

ANNUAL REPORT

2009

The voice
of the
home building
industry



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executive chairman's report



Stewart Baseley
Executive Chairman

After a devastating 2008, surely the worst year any of us have experienced professionally, 2009 at least eventually brought some level of respite.

The early part of the year saw a continuation of the previous year's travails, with the wider economic climate and lack of mortgage availability holding back the industry's ability to deliver new homes.

However, as the year progressed we saw a gradual stabilisation of the market and by the end of 2009 there was a more positive tone to the reporting statements issued by our larger members and some industry confidence had started to return.

Since the onset of the recession HBF has continued to call for measures to assist home builders. We held meetings with the Prime

Minister, the Housing Minister, John Healey, who was appointed in June, his predecessor Margaret Beckett, and a range of senior politicians and officials at No 10, Treasury, Communities and Local Government (CLG) and other relevant Government departments.

We developed close working relationships with Sir Bob Kerslake and his team at the Homes and Communities Agency (HCA), through which public funding was being funnelled. HBF also met with senior influencers at the Bank of England, particularly its Monetary Policy Committee, and with a range of the larger mortgage lenders to ensure they were aware of industry concerns and realities.

The measures the Government introduced throughout last year played a significant part in the market stabilisation. There was frustration throughout 2008 that it did not react quickly enough to the deteriorating conditions, but that changed dramatically in late 2008 and in 2009 and I think it is fair to say that HBF's representations played a major part in convincing the Government of the need to act.

In January we saw the Government's unprecedented intervention in the credit markets, including the decision finally to act on Sir James Crosby's recommendations on wholesale funding, something for which we had been pushing hard for months.

Then in April we had a Budget that, considering the clamour for assistance from industries and sectors across the economy, contained

a set of financial commitments aimed at boosting house building that were quite remarkable.

The most obvious direct benefit was the announcement of a £400m Kickstart fund for the HCA to open up mothballed sites. HBF had strongly argued for such a measure to Treasury and following HBF's earlier input into HomeBuy Direct (HBD), the HCA had asked HBF to work with them to help design the scheme in the run up to the Budget.

Sales of homes through the HBD scheme, which HBF had initially suggested to Government and then worked with the HCA to develop, started to materialise in the Summer. HBF managed to persuade the Government to extend the HBD deadline to September 2010 which ensured that £100m of funding could be carried forward. This meant that in total HBD should generate some 10,000 sales, with eight out of ten for HBF members.

More recently we have seen the unveiling of Kickstart 2. This has taken the overall Kickstart budget to over a billion pounds, allowing work to start on more than 400 sites across the country – an outstanding success.

Another major victory announced in the Budget was that the Government would undertake a review of the cumulative impact of regulation on new housing delivery. This has been a major area of

“HBF persuaded the Government to extend the HomeBuy Direct deadline to September 2010 which ensured that £100m of funding could be carried forward. This meant that in total HBD should generate some 10,000 sales, with eight out of ten for HBF members”



Housing Minister John Healey (right), and Shadow Housing Minister Grant Shapps with HBF Executive Chairman Stewart Baseley at HBF's *Question Time* style policy conference

executive chairman's report

HBF activity and the announcement confirmed that our concerns were now shared at the highest level of Government.

The Pre-Budget Report (PBR) in December clarified the Government's approach with a commitment to establish a national baseline of regulatory costs. Whilst we need to ensure this commitment is acted upon in the coming months, I think we can legitimately claim to have brought about a fundamental change in the Government's approach to policy and regulation. And in direct response to HBF representations, the Treasury announced a study of local authority five-year land supplies, an absolutely key element of the planning system.

We also welcomed the Chancellor's announcement that the introduction of Lifetime Homes would be delayed until 2013.

The PBR did not include an extension of the stamp duty holiday, as HBF and many other organisations had been calling for. However, we welcomed the subsequent announcement in the 2010 Budget to abolish stamp duty for first time buyers on properties up to £250k for two years.

Throughout last year we worked hard at developing relations with the Conservatives. This involved numerous meetings with the Shadow front bench team, including the Shadow Secretary of State Caroline Spelman and Shadow Housing Minister Grant Shapps, who we met privately but who also attended a range of member meetings and HBF conferences.

And whilst it is fair to say that there are some areas of their plans that pose significant concerns for our members, particularly with regard to their proposed changes to the planning system and commitment to a

localism agenda, it is encouraging that Shapps and his team have shown a great willingness to engage and discuss their policies with us. I am also heartened by Shapps' repeated commitment to build more homes than we are currently managing. Should the Conservatives be elected I would hope that the channels of communications we have developed will result in us being able to help them develop a policy framework that will allow that to happen.

Throughout the year we worked with the body developing and implementing the new Consumer Code. HBF had helped persuade Government to allow the industry to develop a Code voluntarily following the OFT's Market Study into the industry in 2008 to address the issues it raised relating to customer service and satisfaction. From last autumn onwards the Code Board undertook a major education and training programme to ensure the industry was ready for the Code's implementation in April 2010.

Our own Customer Satisfaction Survey for 2009 showed an improvement on 2008, maintaining the steady progress we have seen in recent years. However, the following year's results, which we published in April 2010 were truly outstanding. All areas of the survey show big increases in customer satisfaction, with nearly nine out of ten people surveyed saying they were satisfied with their new home, and that they would recommend their builder to a friend – both up over ten percentage points on last year.

The results are a tribute to the efforts made by the industry to improve the service it delivers to customers and compare more than favourably with such surveys undertaken in any other industry or sector I could find.

September saw the New Homes Marketing Board undertake an





extremely successful New Homes Week. The initiative resulted in hundreds of articles in newspapers across the country that undoubtedly helped with the increase in site visitors and sales that were experienced in the second half of the year.

There are a whole host of other issues on which we worked on your behalf throughout the year, such as the zero carbon agenda and Community Infrastructure Levy, both of which are covered in the following pages.

All of the issues covered throughout this report will significantly impact on us this year and beyond. Please be assured that HBF will continue to work on the industry's behalf as we look to build towards a sustainable recovery.

