



HOME BUILDERS FEDERATION



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EXECUTIVE CHAIRMAN'S REPORT

It is difficult to exaggerate the significance of the past year for the home building industry. The last twelve months have been, I believe, a hugely formative period in setting the foundations of the new fiscal and regulatory framework within which our industry must compete and thrive.

As the Government has recognised the social and economic implications of housing under supply and worked to pursue the goal of increased house building, our objective has been simple: to robustly represent the interests of our members so that the industry can deliver the right homes, of the right type in the right places.

HBF staff and resources have been deployed in three main ways. Firstly, we have been working to shape policy and influence outcomes through formal policy processes. The Government's response to the Barker Report in December included three major consultations: on a draft Planning Policy Statement for housing, a proposed Planning-gain Supplement and a new Code for Sustainable Homes. After exhaustive consultation with members, the HBF put forward detailed submissions to the Government, accompanied by a successful media strategy to publicly present our case. The consultations continue and we are vigorously taking forward our arguments in Whitehall.

Secondly, HBF has been engaged in intense political fire-fighting on a number of issues that impact our members. The serious problems facing developers in the Thames Basin Heaths Special Protection Area are a case in point. HBF has implemented a multi-stakeholder strategy with the eleven affected local authorities, English Nature, Government departments and relevant politicians as well as raising awareness in the media. It is issues of this kind that HBF must and will continue to pursue.

Finally, HBF has been working closely with members to address a range of industry issues. At this year's

Responding to Barker Conference, we published the results of our first Customer Satisfaction Survey, measuring individual builders according to a star rating. While showing high levels of customer satisfaction, the survey also points the industry to clear areas for further improvement. HBF also announced an industry skills strategy to promote the initiatives being undertaken by the Major Home Builders Group and influence the wide range of new skills initiatives being promoted by Government and CITB-ConstructionSkills. Home builders, I believe, will be much better placed to achieve broader policy goals if we are able to demonstrate that we are becoming a more dynamic and customer-focused industry.

Amid the frustrations of working in a heavily regulated industry, there is a school of thought that contends that there is little point in expending time and effort trying to persuade Government of the validity of our policy positions. Too often, so the argument goes, the Government ignores industry advice. I profoundly disagree with this approach: nihilism rarely achieves results. Precisely because we are a heavily regulated industry, we need to engage the Government. The industry is too important not to have a seat at the table.

It is interesting to look back over the last few years and witness the shifts in public opinion. Not long ago, HBF seemed to be a lone voice calling for increased house building. There is now a discernible new consensus emerging. The Conservative Party has radically re-orientated its position, tearing up its opposition to new housebuilding in the South East and now proposing to look again at the classification of greenfield land. Even the CPRE has publicly stated the need for more homes.

This new consensus – due in large part to the activities we have undertaken – is important. If majority opinion shares our goal of increased house building, then it means that our counsel on how to achieve it is all the more resonant. HBF has done a huge amount over the last year to represent the interests of its members. It has never been more important to continue doing so.

None of the work the Federation does would of course be possible without the dedication and hard work of all of our staff together with various people drawn from member companies, who contribute their time and expertise to our many committees and meetings. On behalf of the Board I would like to express my thanks for all that they do.





EXTERNAL AFFAIRS

Public and political interest in housing issues continued to grow in 2005, fuelled by a combination of personal experience of the effects of under supply and a Government and third party research base that has pointed clearly to the social and economic difficulties arising from the resultant affordability problem. The heightened focus on housing supply has in turn led groups with concerns about new developments to raise their efforts to influence public opinion and lobby Government and politicians.

HBF worked and interacted with a growing number of external bodies in Government and the public and private sectors during the year. This trend seems set to continue. HBF's contacts now regularly include not only other trade associations, but think tanks, research bodies and campaign groups besides Government departments and regulatory bodies affecting the business climate for home building.

