





Stewart Baseley,
Executive Chairman

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EXECUTIVE CHAIRMAN'S FOREWORD

2017 will always be remembered for the shocking and tragic events at Grenfell Tower which unfolded over the course of the evening of 14 June.

In the period immediately after, HBF worked closely with government officials to establish how commonplace the construction type used at Grenfell was and acted as a conduit for information between the industry and Government. I was proud that HBF members responded positively to the request for accommodation to rehouse displaced residents with over 200 homes being identified as possible options in assisting the efforts of finding suitable alternative homes for those affected.

The implications for what and how we build are still to become clear, but there is no doubt that the building regulations and inspections regime within which we operate will be changed considerably.

For most of late spring and summer the snap general election, the subsequent change in Housing Minister from Gavin Barwell to Alok Sharma, followed by the tragedy at Grenfell ensured that the normal policy-making and decision processes were understandably put on hold by ministers and officials.

As things returned to some level of normality in the latter part of the year it became clear that housing, after Brexit, is the biggest issue on the Government's agenda. The Prime Minister committed to personally lead her Government's ambition to solve the housing crisis, symbolically hosting a roundtable in Downing Street that we were pleased to have the opportunity to attend and press the case for further pro-development policies, especially those that could enable small house builders to grow.

The Housing White Paper launched in February 2017 contained many of the planning proposals we had made and formed the basis of the revised National Planning Policy Framework (NPPF) that was eventually published in spring 2018.

We were pleased that our representations about the funding and future of the Help to Buy equity loan scheme led to the Autumn announcement of a further £10bn to ensure the scheme has sufficient funding through to its current end

date in 2021. At the same time we were disappointed that our pleas for certainty about the scheme beyond 2021 have not to date been answered. We will continue to stress the importance of clarity on this issue in 2018.

Throughout the year we were at pains to stress the incredible progress the industry was making in respect of output growth. Figures released in the autumn showed there were 217,000 net additions in the year to April 2017, the third highest number since the early 1970s and up 74% in the past four years alone. As a result, the Government's initial target of one million additional homes between 2015 and 2020 ridiculed by many back in 2015 as a pipe dream now looks very attainable.

The new target of 300,000 additional homes a year by the mid-2020s set out by the Chancellor, Philip Hammond, in the Autumn Budget is undoubtedly a challenge and will require a greater contribution from housing providers across the board.

The Chancellor also announced in the Budget a review of build out rates, to be led by Sir Oliver Letwin. We have met with him and explained why it takes so long for land to pass through the planning system and also the challenges which often dictate the rate of build. We await his report with interest but to achieve 300,000 homes a year will undoubtedly require a step change in the time it takes from outline or approval in principle to actually getting on site.

Recruiting, training and retaining a skilled workforce is also essential if we are to deliver 300,000 quality homes a year. The Home Building Skills Partnership that we established in 2016 made significant progress on a number of fronts through the year.

Increasing industry capacity is also inextricably linked to build quality, a subject that came under intense scrutiny during 2017. Our Quality Group progressed workstreams on the recommendations made by the All Party Parliamentary Group (APPG) report in 2016, the most significant of which was for the creation of a new homes ombudsman.

In September we presented ministers with an independent report we had commissioned to consider this issue. The Secretary of State, Sajid Javid, subsequently wrote to me

encouraging us to press on with our work in this area. At the same time, he announced there would be a consultation about Ombudsman protection across the whole housing sector. We are continuing to work with a range of stakeholders to try and develop a sector-led proposal.

Another high-profile issue very prominent throughout 2017 was leasehold reform. We made the case strongly that leasehold as a tenure is not a problem providing the terms of leases are fair and reasonable. However, the strength of sentiment amongst politicians has been so significant that a ban on leasehold houses was inevitable. We still await precise details of what this and the setting of ground rents at 'zero financial value' means, and have been discussing with officials and ministers the practicalities of transition and the future freehold ownership of apartment buildings. Additionally, we remain concerned about the impact for specialist retirement developers and other sites of marginal viability, and are challenging the government to think carefully about this before implementing changes.

Alongside these issues there are also considerable unknowns with regards to Brexit, and, in particular, house builders' reliance on workers from the EU. Government made clear they wanted hard facts rather than anecdotal snippets from sector representatives. We thus undertook a census of some 37,000 workers on around 1,100 sites. It highlighted that one in five of all workers on house building sites are from overseas, rising to more than half in London. We presented this research to officials and expect it to form part of the evidence base for the influential Migration Advisory Committee (MAC) which is advising the Home Office on the future immigration framework.

Our agenda seems to grow by the week and in the pages that follow you will find more detail on the areas I have touched on above plus a range of other issues where we have been actively representing you throughout the year.

As always we are only effective as a consequence of the outstanding efforts of our staff in London, Cardiff and around the country; our Board of Directors for their wise counsel and the many members who contribute to our work in so many ways. I would like to express my personal thanks to you all.