On behalf of the Board I would like to thank all the staff at HBF, as well as the numerous member company employees who have worked with us over the past year and without whom we would not be able to undertake all this vital work on behalf of the industry.

In addition I would also like to thank my fellow Board members for all their support, counsel and guidance during what has been another very busy year.

Finally, I would wish to remember with great sadness the passing of two figures who have contributed greatly to the HBF and the representation of the industry over many years – Graham Pye and Alan Cherry. I am sure that all who knew and worked with them will mourn their loss.

external affairs

In many ways the past year can be split into two halves. Initially the focus was on whether the housing market slowdown was stabilising or not. Gradually it became clear that it was. In the second half of the year cautious optimism had reappeared and the external affairs landscape had changed along with it.

The change in the perception of the housing market meant the year's second half was increasingly characterised by the impending general election. Commentators had not generally foreseen an election before the autumn and with time it became clear that it was unlikely to be held until 2010. Nevertheless, the proximity of the election began to hang over HBF's work with Government, Opposition and other organisations.

Linking the two halves of the year was the Government's programme of stimulus measures to assist the housing market. Funding commitments for the HomeBuy Direct shared equity scheme and the Kickstart scheme to help unlock stalled sites – both of which had been advocated by the HBF – were central to the Government's housing pledge in its *Building Britain's Future* plan published at the end of June.

The launch of the Government's plan itself followed a Cabinet reshuffle at the start of June in which Margaret Beckett was replaced by John Healey as Housing Minister – becoming the fourth person to hold the post in a year and a half.



John Slaughter
Director of External Affairs

“HBF continued to hold active discussions on the implementation of the zero carbon homes policy, with Stewart Baseley remaining joint chairman of the 2016 Task Force with Mr Healey”



Housing Minister John Healey: HBF built close relations with Mr Healey

**Shadow Housing
Minister Grant
Shapps speaks at an
HBF event**

HBF along with others expressed concern about the lack of Ministerial continuity at a difficult time for the industry, but built close relations with Mr Healey whose immediately preceding post had also been at Communities and Local Government.

In addition to working closely with the Minister and his senior officials on housing stimulus measures and the impact of regulation on the industry, HBF continued to hold active discussions on the implementation of the zero carbon homes policy, with Stewart Baseley remaining joint chairman of the 2016 Task Force with Mr Healey.

HBF's work with Government and the Zero Carbon Hub during 2009 contributed to helpful progress in clarifying both the general definition of zero carbon – in a Ministerial statement in July – and a practical recommendation for a future minimum fabric efficiency standard under the policy in the late autumn.

Alongside our relations with CLG, HBF also met officials from other Government Departments regularly, including the Department for Business, DECC and Defra in order to represent the industry's point of view on a range of commercial and regulatory issues. These included the preparation of the Flood and Water Management Bill and the proposals for Feed-in Tariffs for small scale renewable electricity. In addition, HBF met Treasury officials to represent home builders' concerns about Government proposals to change the tax rules relating to self-employment in construction.

In discussions with the Opposition parties, emerging Conservative thinking on housing and planning policy became a major focus of HBF's work.

2009 saw the publication of two Conservative policy Green Papers on devolving power to local communities *Control Shift* and on housing policy *Strong Foundations*. A third Green Paper *Open Source Planning* on reform of the planning system was finally published in early 2010.

HBF held numerous informal discussions with Shadow Conservative Ministers on their thinking – including Caroline Spelman, Grant Shapps, Bob Neill and John Howell. We also met Shadow Chief Secretary, Philip Hammond, to discuss housing issues.

Collectively, the Conservative proposals to scrap current regional plans, bodies and housing targets and instead empower local communities to establish their own plans with the carrot of a new financial incentive would amount to the most radical change of policy and procedure for many years. With the possibility of a change of Government greater than for the last two elections, constructive engagement with Conservative spokesmen and their policy advisers became one of HBF's most important focuses of work during the past year.

Besides our regular bilateral meetings with the Conservatives, HBF also arranged opportunities at dinner meetings and otherwise for members to meet front bench spokesmen. Shadow Housing Minister Grant Shapps spoke at both the HBF's autumn Housing Market Intelligence conference and the spring policy conference, where he joined John Healey in a fascinating "Question Time" style debate.

In line with the increasingly lively political climate, the HBF again held an active programme of meetings with politicians and others at the main party conferences in the autumn, including dinners at both the Labour and Conservative conferences. HBF was also invited to speak at a number of party conference fringe events.



Based on these political contacts we began work to prepare a HBF manifesto for the election and to discuss with other trade and related bodies how we might align our messages to ensure housing receives adequate attention during the forthcoming election campaign. HBF's manifesto was subsequently posted to all MPs and prospective parliamentary candidates in March of this year to try to ensure housing issues were at the forefront of their minds as the election campaign proper got underway.

economic affairs

Housing market conditions in the latter part of 2009 and early 2010 were better than many home builders had expected, although we are still only in the foothills of recovery.

The home building industry was at the centre of Government efforts to maintain economic activity during the recession, a reflection of the economic importance attached to housing supply, as well as HBF's success in putting the case for carefully targeted measures to help maintain new home sales and production.

HomeBuy Direct (HBD) and Kickstart, both responses to HBF representations, have had a big impact on the industry. Throughout 2009 and into 2010, we have been holding monthly meetings between HBF members and key HCA officials to keep progress with both schemes under constant review. One notable success was persuading Government to extend the HBD deadline by six months.

The Homes and Communities Agency (HCA) expects 10,000 HBD new home sales by September, equivalent to some £2bn of new home sales, with a further 3,000 HBD sales through the Kickstart programme. The two Kickstart programmes have a combined budget of more than £1bn. Kickstart 1 has allowed work to start on 141 mothballed sites, with a further 265 shortlisted for Kickstart 2.



John Stewart

Director of Economic Affairs

based around a series of real-life case studies, to senior officials at CLG, No.10, Treasury and the HCA, and to Conservative shadow ministers and advisers. Our message is stark: unless the cumulative regulatory burden imposed by central and local government and various

We estimate HBD, Kickstart, the HCA's stock purchase programme in 2008 and the Public Land Initiative will together benefit the industry by more than 40,000 new home sales.