Politically, the year was divided between pre- and post-General Election periods. At the start of the year, the highlight was the Deputy Prime Minister's Sustainable Communities Summit in Manchester. HBF sponsored the opening reception at which both the Prime Minister and Deputy Prime Minister spoke and helped arrange Ministerial visits to HBF member company exhibition stands.

Beyond the Summit, the normal policy-making process in Government was suspended pending the Election on 5 May. Following the Election, dialogue reopened and HBF's priority was to meet and engage the new Ministerial team of David Miliband and Yvette Cooper at the Office of the Deputy Prime Minister as well as building on our relationships with the Treasury and No. 10. As a result of our pro-activity in this respect we were invited to participate in a wide range of informal discussions on the main policy issues.

Mr Miliband's appointment as a second Cabinet Minister at the ODPM signalled the importance the Government attaches to tackling the housing supply crisis during its third term. Post-Election, the Government also moved forward with its thinking on the issues raised by the Barker Review of Housing Supply, culminating in the major policy consultations launched in the Pre-Budget Report on 5 December.

HBF produced its own manifesto for housing in the run-up to the Election which was widely distributed to politicians and opinion-formers. We also sought to engage with the new Opposition party front bench teams after the Election. Dialogue with the Conservative Party was, however, conditioned by the necessary constraints the party leadership election placed on policy-making until the end of the year. With new teams now in place for both the

Conservatives and Liberal Democrats, 2006 will offer the opportunity to engage both parties at an important stage in the development of their future policy platforms.

With the case for an increase in housing supply accepted by Government, there was a shift in the terms of argument in the public arena. There was a notable move on the part of other bodies to raise issues about the provision of infrastructure to support new housing and about environmental impacts and quality of design. The problem of affordability also drew attention, underlined by the fall in the number of first-time buyers entering the market to a 25 year low.

All these developments have required HBF to move its own thinking forward to develop pro-active and practical approaches on the full range of these issues.

On design we continued to work with CABI to promote the Building for Life initiative and the award of Building for Life gold and silver standards as a means of encouraging and recognising high quality urban design in new housing developments.

The importance of HBF's views has also been recognised in the work of key Select Committees in the House of Commons, with HBF being invited to give oral evidence at the end of the year to the ODPM Select Committee's inquiry into affordability and housing supply.



John Slaughter Director of External Affairs

ECONOMIC AFFAIRS

Government and industry activity in response to the Barker Review gathered momentum during 2005, culminating in the Government's formal Barker response on 5 December. HBF's *Building a Crisis* in 2002 was the first report to warn of a looming housing crisis and analyse the social and economic consequences of under supply. Following the Barker Review in March 2004, there is now little dispute about the scale or consequences of the crisis. The Government has now made a commitment to lifting house building in England from around 150,000 homes per year to 200,000 per year by 2016. The latest household projections, which put household growth at 209,000 per year to 2021, suggest even 200,000 additional dwellings per year will be inadequate to meet housing demand and achieve an acceptable replacement rate for obsolete dwellings.

Economic Affairs, which is responsible for coordinating HBF's response to Barker, provided support to a high-level Barker Steering Committee which guides the Federation's Barker activity. HBF's second Barker Conference was held in April 2005 with Kate Barker once again our keynote speaker.

Economic Affairs also has specific responsibility for Barker Recommendation 32 on Customer Satisfaction. One of HBF's biggest initiatives during 2005 was a Customer Satisfaction Survey, with 22 participating companies and some 15,000 replies from new home buyers over the six months April-September 2005. Survey results were launched at HBF's third Barker Conference on 23 February 2006. Work also progressed during 2005 on a Code of Conduct and accompanying Customer Charter, as well as industry guidance to ensure members' contracts comply with the Unfair Terms in Consumer Contracts Regulations 1999, as recommended by the Barker Review.