MEET THE TEAM

Stewart Baseley, Executive Chairman
Peter Andrew MBE, Deputy Chairman

Mark Behrendt, Planning Manager (London & Southern)
Victoria Brauer, Policy Analyst
Sara Cartin, Home Building Skills Partnership Manager
Craig Ferrans, Technical Director
Sue Green, Planning Manager (Midlands & South West)
Joanne Harding - Planning Manager (North East/West & Yorkshire)
Mark Harris, Planning & Policy Advisor for Wales
Jenny Herdman, Director of Home Building Skills Partnership
Razia Iqbal, Senior Bookkeeper
Marian Macdonald, Office Manager & PA
David O'Leary, Policy Director
Michael Powell, Finance Director
John Slaughter, Director of External Affairs
James Stevens, Director for Cities
Steve Turner, Communications Director
Andrew Whitaker, Planning Director
Catherine Wilson, IT & Digital Manager

HBF COMMITTEES

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

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

2017



OUR YEAR 2017

SUPPORTING GOOD CAUSES

Sadly, Grenfell was not the only tragedy to which members were asked to respond during 2017. In the wake of the terrorist atrocities in London and Manchester we launched an appeal that raised over £160k from members which was distributed to charities assisting people directly affected by these events, the emergency services who respond in such circumstances and those working in communities to promote cohesion and preparedness.

HELP TO BUY



Throughout the year we continued to press ministers and officials over the future of Help to Buy. Whilst not all builders benefit from the scheme there is no doubt whatsoever that it has delivered against its initial objectives and is driving supply. Some 145,000 homes have been sold using Help to Buy, up to September 2017 and completions are now running at around 47,000 annually with 81% being purchased by first time buyers.

In all the meetings we had with ministers the call for certainty about the scheme, in terms of both the funding up to the current planned end date, and post-2021, has been one of our key messages. In addition to our continued pursuit of clarity over the post-2021 future of the scheme, we became increasingly concerned during the latter part of 2016 and through 2017 that the existing financial envelope for the scheme was not going to be adequate to keep the scheme running to 2021. We were enormously pleased, therefore,

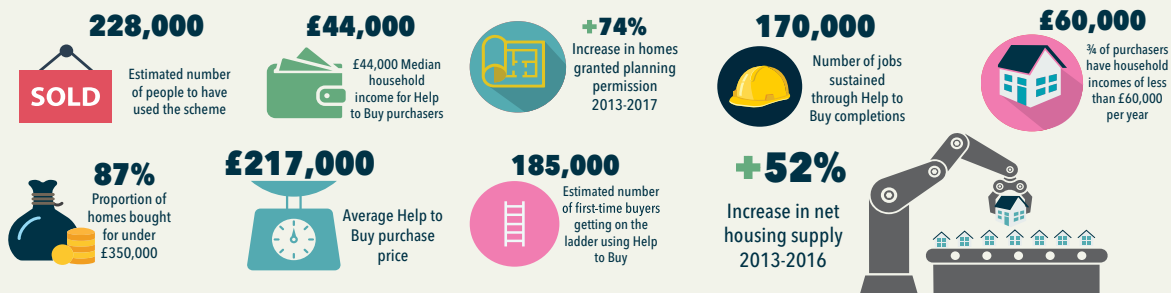
that these warnings were heeded by the Chancellor at the Conservative Party Conference with the announcement of an additional £10bn for the scheme to secure its status up to 2021.

We will continue to push for post-2021 certainty, recognising that, in particular, for larger sites where sales are likely to continue after 2021, land buying decisions are already being taken.

As part of our election campaign work we wrote to all constituency candidates high-lighting the number of Help to Buy sales in their areas and asking them to push central Government for certainty. We repeated this exercise after the election with the elected MPs and got some very positive responses showing the level of interest in the role the scheme is playing in getting their constituents onto the housing ladder.

To address some of the negativity around the scheme from certain politicians and commentators, in September, just before the party conferences, we published a report on Help to Buy. It detailed the success of the scheme and how it has delivered on its three pre-set objectives to help first time buyers; increase housing supply; and promote economic activity. The Stepping Up! report went to politicians, officials and the media.

HELP TO BUY IN NUMBERS



PLANNING

The White Paper published in February contained many proposals for change that HBF had suggested and pushed for. We felt what emerged was a substantive, practical document that, if implemented as a package, could over time improve many aspects of the planning system. We held a number of member meetings to inform our response to the 38 questions posed in the consultation.

We were frustrated by the understandable delay to implementation of the proposals caused by the election and the tragedy of Grenfell Tower, which, obviously, took the full attention of the new housing minister and that of the Secretary of State for some months afterwards.

Through our Plans Management Group, which has now been amalgamated with the National Planning Committee, we developed a robust response to the consultation on calculating housing need - in particular, making the point that economic growth aspirations should still be reflected in LPA's plans. We also commented on other issues in the Government's "Right Homes, Right Places" consultation, notably welcoming the suggestion for clearer statements of common ground between LPAs, concern regarding local authority's understanding of viability assessment, and on neighbourhood plans where we were pleased to note that Government recognises the need to ensure they do not have more weight than, or interfere with, the local plan process.

The publication in March 2018 of the consultation into the draft of the revised NPPF, which includes many of the proposals in the White Paper and other consultations, underlined the progress, albeit far too slow, being made towards meeting the Government's aspirational target for 300,000 additional dwellings.

This target is not necessarily, as some suggest, unachievable. Our own quarterly Housing Pipeline report produced with Glenigan showed the moving annual total of permissions increased to over 350k during the course of 2017, the highest since comparable records began in 2006. We have stressed that this should be seen as a positive indicator of the industry's intention to build more homes in the coming years.

Of course, there are still many challenges for both local authorities and the industry regarding the new draft NPPF and associated documents, particularly regarding the standard approach towards viability assessment. We will continue to work with both central and local government to ensure that

the new policy proposals encourage, rather than inhibit, an increase in housing output across the Country.