The regulatory burden and residential land viability were a major focus of economic affairs activity in the past year. We held a highly influential seminar for Government officials from across Whitehall. Our member working group made presentations,

quangos is significantly reduced, many potential housing sites will be unviable and housing numbers will not be able to rise to anything like the levels needed to meet projected housing demand.

The 2009 Budget was a milestone, confirming that HBF's representations on the regulatory burden had convinced the Government there was indeed a serious problem: "The Government will identify, working with industry and other partners, the best regulatory and policy framework to support the Government's long-term housing objectives". In the Pre-Budget Report (PBR), the Government said it would "report on progress and set out its strategy to support a timely and effective housing supply response through the recovery".

In the PBR, the Government announced that it would establish a "national baseline for regulatory costs across Government". Lifetime Homes was deferred until 2013 at the earliest, and consultations were promised on the Lifetime Homes standard and the appropriate usage of S106 agreements following introduction of the Community Infrastructure Levy (CIL).

Having worked with the Council of Mortgage Lenders (CML), major lenders and the RICS to introduce the Disclosure of Incentives Form (DIF) in September 2008, we have continued to hold regular discussions about new home valuation. While valuation problems appear to have

eased, there is much more to be done. We also worked with the Building Societies Association (BSA) and CML to avoid the introduction of a different DiF for BSA members.

As funding for affordable housing is likely to be hit by the looming squeeze on public spending, HBF has taken the lead on behalf of the industry and set up a special Public Private Initiatives Group. Its first priority is to examine the future of affordable housing, including holding a series of brainstorming meetings with senior HCA officials.

HBF has continued to represent home builders on the Consumer Code Advisory Forum and Board. When the OFT recommended that the Government should consider introducing statutory regulation, we worked with other stakeholders successfully to persuade the Government to give the industry to introduce its own Code and give sufficient time for it to bed down before considering taking any direct action. More recently HBF published the results of its 2008–09 annual Customer Satisfaction Survey which were truly outstanding.

Economic Affairs Director, John Stewart, represented HBF at a number of important discussions about the future of housing delivery and housing policy, including with the Housing Minister, and he maintained regular contact with officials at Treasury, No.10 Downing Street, CLG, Bank of England, CML and BSA. During 2009, HBF arranged for senior members to meet officials at HM Treasury and members of the MPC.



“Our message is stark: unless the cumulative regulatory burden imposed by central and local government and various quangos is significantly reduced, many potential housing sites will be unviable”

technical

Much of the technical work done by the HBF this year has been surrounding the Government's zero carbon agenda and how the industry reaches the target by 2016. This has included close liaison with the Zero Carbon Hub.

Back in December 2008 the Department of Communities and Local Government (CLG) consulted on the definition of zero carbon homes for purposes of their policy that all new homes would be required to achieve the target by 2016.

In July 2009 the Housing Minister John Healey announced some early decisions that had been reached in the light of that consultation. He also announced the setting up of a specialist task group. This group looked at proposals for an energy metric and an energy efficient standard which will help realise the Government's ambitions for the highest practical energy efficiency level realisable in all dwelling types.

Under the management of the Zero Carbon Hub this task group met throughout last Autumn. HBF and member companies were heavily involved within the group and its sub-groups and its findings were reported back to the Minister in early November. The findings also formed part of the Code for Sustainable Homes consultation which was issued just before the end of 2009.

CLG also established a Code for Sustainable Homes advisory group which was attended by HBF and members. Sub-groups were also set up to look at particular parts of the code.

Two particular areas of the code, "The process of the code" and the section surrounding "surface water run-off", were particularly concerning members, and as a result numerous meetings were held



Dave Mitchell
Technical Director

with CLG and the Building Research Establishment (BRE) to discuss. It was thus pleasing to see that two technical guidance notes were issued with the consultation of the code which covered most of the concerns in these two areas. It should be noted that these two technical guidance notes can be applied retrospectively.

During the year HBF has responded to many consultations affecting the industry. These included: The Definition of Zero Carbon Homes and Non-Domestic Buildings; the draft Flood and Water Management Bill; proposed changes to standard assessment procedure (SAP); and Building Regulations Part F (ventilation), Part L (Conservation of fuel and power) and Part J (Combustion appliances and fuel storage). All of these responses can be viewed on our website.

Industry advisory groups were set up for Parts F and L prior to the consultations coming out and HBF formed part of these groups.

In September 2009 CLG released its Implementation Plan for the Future of Building Control. This document clearly sets out how Government intends to limit changes to regulation to a pre-published periodic review process. It also confirmed that all the information required for new regulation would be available six months prior to the implementation date.

CLG's Building Regulation Advisory Committee, which had been looking at "Accessible Housing and Lifetime Homes Standards", concluded its work last year. HBF members on that group were able to clearly demonstrate the problem areas which contribute to the overall cost of these standards. HBF believes that this work will probably be put on hold for a year.

The HBF's Health and Safety group accident figures for the year April 2008 to April 2009 recorded no fatalities within that group. This is an excellent result.

In April last year the HBF and HSE jointly launched a *Slips and Trips* campaign which was aimed at helping to prevent accidents on sites. Posters and pocket guides were produced and distributed to members upon request. HSE linked it into their *Shattered Lives* initiative.

HBF has been liaising and helping the HSE in their continuing investigation into the carbon monoxide problem associated with extended concealed flues within ceiling spaces.

The working group HBF set up to look at commuted sums being demanded as part of section 38 agreements completed their work and produced a positioning paper. One member has reported that the commuted sum they were being asked for has been reduced by around 35% as a result of them using this paper. This paper is available on the HBF website.

The National Technical Conference took place in November at the TechnoCentre, Coventry. The Conference was entitled "The Building Regulation Agenda from here to 2016" and included presentations from CLG officials, the Zero Carbon Hub and the BRE.



ARRIVING AT WORK?

Think about the public when parking your vehicle
Put your safety boots on
Bring your Protective Personal Equipment
Use the pedestrian route to get to site



COMING INTO SITE?