Economic expertise was contributed to Professor Michael Ball's labour and skills study, in response to Barker Recommendation 34, and to the work of the Cross-Industry Steering Group looking at barriers to wider adoption of MMC in response to Barker Recommendation 33.

Towards the end of the year, Economic Affairs coordinated an extensive programme of member consultation on the proposed Planning-gain Supplement (PGS), including a consultative conference on the PGS and draft PPS3 in early 2006. Our submission supported the Government's objectives for the PGS. Having concluded that the proposal





was unworkable, the Government was urged to form a “coalition of the willing” to explore a workable solution which met the industry’s and Government’s objectives.

During 2005, Economic Affairs continued to support HBF’s planning work, including the draft PPS3 submission.

A landmark event was the publication of *Room to Move?*, a pioneering study by Professor Dave King on the links between households and housing space consumption. With the continuing threat that local planning authorities will adopt policies to dictate the housing mix on private developments, this study exploded the myth that growth in the number of one-person households implies growing demand for small dwellings. On the contrary, projections indicate we should be building more larger dwellings. HBF also published a paper analysing the implications of Professor King’s findings. Both were launched at a seminar convened by the influential Social Market Foundation to an invited audience of key opinion formers, including officials from the ODPM, Treasury and No.10 Policy Unit.

HBF’s Director of Economic Affairs prepared a special paper for the UEPC, representing European developers, calling for new rules on the VAT treatment of housing to allow greater flexibility for individual EU member states. The paper was

presented to the UEPC’s Dublin meeting in May, and subsequently to a European Parliament meeting in Brussels.

Revised member guidance on Money Laundering, prepared by Eversheds, was placed on the HBF website in October.

Economic Affairs continued to keep in close contact with officials at the ODPM, HM Treasury, No.10 Policy Unit and the Bank of England, and with analysts and economic commentators in the City. These contacts provide valuable information on official thinking about housing issues, as well as providing opportunities to put the industry case to key officials. During 2005, Economic Affairs made nearly a dozen major presentations to member companies and outside conferences and meetings.

Ongoing projects include the monthly Housing Market Report, HBF’s industry surveys, the electronic HBF Weekly News Summary and John Stewart’s monthly Viewpoint in Housebuilder.



John Stewart Director of Economic Affairs

TECHNICAL

The continuing amendments to Building Regulations dominated much of HBF's work throughout 2005 including extensive consultation with members on the Code for Sustainable Homes.

HBF's Health and Safety Committee continued to promote health and safety and increase awareness of improvements that members are making in this increasingly important area. Other important topics during the year included: preparation of Sewers for Adoption Edition 6, involvement with the National SuDS Steering Group and SuDS for Wales, consideration of proposals for a waste permitting system as part of the National Brownfield Strategy and facilitation of the MMC initiative in response to Barker Recommendation 33.

BUILDING REGULATIONS

The review of Parts L (Conservation of Fuel and Power) and F (Ventilation) was complicated by proposals for the Code for Sustainable Buildings (later Homes). However, the reviews of Part G (Hygiene) and Part M (Access to and Use of Buildings) and proposals for approved documents on Security and Sustainability have been deferred as these are now intended to be elements covered by the Code. The consultation on changes to Part B (Fire Safety) was highly constructive and the changes will come into force later this year. Our attempts to persuade ODPM that the proposed changes to Part L needed considerably more flexible transitional arrangements met with limited success.

HBF has written to David Miliband (MP, Minister for Communities and Local Government) and to Yvette Cooper (MP, Minister for Housing and Planning) to express concern about the adverse effect the transitional arrangements could have on the Government's housing targets and disappointment that practical solutions to achieving change have been ignored.

The industry has already made a 20 per cent improvement to the energy efficiency of new homes over the past four years and once the new Part L regulations are fully in force efficiency will be improved by a further 20 per cent,

demonstrating the willingness of the home building industry to embrace the Government's ambitious environmental agenda.