The Ashdown Forest, in Sussex, issue in early summer highlighted the need for us to remain vigilant. Wealden District Council's interpretation of the UK Air Quality Plan that enabled them to win a legal challenge against a neighbouring authority's local plan – and warning others they would do the same - on the basis they hadn't carried out appropriate environmental assessments, set a dangerous precedent. In response, we have worked with a consortium of local developers and specialists including Natural England as well as raising the issue with ministers. We continue to seek a realistic solution to this difficult issue but can definitely see some light at the end of the tunnel.

On a more local level, our team of planners represented the industry at every local plan inquiry to ensure the industry's position is taken into account as decisions are made on housing numbers and local plans.

Across the country we made over 100 submissions on draft or submitted local plans and attended over 50 local plan inquiries. Key issues continued to be overall housing requirements within the plan itself, the buffer to be included for flexibility and the level of cooperation that authorities had engaged in with their neighbours. Due to the HBF involvement we saw some large increases in housing provision in plans with Warwick and Mid Sussex now planning for 4,000 additional dwellings above that proposed in their draft plans; and an additional 5,000 dwellings in the Gloucester, Cheltenham & Tewkesbury Joint Core Strategy.

The report on this year's Local Plans team's work is available on the HBF website.

DEVOLUTION AND METRO MAYORS

To reflect the devolution of powers to the regions, we restructured our planning department and created the position of Director for Cities. In all the Metro Mayor election campaigns, which took place in May, we tried to ensure housing was given prominence and we worked with other parties to stress the needs – and benefits – of planning for more homes in key areas. Since the elections we have been seeking to engage with all six Metro Mayors to ensure house builders are part of the policy and decision-making process as the Mayors implement their control over the planning system in their areas.

In Greater Manchester, for example, we worked closely with the Housing the Powerhouse campaign to ensure the Greater Manchester Spatial Framework (GMSF) contains a sensible housing target that reflects local need and which supports the economic growth ambitions of the area. We are now pushing the Mayor, Andy Burnham, to move forward with the preparation of the revised GMSF, adopt the plan and provide certainty to local councils and the industry. We are also in conversation with the Combined Authority about supporting its regeneration ambitions, improving the supply of affordable homes and developing the construction skills base of the region.

In the West Midlands we have engaged with the Combined Authority on its plans for dealing with Birmingham City's large housing shortfall. We are hopeful that the publication of the second devolution plan with its ideas to increase delivery above planned levels will encourage the Combined Authority to open a dialogue with the industry.

Our London members group met several times during the year to discuss the issues facing builders in the Capital. We worked closely with the Mayor on a scheme designed to meet his manifesto commitment to prioritise sales to Londoners over over-seas buyers that was announced in February 2018. Whilst debate continues over exactly how to define a 'Londoner' the Mayor has been very appreciative of the work of the HBF in designing the scheme and coordinating this work with other housing providers in London.

HBF has also been involved in influencing the development of the Mayor's Homes for Londoners supplementary planning guidance (SPG). This SPG introduces a fast-track system for applications that can guarantee the provision of at least 35% affordable housing.

We worked throughout the year to influence the Mayor's new London plan that was published in November. The new housing target of 65,000 homes a year is a significant increase on previous ones and places much greater onus on the outer boroughs to deliver more homes more quickly. While the ambition is to be commended, it is double the rate of completions achieved on average in London over the last thirty years and so presents significant challenges that we are discussing with the Mayor.

We are also partaking in the stakeholder group the Greater London Authority has set up to look at the quality of the homes being built in the Capital.

PLANNING

SKILLS AND TRAINING

If we are to deliver 300k homes a year it is absolutely imperative that we increase industry capacity. We need to be able to retain the people that we have; ensure they are sufficiently skilled to deliver the high-quality homes we need; and recruit and train many thousands more in the coming years. We have been looking closely at all these areas through the Home Building Skills Partnership which two years after its creation is having a significant impact.



After a year in which frustrations with the training regime under the CITB came to a head with the no confidence vote our members gave them on their Levy proposals, the Partnership is a demonstration of how the industry can deliver if it works together. The Partnership is funded by a grant from Construction Industry Training Board (CITB), who are heavily involved, but, crucially, it is industry led so allows us to focus on the areas you tell us need attention.

Over 70 companies have now signed up to the Partnership's Home Building Skills Pledge, committing them to a number of training objectives. Collectively those companies are responsible for about 2/3rds of output. The Pledge was launched at our Housing Market Intelligence conference in the autumn by Partnership Chair John Tutte and then housing minister Alok Sharma. The minister subsequently wrote to us asking for details of the Partnership's objectives and a delivery plan on how we intend to implement them moving forward which we are in the process of providing.

I think we can now demonstrate real progress on the objectives of the three umbrella working groups we have set up (Skills and Development, Attract and Supply Chain) have agreed on. These include; identifying the job areas we need to focus on recruiting for ; developing relationships with education providers and the Department for Education; agreeing training standards and promoting training to meet these (some of which has now been trialed with site managers); developing pilot projects for college leavers to gain employment and for training in supply chain companies. We are also seeing real progress with the development of an 'attraction' campaign for 2018 aimed at promoting our industry to young people and other target audiences such as those leaving the military. I hope you will agree that we have started to lay the foundations for what could be a very strong delivery vehicle for how we recruit and train our future workforce. A leaflet detailing progress of the Partnership is available on the HBF website.