Sign In, and collect any permits you need
Get inducted with site rules
Check the site plan for vehicle and pedestrian routes
Find out where materials and waste skips are



WALKING TO YOUR WORKPLACE?

Follow the pedestrian route
Clear up entrance and exit way to plots
Check your work area for trips or hazards
See that materials are stored safely on the scaffold



TIME FOR A BREAK?

Leave your work area tidy
Clear away tools and rubbish
Use the pedestrian route
Report any hazards or rubbish you can't remove
Clean your boots and remove wet clothing

The *Slips and Trips* campaign posters

planning



Andrew Whitaker
Planning Director

The year has been dominated by the implementation of various provisions of the 2008 Planning Act, not least the proposed Community Infrastructure Levy (CIL). Similarly, following the publication of the Killian Pretty Review of the Planning Application Process, the year saw a number of consultations and proposals to take the recommendations forward.

In addition the Conservative party published its own proposals for the planning system in a Green Paper, *Open Source Planning*. Of course, at the time of this report the outcome of the general election is far from certain but there is no doubt that the proposals will present a huge challenge for the delivery of enough land for the housing that we so obviously need over the next 20 years.

The drafting of the CIL regulations saw CLG undertake a comprehensive consultation and HBF sat on the High Level Steering Group, the Policy Group and the Practitioners Group. HBF is very grateful to members who gave up such a lot of time to participate in these discussions. Unfortunately, despite such an approach the draft regulations did not adequately address all the fundamental principles of a CIL approach.

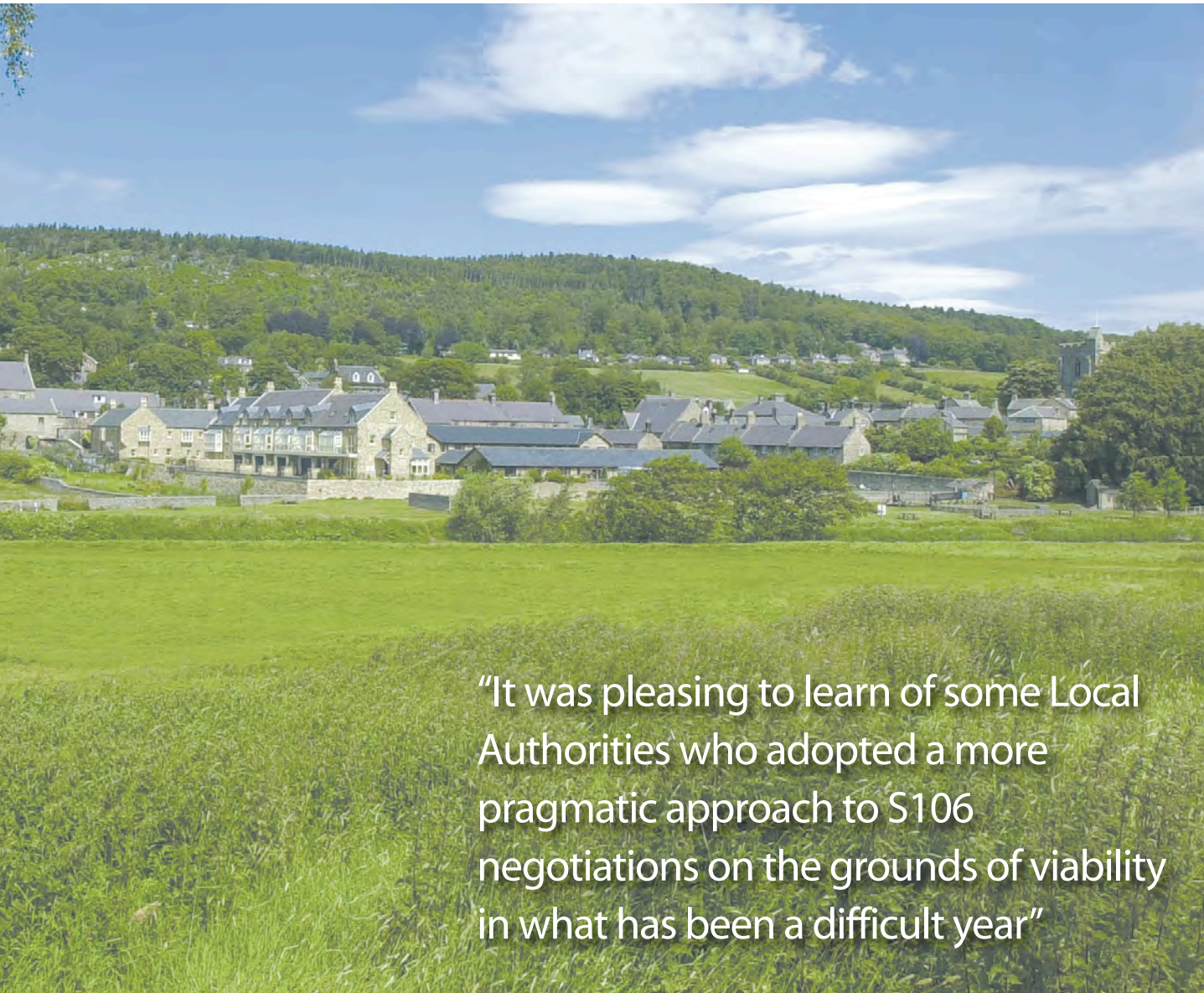
HBF thus joined a powerful lobbying coalition, including developers from the commercial and residential sectors as well as also Local Government groups and the Planning Officers Society.

The final regulations that came into force on 6th April 2010 subsequently addressed almost all of the key issues raised by the coalition in its submission to the Secretary of State. However, it was frustrating for those of us who had spent a considerable amount of their time discussing practical solutions that the changes were not made earlier.

We still have a long way to go before we see CIL replace S106 (and, they may never do so for contributions such as affordable housing provision) and we continue to work with CLG and our other coalition partners on the necessary guidance for its implementation.

CLG also convened a steering group to discuss the implementation of the Killian Pretty Review recommendations. This led to a whole suite of consultations and consequent changes to regulations, circulars and other advice for local planning authorities throughout the year.