CODE FOR SUSTAINABLE HOMES (FORMERLY BUILDINGS)

HBF set up a group to consider the issues arising from the Code for house builders in England (Wales has yet to agree to adopt a Code). The key concerns were identified as the way the Code would interact with planning and the extent to which it will remain voluntary (given the apparent encouragement to impose it as a planning condition); the lack of any indication of how points would be allocated (and how much they might cost); concern that Level 3 would be required as a minimum; and the promotion of SuDS without proper consideration of their future adoption and maintenance.

Within days of the consultation closing ODPM announced it would be strengthening the Code. HBF was most concerned at the announcement of such a fundamental change in policy appearing so quickly and subsequently met with Yvette Cooper to express the industry's reservations.

MMC

The executive summary of the Cross Industry Steering Group report was published earlier this year and the final report is available on the HBF website. Generally our response to the Barker Review has received favourable reviews from commentators.

HEALTH AND SAFETY

The Health and Safety Committee has focused on making further progress with the Charter and the working groups have identified several key areas in the Action Plan to promote health and safety in the industry. Statistics for the house building sector are being compiled and will be published on the HBF website.

SEWERS

Sewers for Adoption - Edition 6 is due to be published and HBF is very pleased with the progress made towards nationally applied requirements. It is particularly edifying that several utilities have applied for associate membership of HBF, which should improve relations between the two sectors. HBF continues to assist members with interpretation of the provisions of the Water Act 2003.

HIGHWAYS

HBF's legal challenge to Highway Authorities' growing

demands for commuted sums as a condition of Section 38 agreements met with some success when Lancashire County Council withdrew the case. HBF continues its involvement in the Steering Group for Better Streets, Better Places and is hopeful that, though delayed, work will now lead to a coordinated approach to highway design and maintenance.

UTILITIES

Negotiations with utilities have had some success, albeit in certain regions more than others. HBF has been instrumental in putting the housebuilders' views to the regulator and consumer organisations and has participated in events for the water industry.

CONTAMINATED LAND AND WASTE MANAGEMENT

HBF's proposals to use the planning system as a waste permitting route, plus the engagement of accredited consultants, were to be included in the consultation on the National Brownfield Strategy. This was never published but a Compendium will be issued in due course. Following involvement in other aspects of waste management, a new mobile plant licensing system has been implemented and the Environment Agency will shortly be publishing guidance on which on-site activities are not deemed to require a licence.





PLANNING

The replacement of Planning Policy Guidance Note 3: Housing (PPG3) with Planning Policy Statement 3 (PPS3) dominated HBF's planning agenda for the second year running.

The threat of local planning authorities being able to determine the mix and type of all dwellings on all sites was, and continues to be at the forefront of HBF representations to ODPM on the various consultations on emerging policy.

The publication at the end of 2004 of Planning for Mixed Communities (PfMC), a discussion paper on control of the demand side of the housing equation, led to heated debate with ODPM Ministers and officials over how much control authorities should be able to exert on the market for housing and the provision of housing. HBF secured a series of high level meetings with ODPM in the early part of the year at which the issue was keenly debated. Intended as a partial review of PPG3, the proposals in PfMC were, at the suggestion of HBF, placed on ice until the other side of the equation, planning for housing supply, was included in a full review of PPG3 policy.

This second consultation document, Planning for Housing Provision (PfHP), published in the summer of 2005, resulted in another round of intensive debate at ministerial level. Set in the context of the Government's response to the Barker Review process, the proposals were seen by many to be too industry friendly. HBF therefore needed to redouble its efforts to ensure that these new provisions were carried forward into the drafting of the revised policy within PPS3 later in the year.

The joining together of planning for housing demand and planning for housing supply, as suggested to ODPM by HBF, resulted in the publication of draft PPS3 in December 2005. This led to a period of in-depth consultation between HBF and its members to ensure that the industry response both reflected the consensus view and drew on as wide a resource base as possible.