In the meantime, we are working closely with CITB as they make the changes they recognise are needed to enable them to be the wider sector champion we need them to be. In advance of the sector vote on their future, we ensured they were very well aware of industry concerns. We hoped that we could convince them of the need for more immediate change such that we could support them, but unfortunately the 'offer' we received did not meet our members' wishes. In the end, following the consultation we ran, housebuilders voted 'no' to the Levy proposals by a significant majority. Whilst ultimately the wider sector vote went in their favour, even those construction sectors who voted 'yes' did so on the basis that CITB needed to change dramatically. We must now respect the result of the vote and, looking forward, work closely with CITB both on how they change and on what they need to do in order for house builders to get what they need, and pay for, from CITB's processes. CITB has already outlined some of their restructuring plans and we will be monitoring progress closely in the hope that when the next vote comes round in three years' time, our response can be more favourable.

CENSUS AND BREXIT

Throughout the year we attended meetings with ministers and officials from various Government departments on the implications of Brexit for the house building industry.

The biggest point we have been making to them is that continued access to labour post-Brexit is key to the industry's ability to deliver the Government's housing targets. We have, however, been acutely aware that a broad range of other industries and sectors are making the same appeal with calls for 'special treatment' for anyone from nurses to baristas. From the dealings we had on this issue with then immigration minister Brandon Lewis, who we know well from his term as housing minister, it became clear hard evidence would be required to support such claims. We thus undertook a census of around 37,000 workers on 1,100 of our members' house building sites. From the results we published a report that made quite clear the reliance of our industry, in particular in London and the South East, on overseas workers. We have sent the report to the Migration Advisory Committee and a range of Ministers and officials to help inform their thinking.

With regards to Brexit we have also contributed to the Government's review on the impact a tariff based import regime could have on house building; and are working with 'red tape initiative' led by Sir Oliver Letwin to look at what regulatory benefits could be gleaned from leaving the EU.

QUALITY

The subject of build quality became a major issue this year. In the early months a media storm erupted that focussed politicians' minds on build quality. HBF worked hard to try and get some balance into the media reporting, providing numerous quotes, briefings and appearing on a number of broadcast programmes to present an industry perspective. But it was a struggle to be heard.

In the wake of the publication in 2016 of the All Party Parliamentary Group (APPG) report into Build Quality and customer service, we set up a group under the chairmanship of Stephen Stone to look at each of the recommendations made. That group met throughout the year and worked with lenders, warranty providers and other stakeholders to push forward a series of work streams. These include work to ensure the information provided to customers is sufficiently comprehensive; standardisation of sales contracts; work on the 'CML sign off' process and inspections regimes; and a review of the industry Customer Satisfaction Survey. Throughout the year we ensured ministers and officials were fully aware that the industry was taking the issue of build quality seriously and making progress to deliver improvements. Perhaps the most significant suggestion made by the APPG, and the one that has gained the most traction, is that an ombudsman should be created to cover the new homes market.

To ensure we were on the front foot, we commissioned WPI Economics to undertake an independent analysis on all the issues this raised with recommendations on a way forward. The report suggested that whilst the Consumer Code does a good job, a more independent body with wider market coverage, more teeth and a broader remit is required – something all the members we have spoken to subsequently have agreed with.

We sent the report directly to Sajid Javid who has personally taken charge of this agenda. When announcing a consultation into ombudsman across the sector he also wrote to us asking us to push on with our work. We have thus been working with a broad range of stakeholders including builders, warranty providers, lenders, consumer and ombudsman groups, to try and agree how best an ombudsman is created to cover new homes. We feel we are progressing well in terms of developing a proposal for Government that will form part of our submission to the consultation.

However we should all be under no illusion that Government may reject our approach and impose something on us.

LEASEHOLD

The controversy and subsequent political reaction over the creation of leases on new housing developments first arose at scale towards the back end of 2016 and was a constant throughout 2017. The focus was initially on specific leases' escalators which involved ground rents doubling every 10 years, but quickly turned to the general principle of selling houses with leases and eventually resulted in thorough scrutiny of the leasehold system of property ownership for flats as well as houses.

At the HBF Policy Conference in March 2017, the Secretary of State issued a stern warning to the industry to improve transparency and stop selling houses with leases unless absolutely necessary. In July, DCLG published a comprehensive consultation on the subject. While the text of the document was very balanced, the Secretary of State's comments at the time were stark, leaving few in any doubt as to his strong intentions in this area. HBF submitted two separate responses to the consultation; one detailing the particular role of ground rents on retirement developments and another more general industry response. These explained the importance of ground rent income for viability on certain schemes and the positive role that an engaged and constructive freeholder can play in the management of apartment schemes.

The Government's formal response to the consultation process broadly confirmed their intention to ban leasehold for houses and to scrap ground rents. We are continuing to engage with them on the detail of how this will work.

CUSTOMER SATISFACTION SURVEY (CSS)

With the increasing focus on quality and customer service, the HBF CSS and star rating scheme has played a key part in measuring industry performance and providing data to rebut negativity. Results published in the spring of 2017 showed a stabilisation in the position from the falls of recent years, which was of course welcome.

We are very aware of the huge amount of work going on within individual companies to drive satisfaction levels back up, something that was reflected when we published the latest scores in March 2018. These showed increases in satisfaction levels across all areas - a demonstration of the commitment of industry to deliver improvements in satisfaction levels whilst continuing to increase output. Through all the negative reporting during the year, the survey has enabled us to demonstrate that, whilst we accept there is room for improvement, the overwhelming majority of our customers are happy with their new home.

