1,226	1,605	(379)
Events Programme			
Income	162,828	131,297	
Expenditure	(161,972)	(137,630)	
Net Income \ (Expenditure)	856	(6,333)	7,189
Total	2,211,083	2,084,521	126,562

Due to the recent policy successes, there has been an increased awareness of HBF's activities and this in turn has led to a further increase in membership

& membership

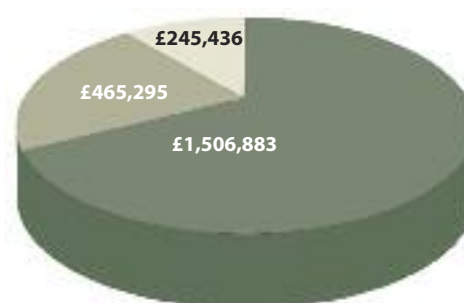
EXPENDITURE	2011 £	2010 £	Incr/(Decr)
Corporate Activity	1,506,883	1,427,083	79,800
External Affairs	465,295	397,253	68,042
Planning	245,436	224,670	20,766
Normal activities	2,217,614	2,049,006	168,608
Provisions		80,000	(80,000)
Total	2,217,614	2,129,006	88,608

SURPLUS\DEFICIT BEFORE TAX	2011 £	2010 £	Incr/(Decr)
Income from normal activities	2,211,083	2,084,521	126,562
Expenditure on normal activities	(2,217,614)	(2,049,006)	(168,608)
Surplus from normal activities	(6,531)	35,515	(42,046)
Provisions	0	(80,000)	80,000
(Deficit) / Surplus before tax	(6,531)	(44,485)	37,954



INCOME

- Subscriptions £1,854,413
- Other £356,670



EXPENDITURE

- Corporate £1,506,883
- External affairs £465,295
- Planning £245,436



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