The year also saw further implementation of various provisions of the Planning and Compulsory Purchase Act 2004 in both the areas of development plans and development control. As a key stakeholder representative, HBF continues to be involved with a large number of Government steering groups and advisory panels on such wide ranging issues as the Planning Advisory Service (PAS), the Advisory Team for Large Applications (ATLAS), ODPM's

development control forum and the Planning Inspectorate's stakeholder group.

The latter organisation also set up a special group to produce guidance on the testing of soundness of development plan documents, including statements of community involvement, to which HBF was able to bring its own and members' experience of emerging practice, both good and bad, to ensure that the Inspectorate's own guidance was clear and practicable.

Regionally, HBF work has been dominated by the emergence of the new style development plan documents. Emerging regional spatial strategies in all of the English regions led HBF regional staff to refocus their work on ensuring that housing requirements were responded to by the regional assemblies responsible for producing draft RSS. The East of England RSS was the first to reach the Examination in Public stage and the seven week inquiry required considerable HBF resources to ensure that members' interests were properly represented. The North East RSS EiP in the early spring of 2006 will require a similar level of commitment, as will all of the emerging regional plans, not least the South East Plan EiP, programmed for late 2006.

The year ahead promises to be even busier. The new practices of both the development plan and development control systems and the emerging requirements of housing market assessments and housing land availability assessments will require HBF to respond in new ways to draft policy documents. Member involvement will, inevitably, need to increase. The new planning system is one of partnership and private sector involvement will be most effective during the policy process, rather than in response to the public sector's proposals.

As an industry, we have argued long and hard for policy to better reflect the requirements of the market. We now have our chance to show that we can respond both positively and practically, setting the agenda rather than merely responding to others.



Andrew Whitaker Head of Planning

ORGANISATION – STRATEGIC AND MEDIA REVIEW



Sara Drake Managing Director

STRATEGIC REVIEW

During the year, HBF conducted a strategic review involving wide ranging consultations with members, in order to gain feedback on the services we provide and those most valued.

The main objectives of the review were to ensure that HBF was representing the industry on external affairs both effectively and efficiently, and that the organisation was internally set up in a suitable way to deliver on an extensive agenda, whilst providing the high level of service that our members deserve.

Since the review there have been a series of internal organisational changes and a renewed focus on our communication with members.

MEDIA REVIEW

As one would expect, the performance of the housing market over the last year elicited a huge amount of editorial, speculation and coverage – regularly providing front-page news in the broadsheets and quality tabloids. The affordability crisis has been a continued theme throughout the year, highlighted by the recent announcement by the property website, Rightmove, that average property prices in

London have topped the £300,000 price mark. The 2005 General Election, during which the main political parties were able to demonstrate clearly opposing visions, saw housing become a major campaign issue – not least because so many of the most marginal seats were located in the south of England. In an important year for housing policy, the measures proposed in the Government's response to the Barker Report received widespread coverage in December, especially around the proposed Planning-gain Supplement and the plans to reform the planning system.

Independent research undertaken by charities and think tanks has also been well reported, often being taken up by leading members of the "media commentariat" such as Martin Wolf of the Financial Times and Peter Hetherington in The Guardian.

Media relations is integrated into all HBF's activities – both to directly communicate industry arguments and to raise particular issues to help achieve policy outcomes.

HBF has had a highly successful year, appearing regularly in the press both as the instigator of news through the publication of research, surveys and reports and as a commentator on industry issues.





ORGANISATION – COMMITTEES

TECHNICAL COMMITTEE

The National Technical Committee chaired by Ashley Lane of Westbury Partnerships met four times (the fifth meeting was cancelled because of the incident in London in July) in 2005. They debated national technical issues, particularly Parts L and F (and airtightness testing), the Code for Sustainable Buildings (later Homes), Sewers for Adoption - Edition 6, waste management and the Section 38 commuted sums legal challenge.