Also, as part of the work under the quality group, Ipsos MORI carried out a review of the survey and broadly gave it a clean bill of health. We are in the process of implementing their recommended changes to the survey.

SME BUILDERS

Increasing the output of SME builders is key if we are to deliver further increases in overall supply. This a message we have repeatedly pushed to ministers alongside statistics that clearly demonstrate the decline in SME production over recent decades.

To crystallise our thinking we produced a report 'Reversing the decline of small housebuilders' highlighting the issues behind why SMEs are struggling to grow – planning, access to finance and regulatory hurdles – and proposing solutions. The report published in January, contained a foreword from Redrow founder Steve Morgan detailing how he thought it would now be near impossible to do what he did and grow an SME into a large national builder. The report was sent to Ministers and officials and formed the basis of a number of meetings we have had with Government.

The White Paper, published two months after the publication of the report, contained a number of proposed changes to

the planning system aimed at specifically helping SMEs and were based on suggestions we made in the report and other consultation responses to Government.

In June we held a Development Finance Seminar for our smaller members. The event reflected member concerns outlined in the report we published in January and provided the opportunity for development finance providers to engage with members and explore the available opportunities to access finance.

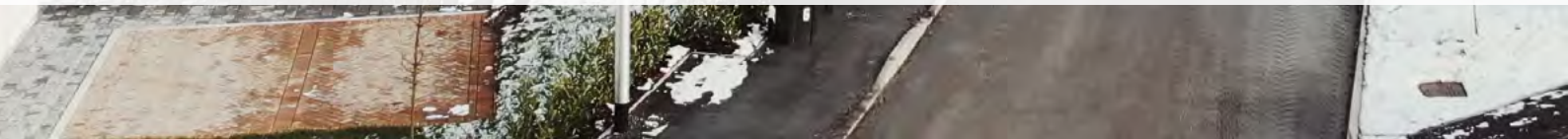
We also worked closely with the Homes and Communities Agency (now Homes England) to try and ensure the Home Building Fund, aimed at assisting SMEs access finance, is actually accessible. Initial feedback from members was one of frustration with the process but in recent months it seems the changes being made are allowing companies greater access. We will continue to monitor, and input as required.

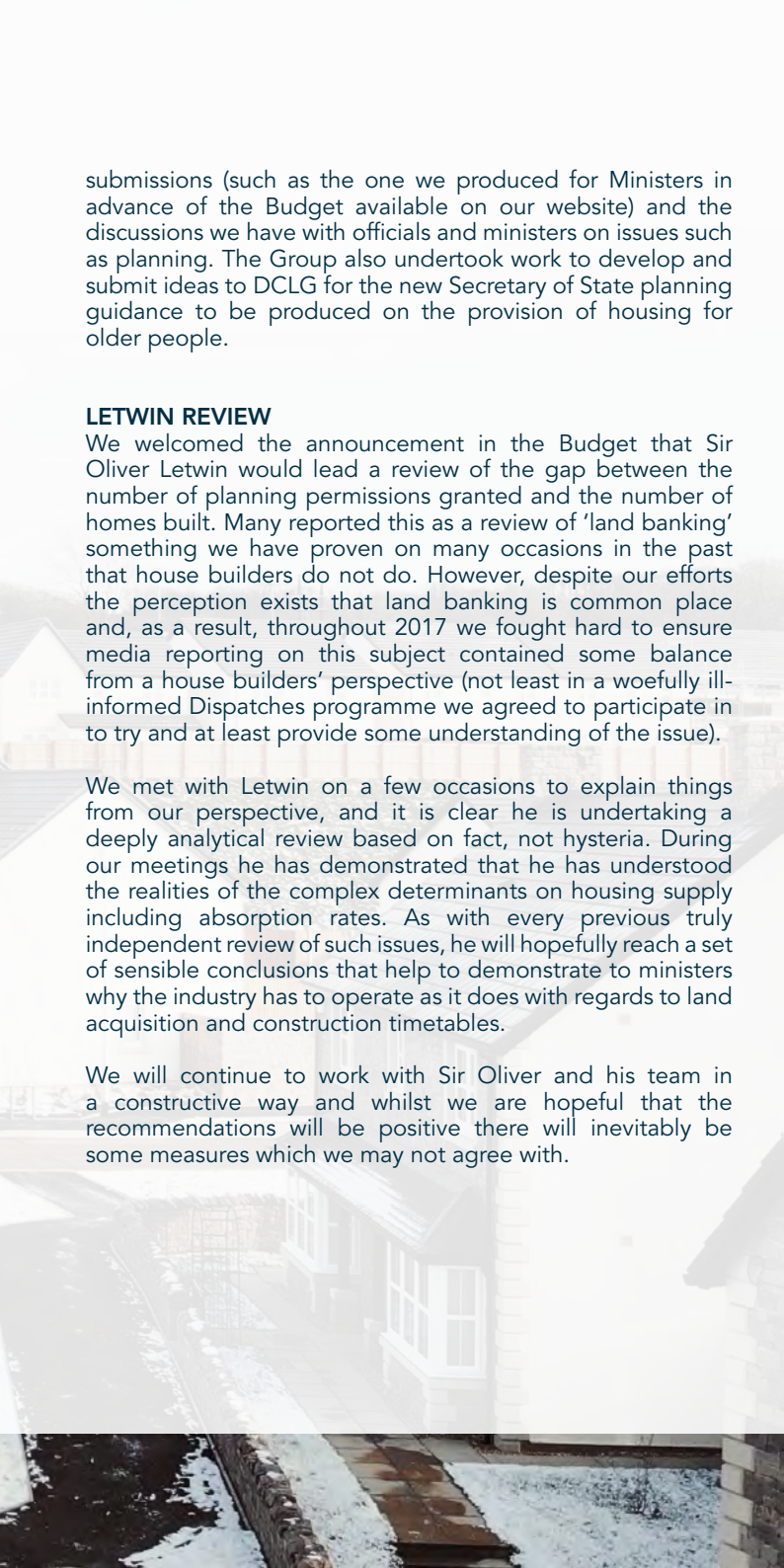
As part of our drive to assist and encourage SME members we reduced our membership rates for smaller builders, a move that significantly increased our SME membership and so attendance at our Small Developers Group. We will be using that forum to drive forward thinking in this area.