“It was pleasing to learn of some Local Authorities who adopted a more pragmatic approach to S106 negotiations on the grounds of viability in what has been a difficult year”

Many of the problems identified by the Killian Pretty Review can, and should, be addressed through a change of approach and culture. It was though pleasing to learn of some Local Authorities who adopted a more pragmatic approach to S106 negotiations on the grounds of viability in what has been a difficult year. Of course, there were many Authorities who felt that the lack of viability shouldn't temper their demands and it was gratifying to see many appeal decisions acknowledging the impact of the recession on housing sites.

This was particularly marked in the assumptions made by Authorities in respect of their five year housing land supply, particularly when they reported their figures in order to claim Housing and Planning Delivery Grant. Our representation to CLG that some of the reports had not involved any private sector assessment as required led to a desktop study by CLG. This found that there was indeed a problem, resulting in a full investigation by the Planning Inspectorate into the robustness of such studies in the top 150 housing requirement areas in the Country. Once again HBF must thank all of the members who continue to take an active part in the strategic housing market and land availability assessments. HBF worked hard to get the five year housing land requirement restored into planning policy and it is important that we are seen to be willing to play our part in the process.

Of course, it is not the case that it is only the Conservatives that would shake up the regional tier of the planning system. The passing of the Local Democracy, Economic Development and Construction Act in November replaced the existing regional assemblies with regional agencies comprising the Regional Development Agency and new Leaders Boards made up of elected representatives of Local Government. Existing Regional Spatial Strategies (RSS) will, therefore, be replaced with Regional Strategies, integrating both the spatial and the economic strategies for the regions.

Whether we see any such strategies depends of course on the outcome of the general election.

regional planning

Throughout last year HBF continued to prioritise its interventions in the RSS process. Chief among HBF's regional priorities was the examination of the West Midlands RSS Part 2 – in effect the last of the nine regions to set a housing target up to 2021.

Following a lengthy examination, at which HBF appeared, the panel published a somewhat conservative report that recommended a housing target only marginally higher than the Assembly's submission. The panel also endorsed the pattern of distribution which focused upon containing development in the urban districts of



James Stevens
Strategic Planner for the Regions



Richard Price
Planning and Policy Adviser Wales

Birmingham, the Black Country and Stoke. It is unclear when the Secretary of State will publish his proposed changes but it would appear that the Government is anxious to avoid the sort of legal challenges that are bogging down the South West, East of England and South East RSSs. We strongly suspect this was a motivating factor behind the panel's cautious report.

HBF has also been active in nearly every other region, making representations on RSS reviews, including in East Midlands and East of England, and commenting on the emerging Integrated Strategies for the North West and the Yorkshire and Humber regions. HBF also made detailed representation on Mayor Boris Johnson's replacement London Plan – the only regional strategy that will remain in place if the Conservatives form the next Government.

RSSs aside, HBF continues to assist members on more specific local difficulties, particularly intervening on Strategic Housing Land Availability Assessments. This year we strongly suspect that there will be a need to focus on Local Authority affordable housing viability assessments and planning obligations tariffs.

Wales

Throughout 2009, HBF has worked on a wide range of issues that have affected the business climate for its members in Wales.

HBF representatives met with the Deputy Housing Minister Jocelyn Davies AM and the Secretary of State Jane

Davidson AM, in order to ensure the Welsh Assembly Government (WAG) was kept fully abreast of the industry's requirements. HBF has also taken an active part in the series of Economic Summits held by the First Minister. In addition, we built a strong working relationship with the Conservative party and held regular meetings with the Shadow Housing Minister, Mark Isherwood AM.

In response to the problems the industry faces with viability, HBF has worked closely with Local Authorities in order to undertake affordable housing viability assessments. This work has proved successful in reducing affordable housing percentages to sustainable levels and lowering the financial burden placed on development sites.

The Local Development Plan (LDP) process is reaching a new milestone in Wales, with many plans now facing public examination. The HBF will play a major role within all LDP Examinations going forward to ensure the policies proposed take full account of the industry's requirements.

Another significant area of work has been in response to concerns over water infrastructure and sewerage capacity and HBF has met regularly with Welsh Water in order to ensure they are fully aware of industry issues and concerns. HBF is committed to continuing this working relationship into 2010 and beyond, in order to ensure Welsh Water is clear as to the priorities and requirements of the industry.

Over 2009, the WAG undertook a review of the planning application process and the HBF has played a key role within the process and the steering group. The review has now been completed and HBF has been assured that the process will carry sufficient weight to enact the necessary changes to ensure the planning application process is updated and improved.

media and communications



Steve Turner
Head of Communications

HBF was again prominent throughout 2009 across the print and broadcast media representing the industry on a range of issues.

Stewart Baseley and the HBF's senior management team became regular commentators on all the major news channels. This included the BBC and Sky's main news broadcasts as well as flagship programmes such as Radio 4's Today and many other national and regional TV and radio stations and targeted cable channels.

In the print media – national, regional and the extensive trade press that report on the industry – HBF ensured that its comments added balance to reports. This was done reactively when called upon, and also proactively through the numerous journalist briefings HBF carried out during the year and the issuing of press releases about key announcements and events or to highlight significant issues.

HBF is always careful to ensure its media stance supports its representations with parliamentarians and officials, and as such in some instances media messages had to be tempered.

However when necessary HBF was robust in its defence of the industry position and critical of proposals adverse to its member's interests. HBF had letters printed in a number of national newspapers in response to inaccurate articles.

When necessary HBF joined together with other industry bodies to campaign on certain issues. This included when calling for an extension to the Stamp Duty holiday, when HBF linked up with estate agents, mortgage lenders and a range of interested parties, and also with regard to proposed changes to employee tax status when HBF publicly aligned itself with other trade bodies.

HBF hosted a number of successful events throughout the year that attracted high quality speakers and sell out audiences. These included the HBF Policy Conference, Annual Lunch and its Housing Market Intelligence conference. Speakers included Housing Minister John Healey and his Tory Shadow Grant Shapps and the HCA's Sir Bob Kerslake as well as a range of top industry and economic experts.

HBF also provided speakers for numerous external events and conferences to ensure that the housebuilders' position was represented and understood.