PLANNING COMMITTEE

The HBF National Planning Committee (NPC) has responded well to the new strategic remit to be pro-active and forward thinking rather than merely reactive to emerging policy and practice.

In 2005 it contributed to both the Audit Commission's examination of the planning system and to a group of academics working for ODPM on the future of development control. Industry input into such projects is well received and makes a difference. The knowledge and expertise of the committee is unrivalled and well respected both within HBF and by external bodies.

This representative nature of the national committee, drawing on the expertise of the 9 regional planning chairmen and other secondees with a national planning remit, has encouraged ODPM to present emerging policy, such as draft PPS3, to the committee in order to gauge first reactions and focus on the key issues to be addressed by Government.

The Committee held two national conferences. The first, the annual HBF Planning Conference, examined the emerging new planning system and attracted speakers from ODPM, the planning inspectorate, local Government and specialist consultants. The second, specifically on the proposals for PPS3 and PGS, was an important part of the HBF's consultation with members allowing for a high degree of interaction through two workshop sessions. This resulted in HBF being sure that its response to both of these important issues was highly representative and addressed both practical as well as theoretical issues and concerns.

Regional planning meetings remain an important tool in allowing all members to have an input into the NPC, both through their planning chairmen and regional debate on national issue. Critical regional issues can also be discussed at a national level.

CAREERS, SKILLS AND TRAINING COMMITTEE

The Committee has continued to grow in strength with new representatives from a number of companies joining during the year. It now has a membership that is both widely representative of the industry and of the different areas of expertise relating to careers and skills issues within it.

This has enabled the Committee to oversee and guide two major areas of work during 2005:

- Professor Michael Ball's report on the labour and skills requirements entailed in delivering an increase in housing output in line with the recommendations of the Barker Review of Housing Supply. This report was launched at Housebuilding 05 in September. Professor Ball's key finding was that, while skills challenges exist, they should not be a barrier to an increase in output which will in fact enable the industry to achieve sustained gains in productivity;

- The development of a new HBF skills strategy – Skills for Homes – building on Professor Ball’s report, responding to Recommendation 34 of the Barker Report and setting out other areas where HBF can work with member companies and other bodies to help promote careers and skills in home building. This strategy was launched in February 2006.

In addition, the Committee has further developed its role as a forum for the discussion of issues relating to the Major Home Builders Group skills initiatives and for formulating the views of home builders on other important developments, including the proposed new Specialised Diploma for Construction and the Built Environment.

HEALTH & SAFETY COMMITTEE

The Health and Safety Committee (and Housebuilders’ Health and Safety Forum) chaired by Barry Oliver of Berkeley Homes met four times in 2005. Issues covered included the proposed changes to the CDM Regulations, occupational health, RIDDOR statistics and CSCS cards. The Steering Group also met four times to develop the Charter Action Plan.



ORGANISATION – NEW HOMES MARKETING BOARD

The NHMB Management Committee, chaired by Mick Noble, met three times throughout 2005. The programme for the year included the following:

www.new-homes.co.uk

Since its launch in 2002 the new-homes website has received over 5 million visitors.

For 2005 the following results were achieved:

- 200,000 visitor clicks to developer websites per month
- 155,000 visitors per month
- 15,000 registered users

Throughout 2005 the site was supported as follows:

- National advertising in the property press to increase awareness
- Comprehensive Pay Per Click on-line campaign on Google, Overture and Espotting
- Effective Search Engine Optimisation allowing the site to maintain a top 3 position on the major search engines – Google, MSN, Yahoo

- Presence at Housebuilding 2005 event as part of the HBF exhibition stand. This proved successful in signing up developers not yet advertising on the site
- Monthly PR programme supported by the press centre on the site
- New-homes.co.uk was also promoted through a variety of publications including Sustainability in Housebuilding, Designing Homes for Life, and also via the sponsorship of the HBF Golf Day and support of the New Homes Garden Awards