RETIREMENT HOUSING

If we are to build more homes overall, we also need to enable the retirement housing sector to deliver more homes for what is a growing section of the population and to encourage new entrants into this area of the market.

Through our Retirement Home Builders Group we have pressed Government to develop policies that will assist specialist providers to increase their output. To inform this work we commissioned Demos to produce a report with suggestions as to how the policy environment could be improved. The report was published in the autumn and sets out a range of demand and supply side measures that could be taken, including things the industry itself could do. We provided this to Government and continue to press them to work with us to develop a coherent policy framework based on this research to make a real difference on housing provision and improved choice for older people. The suggestions, that include policies to help buyers on the demand side as well as proposals for changes to the regulatory and planning systems also feed in to our more general work and inform our wider





submissions (such as the one we produced for Ministers in advance of the Budget available on our website) and the discussions we have with officials and ministers on issues such as planning. The Group also undertook work to develop and submit ideas to DCLG for the new Secretary of State planning guidance to be produced on the provision of housing for older people.

LETWIN REVIEW

We welcomed the announcement in the Budget that Sir Oliver Letwin would lead a review of the gap between the number of planning permissions granted and the number of homes built. Many reported this as a review of 'land banking' something we have proven on many occasions in the past that house builders do not do. However, despite our efforts the perception exists that land banking is common place and, as a result, throughout 2017 we fought hard to ensure media reporting on this subject contained some balance from a house builders' perspective (not least in a woefully ill-informed Dispatches programme we agreed to participate in to try and at least provide some understanding of the issue).

We met with Letwin on a few occasions to explain things from our perspective, and it is clear he is undertaking a deeply analytical review based on fact, not hysteria. During our meetings he has demonstrated that he has understood the realities of the complex determinants on housing supply including absorption rates. As with every previous truly independent review of such issues, he will hopefully reach a set of sensible conclusions that help to demonstrate to ministers why the industry has to operate as it does with regards to land acquisition and construction timetables.

We will continue to work with Sir Oliver and his team in a constructive way and whilst we are hopeful that the recommendations will be positive there will inevitably be some measures which we may not agree with.

TECHNICAL

Throughout the year we held a range of meetings to share best practice and discuss concerns. These meetings informed our thinking and enabled us to respond to a large number of consultations on various issues on behalf of the industry, many of which are now on our website.

A number of new member groups were established to address some of the key issues now facing the industry. These include utilities (including broadband); water matters, to look at how we liaise with the water industry as they reform their new connection charging arrangements; and highways, to look at the increasingly contentious issue of road adoptions.

We held a number of meetings to consider proposed changes to charging rules in the water sector. We have some serious concerns as to how the changes are being implemented and the lack of liaison with house builders. These were outlined in a number of consultations we responded to through the year. In addition, we engaged with senior people in the water sector and Government to outline our concerns.

In a similar vein we also raised growing problems about the roads adoption process in particular with regards to delays in technical approvals and maintenance periods. We fed into the note on this issue developed by the Department for Transport which provided an opportunity to highlight our concerns.

Our Health and Safety group continued to focus on all aspects of how the industry drives up safety standards including recording instances where incidents have occurred. Moving forward we are looking more closely at how we draw comparisons with other industries to benchmark how much progress has been made.

We also fed into the consultation on SAP and continued to develop thinking on BIM.

HOUSING NUMBERS

HOUSING NUMBERS

As we go about our business meeting parliamentarians and officials we continue to try and ensure that people are aware of the actual housing output numbers. They are a clear demonstration of the progress that is being made and our commitment to play our part in delivering the Government's objectives. It is also pleasing to see the general acceptance of the net additions numbers (and the new build completions component of these statistics) as an accurate barometer of housing supply - some-thing we have pushed hard for in recent years.

Housing Delivery 2016/2017:

$$217,350 = 183,570 + 43,590 - 9,820$$

(Net supply = new build completion + net conversions, net change of use, net other gains - demolitions)

Net additions up **74%** in past 4 years

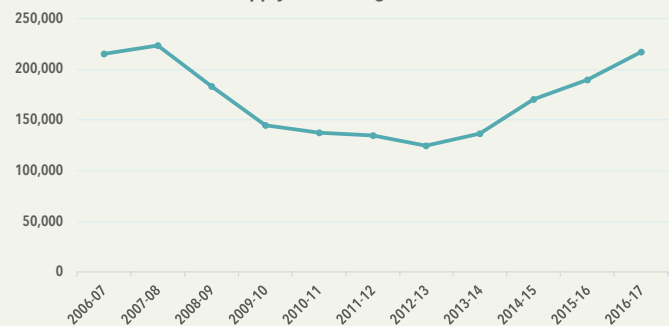
184k new builds - up **55%** in past 4 years

Net supply in 2016/17 **higher** than **1950s** average

£6bn in contributions last year via S106 and CIL

£4bn of which is funding affordable housing

Net supply of housing, 2006-2017



ALTERNATIVE TRANSACTION AND DELIVERY MEASURES

Residential Property Transactions:

The seasonally adjusted estimate of the number of residential property transactions decreased by 0.3% between January 2018 and February 2018. This month's seasonally adjusted figure is 0.7% lower compared with the same month last year. Compared with 2007 levels, when transactions were consistently above 1.4m per annum, there is around 30% less activity.