During the year HBF upgraded its web site to ensure it provided relevant information in the most accessible way for members. HBF also produced a range of literature for members as well as for external audiences. This included an Election Manifesto that went to all MPs and prospective parliamentary candidates outlining the need to increase housing supply.



new homes marketing board



David Pretty
New Homes Marketing Board Chairman

with price falls beginning to stabilise and activity showing early signs of recovery, the NHMB launched its New Homes Week to coincide with the traditionally important September selling season. This was backed with advertising, PR and event support, a dedicated and constantly-updated website, a glossy 16 page newspaper and other literature for use by members, plus a range of local and national media initiatives to generate visitor traffic

The NHMB ran a very busy programme in 2009, focused mainly towards New Homes Week which was staged in September and successfully rolled out nationwide for the benefit of housebuilding members. Plans for a major advertising campaign to promote new homes in 2008 had been put on hold as a result of the downturn in the sector and the wider economy. However, by the summer of 2009,

and kick-start sales. Many members embraced this promotional opportunity, with some 2,000 sites participating and reporting improved sales performance as a result. The market has continued to improve steadily since then.

The Board also worked throughout 2009 to build on the success of its opinion-forming and policy programme that was commenced in 2008. This involved:

Highlighting the benefits of buying new homes: New Homes Week brought this theme to a climax in September, but the Board also:

- Invested in a much improved brochure on *Why a brand new home is the best option for you* for distribution to the public, via members, in the first half of the year. This listed the numerous benefits available to buyers of new homes.
- Conducted a YouGov survey (June 2009) on customer perceptions of new homes and issued an initial press statement on one of its key findings – that energy efficiency and green standards are now much higher on the homebuyer's agenda. This received wide publicity.
- Issued a second press release (August 2009) arising from the same YouGov survey, this time on the importance placed by homebuyers on gardens and other open space in new homes.

Influencing policy: The board updated and re-iterated a number of policy pronouncements originally made in 2008. Strong press statements aimed at influencing Government, Opposition and other opinion-formers, were issued on the following topics and gained wide coverage:

- A predicted shortfall of 1m homes by 2010 resulting in strong upward pressure on property prices (February 2009). We were the first to highlight this looming backlog and this received wide media comment. The issue has since been taken up by many others.
- A YouGov survey (March 2009) – repeating one carried out for the NHMB exactly a year earlier – showing that almost 90% of British people still believe that buying their own home represents a sensible investment in their future, a view virtually unchanged by the challenges of the recession.
- A YouGov survey (July 2009) showing 80% of the public in favour of the Board's idea for a Government-subsidised deposit savings scheme to encourage first-time buyers to save for their first home purchase. The Chairman first presented proposals for such a scheme to Government in 2008, but it was decided to re-iterate the idea in 2009 by testing public support through an opinion poll.

Spreading the Board's influence: during 2009, the Chairman extended the influence of the NHMB by contributing his opinions and

**Bob the Builder
launches New
Homes Week 2009**

housing expertise to a number of highly-influential publications and organisations. These included:

- Contributing to the housing market perspective in *Ground breaking: new ideas on housing delivery*, a discussion document published in June 2009 by Shelter, the homelessness charity.
- Co-editing *Mind the gap – housing in a cold climate* (September 2009), a wide ranging discussion paper on the future needs of UK housing market and the policy framework after the recession, published by the Smith Institute and sponsored by Town and Country Planning Association and Price Waterhouse Coopers. This was launched at the party conferences against the background of both the Conservative and Labour housing agendas. It was also presented to invited audiences at later events sponsored by the NHMB and the Smith Institute.

The Chairman continued to regularly contribute articles to trade and other publications and speak at industry, policy and political events throughout the year.

***New Homes News* was
published as part of New
Homes Week**





The winners
celebrate at the 2009
Housebuilder Awards



Ben Roskrow
Publishing Director
Housebuilder Media

As expected 2009 proved to be an extremely challenging year commercially for Housebuilder Media with advertising revenues significantly affected by the market conditions.

However Housebuilder Media continued to lead the way in providing the industry with business useful information and networking opportunities throughout the year.

The core of the business, Housebuilder magazine, continued to report on and analyse the key issues for the industry. Highlights of the year included the publication of an industry SWOT analysis completed by key housebuilders, suppliers and commentators in September, and interviews with Persimmon boss Mike Farley and Taylor Wimpey ceo Pete Redfern.

The growth in importance of digital media prompted HBM to further develop the offering from its website, www.house-builder.co.uk, which now includes news, blogs, polls, products, events information and the latest edition of the magazine. The site now has more than 6,000 registered members and 3,500 recipients of the popular News and Events E-mail Alert service.

housebuilder media

HBM publishes the monthly Housing Market Report for HBF, and despite a difficult year for the publication in terms of subscriptions, the future of the title now seems assured.

Housebuilder Media continued to run a series of successful events in 2009. The HBF Policy conference in March was addressed by Shadow Housing Minister Grant Shapps and Homes and Communities Agency boss Sir Bob Kerslake, and Shapps returned to speak to the industry at the Housing Market Intelligence conference in October where Housing Minister John Healey also spoke. As ever the conference heralded the launch of the Housing Market Intelligence Report which featured detailed analysis of the industry and the Top 75 housebuilders listing.

Planning and Technical conferences were also staged by HBM as well as a Building Regulations conference.

The Housebuilder Awards, presented by Gyles Brandreth, were staged in November and were well attended.

Housebuilder Media also assisted HBF and NHMB throughout the year, organising the AGM and assisting in the publication of HBF's Annual Report and other documents including New Homes News for the 2009 New Homes Week.



“Housebuilder Media continued to lead the way in providing the industry with business useful information and networking opportunities throughout the year”

committees

National Planning Committee

Inevitably 2009 was dominated by speculation of an election and the publication of the Conservative's Green Papers. The Planning paper in particular was an unbounded source of speculation and it was, therefore, pleasing to be able to separate some of the fact from the fiction by the attendance of John Howell MP, one of the Tory team responsible for planning, at the HBF national Planning conference, held in Northamptonshire in September.