An E-Digital Survey of registered users and developers undertaken in October 2005 revealed that:

- 88% of new-homes.co.uk users are considering buying a newly built home
- 58% have a cash deposit ready to buy
- 81% would recommend the site
- Over three quarters of new-homes visitors rate the website as excellent or good
- 69% of advertisers said they were very satisfied with the website with 15% being extremely satisfied





NEW HOMES WEEK

The first annual New Homes Week was launched in 2005 with the following positive results:

- Advertising Value Equivalent (AVE) target of £100k was exceeded
- Press cuttings show a circulation of 3,897,157
- Click thru's to new-homes.co.uk increased by 8,000 in March
- 22 radio interviews reaching over 100 stations nationwide and over 33 million listeners
- 16% rise in new homes site visits

This formed a good basis to build upon and start planning in Autumn 2005 for New Homes Week 2006.

GREENLEAF

The Greenleaf award concept was incorporated into the Sustainability agenda in 2005 comprising of The Sustainability in Housebuilding Conference during Housebuilding 2005 exhibition and a supporting magazine. An 'Environmental Award' category has also been developed as part of the annual Housebuilding Innovation Awards, run by Housebuilder Media.

The Greenleaf Standard continues to grow steadily since its launch with 14 developments approved for the standard in 2005, enabling developers to pledge their commitment to the Greenleaf principles in present and future work and the use of the Greenleaf in their marketing activities.

HOUSEBUILDER PUBLICATIONS

Housebuilder Publications (HBP), HBF's publishing and events arm, continues to expand its portfolio and grow as a business with events becoming a key aspect of HBP's operations.

HBP's core product, Housebuilder magazine, continues to maintain its position as the leading title in the sector and reaches in the region of 23,000 readers each month.

Building on this success HBP staged its second major two day industry show, Housebuilding 2005, in September. This comprised an exhibition of innovative industry products, a major conference programme and free seminars and its success means that a third event, Housebuilding 2006, will take place on October 10 and 11 in London.

HBP launched a new and highly successful awards scheme in 2005. The Housebuilding Innovation Awards were held at The Savoy Hotel in London in September, with 400 guests celebrating the successes of housebuilders and suppliers in

10 categories covering innovation in design, technology, customer care etc. The awards will be staged again in October 2006.

HBP's third annual Housing Market Intelligence (HMI) report was published in 2005, launched at the major HMI conference. The report continues to be a highly successful and popular publication, providing essential industry information and a comprehensive listing of the Top 75 housebuilders.

At the end of 2005 HBP changed its name to Housebuilder Media (HBM), reflecting the wide range of activities in which the company is now involved. HBM will continue to publish the magazine and stage its existing events, but will also deliver a new range of conferences as well as organising major HBF events.



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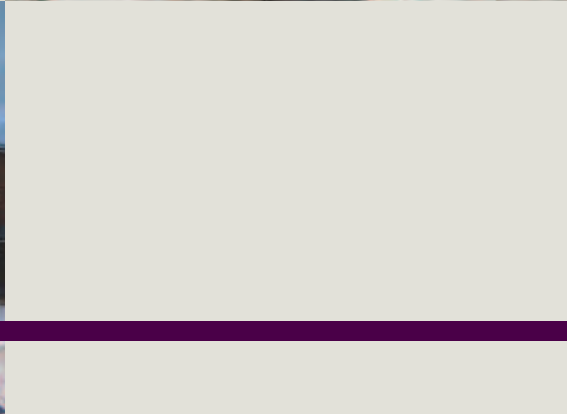


8

1. Taylor Woodrow
2. Persimmon
3. Linden Homes
4. Bett Homes
5. William Davis
6. Retirement Villages
7. Galliford Try
8. Banner Homes
9. Bovis Homes
10. Miller Homes
11. Croudace Homes