The provisional non-seasonally adjusted residential property transaction count for Quarter 4 of 2017 is 229,900 SDLT liable and 72,200 non-liable transactions.

Energy Performance Certificates:

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OTHER KEY STATISTICS

Build Quality and Customer Satisfaction:

86% of new home purchasers, up 2% from the previous year, would recommend their builder to a friend and over 90% say they would buy a new build home again according to the latest customer satisfaction survey carried out by HBF. As output increases the industry is intensely focussed on ensuring quality levels and customer satisfaction levels continue to improve.

In the 2016/17 survey year, 93,444 questionnaires were sent out with a response rate of 62%. This response rate is very strong for a mixed-method survey design and compares very well with other consumer surveys.

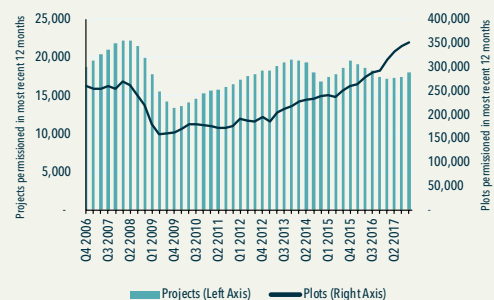
Help to Buy:

- As of September 2017, 144,826 homes had been purchased through the scheme with 10,100 of these bought in the Quarter 3 of 2017, this equates to an estimate 252,000 individual homebuyers.
- 1 in 12 first-time buyers are now using Help to Buy get on the housing ladder with a new build home.
- First-time buyers accounted for 116,898 or 81% of total purchases under the scheme
- The average (mean) purchase price under the scheme was £243,818.

Recent Planning Permissions

The moving annual total for the year to Quarter 4 of 2017 was 351,000, the most in any 12-month period since the HBF Housing Pipeline survey began in 2006. Planning permissions have increased by 55% following the implementation of the National Planning Policy Framework (NPPF), and particularly since the introduction of the Help to Buy Equity Loan scheme in April 2013.

Annualised planning permissions, plots and projects
2006 - 2017



COMMUNICATIONS

2017 proved to be an incredibly busy year with regards to the media with the industry firmly in the spotlight on a range of issues.

There was an intense focus on build quality issues, particularly in the first half of the year which saw HBF and house builders generally facing a barrage of criticism; the political focus on housing during the election campaign ensured the second half of the year was equally as busy with the general election then shortly followed by the truly tragic events at Grenfell. HBF provided background briefings to journalists, quotes to robustly rebut negative claims and support the industry position, whilst HBF directors undertook numerous interviews for national and local TV and radio programmes to ensure there was some balance in the coverage.

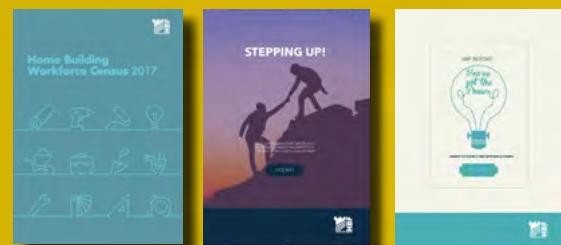
Issues such as land banking, build out rates, broadband provision and the ability of young people to buy a home – closely linked to developments with the Help to Buy scheme – also featured highly on the news agenda. Members continued to send the media HBF's way on non-company specific issues and we strived to put across the industry position.

We also contributed regular columns and opinions pieces for a broad range of publications and sent in letters for publication in national newspapers where we felt it necessary. We continued to increase our social media profile, both to promote the industry in a positive way and respond to inaccurate or critical claims. We ran an-other successful New Homes Week social media campaign in May aimed at promoting the positive benefits of new build homes. A host of members and industry stakeholders participated in this initiative which saw over 400,000 impressions from social media posts over that week and in terms of Facebook alone a 180% increase in total reach from the previous year with an 894% increase on Instagram.

Throughout the year we published numerous reports on various topics from energy efficiency to space standards, that sparked reports and comments across a variety of media channels. We also proactively produced reports to highlight areas which are already or will be critical for house builders in the future if the Government does not implement supportive policies including potential workforce shortages and the decline of SMEs operating in the sector. These received significant attention both from the media and Government. Whilst our events, both regionally and nationally, have attracted top level industry speakers providing both business useful information for delegates and forums to mix with industry colleagues.

HBF worked closely with the Home Building Skills Partnership to ensure positioning was aligned and communicated consistently. Meanwhile, HBF's marketing and communications group continued to meet quarterly through the year. The group discussed the broad range of issues facing the industry and how best we approach them, helped shape HBF's public messaging and devised workstreams and initiatives to best position the industry. HBF also, through this group, was able to highlight upcoming policy changes such as GDPR and Gender Pay Gap reporting to ensure members have sufficient notice to prepare internal communications and processes and discuss aligned industry approaches.