Similarly the issue of viability of development (particularly S106 requirements) has permeated discussions of the committee throughout the year and we are pleased that both evidence and anecdote from HBF members at national and regional meetings resulted in real and meaningful actions by CLG and Government. Changes to legislation to allow greater flexibility for planning permissions, whether through minor amendments or through extending the life of a permission, were all proposed by, discussed and formally responded to through the Committee.

Whatever the outcome of the election, the coming year will inevitably be a challenging one, whether it is through the more radical proposals of the Conservatives, ensuring that planning policy responds fairly and rapidly to changes in the economy or the practical implementation of the Community Infrastructure Levy, another huge area of work during the year.

I would like to thank all of the members of the Committee and the people who so willingly contribute to the regional planning meetings for their continued support.

Lee Bishop

Planning Committee Chairman

National Technical Committee

The National Technical Committee met four times during the year and the eight regional technical groups each met three times.

The Committee's agenda is based on national topical matters surrounding all aspects of house building and associated matters that could affect HBF members.

Its work is fed through to the regional technical groups and in return regional items are taken back to the Committee. This two way flow of information is an important and vital inter-connection.

During the year the Committee looked at a wide range of issues. The Government's zero carbon agenda and the Code for Sustainable Homes being of particular importance. Besides these "above ground" issues many "below ground" issues including drainage, flooding and utilities were also tackled through a comprehensive programme of activities and consultations.

Work groups were set up during the year to look at the many consultations that were released.

The Committee members continue to form specialist technical sub-groups which look at major issues such as Lifetime Homes, Section 38 commuted sums, the Code for Sustainable Homes and Gas Flues. These groups meet when required and advise the Committee accordingly.

Many of the Committee members are involved in industry advisory groups set up to discuss forthcoming consultation/regulations.

Ashley Lane,

National Technical Committee Chairman.

Health and Safety Committee

The Committee met four times during the year. These meetings are held at different member company offices.

The Committee members continue to form working groups both internally within the group and externally with other interested stakeholders in order to meet the principles of the HBF Health & Safety Charter. An example of this joined up thinking is the quarterly collation and production of accident statistics for comparison with industry numbers, and the HBF/HSE *Slips and Trips* campaign that was commissioned by HBF's Majors Sub-Committee following analysis of these figures.

The *Slips and Trips* campaign was launched with an article in the April 2009 edition of Housebuilder magazine. Posters and pocket guides were produced and distributed prior to the campaign as requested by member companies. Finally, the HSE (which is an invaluable member of this Committee) linked the initiative to its own *Shattered Lives* web campaign.

Other Committee linked working groups are contributing to a HSE CDM Evaluation process; the consultation on the safe handling of plasterboard; better guidance for safe erection and fire protection of timber frame properties; and a Code of Conduct for Utilities and House Builders to adhere with. A full list of these and other committee activities is available on request.

It is intended that all of the above will, in some way, assist the HBF to provide all of its members with sound and practical guidance on the management of health and safety for implementation in their day to day activities.

David Hickman.

Health and Safety Committee Chairman.

Careers Committee

The Committee met quarterly through the year to discuss the skills issues facing the industry.

The effects of the recession were a major factor in determining the Committee's focus. It continued to review the position on apprentices in particular, liaising with ConstructionSkills on ways to support and maintain existing apprenticeships threatened by redundancy.

Discussions were also held on whether new entrants to home building could be supported through the Government's housing stimulus measures, including the Kickstart scheme for stalled sites administered by the Homes and Communities Agency. In addition, the Committee looked at the Government's proposals for an Apprenticeship Bill and the scope for using mechanisms such as Group Training Schemes and commercial apprenticeship providers as alternative ways to keep the door open to new industry recruits.

Members of the Committee discussed with ConstructionSkills proposals for the future evolution of the CITB Grant Scheme and other industry skills schemes. Later in the year and early in 2010 the Committee also provided the HBF's input to discussions on how savings in CITB Grant Scheme expenditure could best be made given the reduction in CITB Levy income caused by the impact of the recession across the construction sector. Some painful decisions have had to be considered, but the Committee was able to advise on ways to balance industry requirements against options for reducing overall Grant expenditure.

More positively, the Committee considered possible future skills requirements in home building. A significant driver for this work was the increasing extent of new policy and regulatory requirements



HCA Chief Executive Sir Bob Kerslake addresses HBF's 2009 Annual Industry Lunch

relating to sustainability and carbon reduction, with their potential implications for design and construction amongst other things. Towards the end of the year the Committee contributed to the NHBC/ Zero Carbon Hub/ ConstructionSkills study on likely future home

building skills requirements in the decade to 2020.

John Slaughter

Acting Careers, Skills and Training Committee Chairman

UEPC

HBF played an active part in the work of the UEPC throughout the year.

This activity has been against a difficult background. As the effects of the downturn swept across much of Europe, the UEPC itself faced significant financial and resource pressures in continuing its representation of developer interests at the EU level.

HBF members and staff contributed materially to discussions to ensure the UEPC could adapt its working arrangements successfully to these challenging circumstances. HBF also played a major part in helping to represent the UEPC on some of its most important issues.

The single most important area of work concerned the EU negotiations to revise the Energy Performance of Buildings Directive (EPBD). There was substantial pressure from the European Parliament and other bodies to include in the revised EPBD a requirement for an energy performance standard for new buildings that was more ambitious than the existing UK zero carbon policy.

HBF was able to use its understanding of the issues to inform the UEPC's representations to the European Commission, MEPs and member states on the negotiations and also took part in a number of Brussels meetings. These representations contributed to a satisfactory outcome when an agreement was reached at the end of 2009 ensuring that the new EPBD would not cut across established UK policy on this issue.

John Slaughter

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

Retirement Housing Group

2009 finally saw the costs of care and support for the UK's ageing population become a high political priority, and the launch of the Innovation Panel's report by the Homes and Communities Agency acknowledged the key role of supported housing as one of a number of positive housing solutions.