9



10



11

PERSONNEL

BOARD OF DIRECTORS



Executive Chairman
Stewart Baseley



Hon. Treasurer
Paul Pedley OBE



Co-option
David Pretty



Co-option
Tim Hough



Co-option
Geoff Ball



Co-option
Mike Freshney



Co-option
Malcolm Harris



Co-option
Peter Johnson

HBF SENIOR MANAGEMENT TEAM

Chief Executive	Robert Ashmead (until November 2005)
Managing Director	Sara Drake (from September 2005)
Director of Economic Affairs	John Stewart
Director of External Affairs	John Slaughter
Head of Planning	Andrew Whitaker
Technical Director	Dave Mitchell (from May 2005)

STANDING COMMITTEE CHAIRMEN

Careers, Skills and Training	Karen Jones – Redrow
Planning	Lee Bishop – George Wimpey North Thames
Technical Development	Geoff Fogden – Woodford Group (until April 2005) Ashley Lane – Westbury Partnerships (from May 2005)
Health & Safety	Barry Oliver – Berkeley Homes
NHMB	Mick Noble – FLP

FINANCE AND MEMBERSHIP

Subscriptions by home builder members in 2005 were £3,139,167, a 6.8% increase from 2004. Other categories of membership contributed £87,036, an increase of 53.4% on the previous year. A dividend amounting to £38,600 was received from Housebuilder Media, an increase of 38.5% on 2004.

In addition to HBF Ltd's continuing revenues as detailed below, £408,398 is receivable from Robust Details Ltd, which assesses and approves new Part E robust details, and, under licence from HBF Ltd, provides a registration service to enable builders to use them in the construction of new homes. This will fully be refunded to those HBF Ltd members who contributed to the associated research programme levy.

The direct costs of services provided by HBF Ltd to the industry increased by £265,714 compared with 2004, an increase of 7.9%. A surplus of £329,862 was achieved before certain exceptional items amounting to £736,529, so that the end-result was a deficit before tax of £406,667.

These exceptional items consisted of the following:

- a) A Strategic Review, which was carried out during the year, and the costs associated with implementing its recommendations.

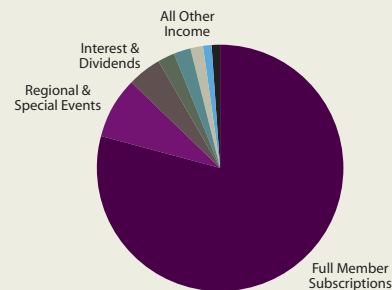
b) During the year, the company gave notice to the trustees of the Construction Confederation Staff Pension Scheme of its intention to terminate the liability of the company to contribute to the scheme. Included in the financial statements for the year ended 31 December 2005 is an expense of £314,000, representing the amount due under Section 75 of the Pensions Act 1995.

The company is in negotiation with the Trustees of the Scheme in regard to a settlement.

This is the eleventh full trading year for HBF Ltd. The following information is extracted from the draft 2005 accounts, which will be lodged at Companies House after audit and approval.

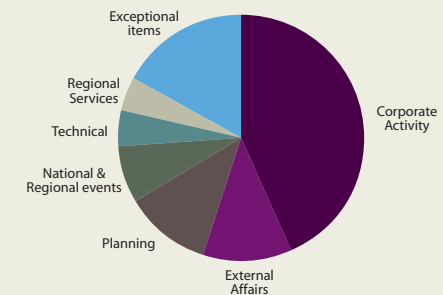
INCOME 2005

Subscriptions	3,139,167
Regional & Special Events	329,765
Interest & Dividends	174,265
Management Charges	90,000
Other Membership	87,036
External Affairs Consultancy	66,100
Programme Contribution	40,000
Other Income	38,341
Total	3,964,674



EXPENDITURE 2005

Corporate activity	1,904,902
External Affairs	502,914
Planning	499,432
National & Regional events	327,845
Technical	204,586
Regional services	195,133
Exceptional items	736,529
Total	4,371,341







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