With housing issues now at the very top of the media, political and public agendas, HBF is looking at how it strengthens its communications function further for the year ahead.



OTHER ISSUES.

In addition to the issues highlighted, throughout the year we responded to numerous consultations on the industry's behalf. We also did a lot of work with the Homes and Communities Agency on moves to bring more public land forward; the energy efficiency agenda; broadband provisions and how we work with suppliers; where and how Building for Life fits into the planning regime; reshaping the Starter Homes scheme; provided local Construction Infrastructure Levy (CIL) charging schedule representation via Savills; and much more.



Ben Roskrow
Publishing
Director

HOUSEBUILDER MEDIA

Housebuilder Media (HBM) had a successful year in 2017 with good levels of advertising revenue in Housebuilder magazine and successful events. HBM benefits from its unique position at the heart of the housebuilding industry leading the way in providing business useful information and networking opportunities throughout the year.

The core of the business, Housebuilder magazine, continues to provide unrivalled coverage of the many issues affecting the housebuilding industry both on paper and online. The newly revamped house-builder.co.uk website provides up to date industry news, features and events details.

HBM's events are flourishing with The Housebuilder Awards and the annual Housing Market Intelligence conference and annual report launch again a great success.

HBM'S TEAM

Ben Roskrow, Publishing Director
Helen Board, Business Manager
Lisa Fisher, Events and Publishing Assistant
Rob Houghton, Southern Sales Manager
Kellie Kent, Events Manager
Suzie Mayes, Reporter
Tim Mullin, Northern Sales Manager
Lisa Sweeney, Events and Publishing Assistant



Any review of the year in Wales has to start with a reflection on the tragic news regarding Carl Sargeant. HBF had worked closely with Carl over a number of years and he was responsible for the first ever Welsh Planning Act in 2015 and the introduction of Help to Buy Wales. Although we didn't always agree on everything he was always willing to meet and listen to the challenges we faced.

Although 2017 didn't really see any significant changes in the house building environment in Wales, it certainly wasn't a quiet year and we continue to face a challenging climate in which to build houses.

Rebecca Evans AM was appointed Minister for Housing and Regeneration in November and we met with her on a number of occasions. She seems very open to working with the industry to tackle the issues facing house builders in Wales. Throughout the year we continued to ensure the Welsh Government (WG) was aware the positive impact the Help to Buy scheme was having and of concerns over its future. We continue to stress the importance of understanding as early as possible what WG intend to do when the current schemes comes to an end.

Probably the biggest challenge for builders is the shortage of suitable sites and development viability, both of which were issues highlighted by the Arcadis report for WG at the beginning of the year. We became increasingly frustrated that none of the recommendations were implemented. However, towards the end of the year we were advised that a number are being considered. Many will involve changes to documents like Planning Policy Wales (PPW) and the Local Development Plan Manual both of which are due to be consulted on later this year and are unlikely to be formally issued until Autumn 2018. We will continue to push for the recommendations to be implemented. We have also recently submitted a response to the Law Commission review of planning law in Wales.

Another area of frustration was that in 2017 only three LPA's have been able to demonstrate a 5 year land supply. Despite this, there has been ongoing pressure from Local Authorities for WG to revise TAN1 (Technical Advisory Note 1- Joint

Housing Availability Studies) in order to change the way in which the five year land supply is calculated. We continue to make representation as to why it is critical to retain TAN1 in its current form.

BUILDING REGULATIONS REVIEW

The review of Part L - Conservation of fuel and power was pushed back to autumn 2018. Linked to this the National Assembly for Wales Climate Change, Environment and Rural Affairs Committee has recently called for evidence as part of their inquiry into Low carbon housing. We continue to input. A further review of Part L relating to energy efficiency is due to commence in April 2018.

FIRE SPRINKLERS

The requirement for fire sprinklers to be installed in every home came into force in January 2016. The Welsh Government has been keen to reduce the number of preregistered homes that would avoid the requirement and we continue to work with them on this.

LEASEHOLD REFORM IN WALES

Throughout the year we worked hard to ensure the WG was aware of the full picture with regards to leasehold reform. An announcement was then made in March 18 proposing a relatively sensible solution to what is a very complex issue. The measures announced include a ban on leaseholds for houses sold through Help to Buy unless the developer can demonstrate good reason and introduced minimum standards for any lease under the scheme that included limiting the starting ground rent to a maximum of 0.1% of the property's sale value. However, the Minister also stated that 'this is only the start of my plans to address concerns about leasehold.'

INNOVATIVE HOUSING

HBF accepted a position on the WG steering group which has helped shape the call for sites. Mainly due to the lack of time available in order to resolve State Aid issues the first year of bidding was not open to the private sector. The second round of bidding in April 2018 will cover the private sector.

WALE S

SUSTAINABLE URBAN DRAINAGE SYSTEMS (SUDS)

We submitted a response to the WG consultation on SuDS implementation. A further more detailed consultation took place late 2017 with a view to enacting the legislation in May 2018. HBF will continue to feed in its concerns regarding the proposed legislation particularly around adoption and maintenance.

COMMUNITY INFRASTRUCTURE LEVY

No progress was made on the introduction of any new CILs in Wales even though a number of LPA's have reached various stages in the process. This lack of progress seems to be driven by the lack of uncertainty over what the UK is likely to do. CIL powers will be devolved to Wales from April 2018, although HBF was advised by WG that there are currently no plans to make any immediate changes.



*Mark Harris,
Planning and
Policy Advisor -
Wales*



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

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