This positive policy framework enabled the Retirement Housing Group to work constructively with policy makers at national, local and regional level. The Group's housing needs assessment model, which identifies the extent of under-occupation by age group and tenure and the propensity of older households to move, is now being used in discussions with policy makers. At regional and local level, the Group has achieved the incorporation of favourable policies for older people's housing in emerging development plans and housing strategies.

Gary Day,

Retirement Housing Group Chairman

HBF Ltd Board



Stewart Baseley
Executive Chairman



Paul Pedley OBE
Hon. Treasurer



David Pretty CBE
Co-Option



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



Philip Davies
Co-Option, Ashill Developments

HBF Team

John Slaughter
Director of External Affairs

John Stewart
Director Economic Affairs

Dave Mitchell
Technical Director

Andrew Whitaker
Planning Director

Steve Turner
Head of Communications

Stanley Jackson
Finance Director

James Stevens
Strategic Planner for the Regions

Richard Price
Planning and Policy Adviser, Wales

finance and membership



Stanley Jackson
Finance Director

The harsh economic climate of 2008 continued throughout 2009 and the revised operating structure implemented last year enabled HBF to manage effectively its cost base whilst delivering significant achievements on behalf of its members.

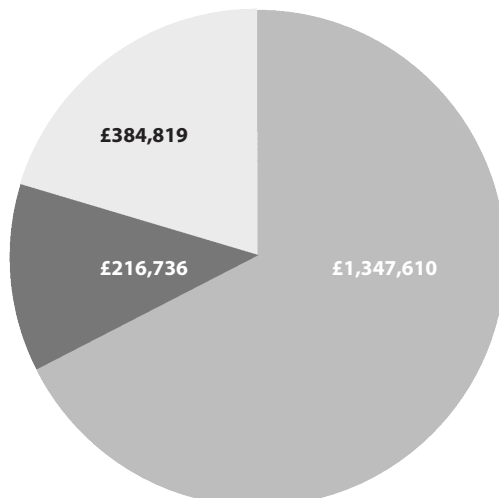
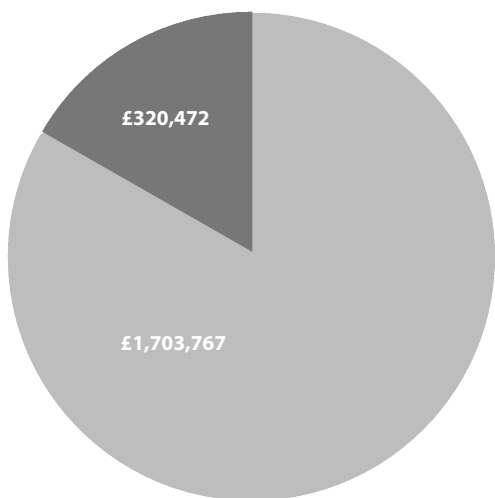
The revised basis for membership subscription, which recognised the cost pressures evident within the industry, resulted in a significant reduction in subscription income.

The cost savings resulting from the revised operating structure mitigated the reduction in income resulting in a profit before taxation of £109,449.

During 2009, the Construction Confederation (sponsoring employer to the Construction Confederation Staff Pension Scheme) was declared insolvent and unable to meet its obligations. As a result, the Trustees of the Construction Confederation Staff Pension Scheme entered into negotiations with the Pension Protection Fund (“PPF”) for the Construction Confederation element of the scheme to be admitted into the PPF. This will have ramifications for both the Home

Builders Federation Limited and Housebuilder Media Limited sections of the scheme and will necessitate further work and the incurrence of additional professional fees. We have discussed the scope of this additional work and the potential cost with our professional advisors and at the present time the costs are estimated to be between £75,000 and £150,000 and, given the historic complexity of the pension issue, may well be at the higher end of the range. We have been advised by our auditors that a provision for these further sums would not meet the requirements of Financial Reporting Standard 12: Provisions, Contingent Liabilities and Assets and hence would be inappropriate in the statutory accounts. However, the results for the current year should be considered in the context of the likely further sums to be expended in finally concluding these matters.

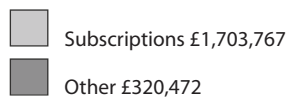
In order to increase future subscription income, a major initiative has been launched to increase HBF’s membership. This has already proved to be successful with Bloor Holdings Ltd, Fairview New Homes Ltd, Nicholas King Homes PLC, Weston Homes Plc and Octagon Developments Ltd all joining during 2010.



finance and membership

Extract from the audited accounts for 2009:

INCOME



EXPENDITURE



INCOME	2009 £	2008 £	Incr/(Decr)
Subscriptions	1,703,767	2,592,378	-888,611
Interest & Dividends	24,887	115,755	-90,868
Other Membership Income	71,750	164,900	-93,150
Management Charges	115,270	138,753	-23,483
External Affairs Consultancy	60,000	66,260	-6,260
Programme Contribution	65,000	65,000	0
Other Income	100	701	-601
Events Programme			
Income	36,143	122,369	
Expenditure	-52,678	-143,382	
Net Income/(expenditure)	-16,535	-21,013	4,478
Normal activities	2,024,239	3,122,734	-1,098,495
RDL Levy	-	504,052	-504,052
Total	2,024,239	3,626,786	-1,602,547

EXPENDITURE	2009 £	2008 £	Incr/(Decr)
Corporate Activity	1,347,610	1,862,502	-514,892
External Affairs	384,819	435,900	-51,081
Planning	216,736	491,350	-274,614
Normal activities	1,949,165	2,789,752	-840,587
Pension Settlement	30,625	487,833	-457,208
Redundancy Programme	-	190,000	-190,000
Office Relocation	-65,000	160,000	-225,000
Total	1,914,790	3,627,585	-1,712,795

SURPLUS/(DEFICIT) BEFORE TAX	2009 £	2008 £	Incr/(Decr)
Income from normal activities	2,024,239	3,122,734	-1,098,495
Expenditure on normal activities	-1,949,165	-2,789,752	840,587
Surplus from normal activities	75,074	332,982	-257,908
RDL Levy	-	504,052	-504,052
Pension Settlement	-30,625	-487,833	457,208
Redundancy and Office relocation	65,000	-350,000	415,000
Surplus/(Deficit) before tax	109,449	-799	110,248



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