

## HBF response to the Inquiry into quality of new build housing in England

### Introduction

HBF welcomes the opportunity to provide a written submission to The All Party Parliamentary Group to help the Inquiry into the Quality of New Build Housing in England.

The Home Builders Federation (HBF) is the principal trade body for private sector home builders in England and Wales. Our members build about 80% of the new homes constructed each year and comprise businesses ranging from national, through regional to more locally-based companies.

### Context and industry-owned measures to promote quality for new housing

New housing built today is generally of high quality and mandatorily complies with the requirements of national Building Regulations. The Building Regulations set key minimum standards for the operational performance of new homes and ensure that essential health, wellbeing and safety requirements are met.

The role of Building Regulations in ensuring that key requirements are met has been enhanced in the last year following the Housing Standards Review. The Review resulted in the previous Government's decision just ahead of the general election to introduce a new Building Regulation for security and to provide for new optional Building Regulations for both higher levels of accessibility and water efficiency that local authorities can seek to apply where they can establish an evidence base to do so – whether to a proportion of new homes in their area (as is likely to be most appropriate in the case of the optional accessibility standards) or to all homes in a particular location.

The Housing Standards Review also looked at the issue of space standards and the Government concluded that the best approach would be to set out a single nationally defined space standard for different types of dwellings that sits outside the Building Regulations, which local authorities can propose to apply in their areas where an evidence base to justify this can be demonstrated.

A wider set of industry-owned mechanisms also help ensure a thorough approach to delivering quality in new homes.

The 10 year new home warranty cover provided by National House Building Council (NHBC) and other bodies means there is a safeguard for purchasers of new homes against the possibility of a construction defect arising during this period. In the case of NHBC, the effectiveness of the warranty cover is strengthened by NHBC's requirement that to be able to market homes with its warranty a builder must comply with the NHBC Standards which

themselves provide for best practice design and construction, complementing the requirements of national Building Regulations. In addition to setting standards, NHBC also insists on regular inspections at key stages in the construction process. And, in event of a dispute going unresolved between builder and the eventual customer, NHBC offers a resolution service to clear up matters of disagreement.

Reflecting the magnitude of the purchase, the vast majority of purchasers of residential property will also have the benefit of detailed legal advice to ensure that they are fully appraised of their rights and responsibilities at each stage of the home buying process.

These consumer protections are further reinforced by the controls exercised by mortgage lenders. The Council of Mortgage Lenders (CML), following discussion with the home building industry and HBF some years ago, instituted a sign off procedure for the advance of mortgages whereby a building inspector must certify that Building Regulations have been met and that the property has been properly completed before the loan is released to the purchaser. Lenders also wish to see a new home warranty in place as a safeguard for the asset they are lending against.

HBF has for its part augmented these measures by running an annual customer satisfaction survey. The industry Customer Satisfaction Survey was launched in 2003 in response to recommendations made in the Barker Review of Housing Supply, undertaken for the Government at the time. It enables the industry to measure how customers perceive the homes being built and the level of service they are receiving. It is a comprehensive, independently developed and monitored survey that provides a robust measure of industry performance.

The scheme methodology was developed in conjunction with Ipsos Mori and the statistical methodology used in the analysis of the survey has been approved by the Statistical Service Centre at the University of Reading, who check the results each year to ensure it is independently verified.

Last year around 60,000 forms were sent out and 32,137 returned, a response rate of more than 50% - very high for any such consumer survey.

Since the scheme was established the industry has worked hard to improve its ratings. HBF and NHBC, who operate the scheme on HBF's behalf, have worked with the industry to drive improvements in customer service, and progress has been reflected in improved survey results.

The survey comprises 19 questions and all question areas are closely monitored by HBF to assess trends so recommendations can be made to the industry on where it needs to focus. Participating companies are awarded a 'star rating' based on their score for the key question 'would you recommend your builder to a friend?'

As companies have increasingly used the survey to benchmark their own progress, and in their own marketing, we have seen companies implement policies to ensure they are driving customer satisfaction levels through their business. It is now routine for companies to award staff bonuses for example based on the survey scores. The star rating scores are used widely in company marketing and are reported by many of the listed companies in financial statements.

The overall industry scores in all question areas improved consistently during the first eight years of the survey, such that by 2013 the industry overall was rated as 5 star - whereby over 90% of all respondents would recommend their builder to a friend.

In 2014, when output was increasing at the highest rate for 40 years, putting significant capacity stresses on an industry that had shed approximately 40% of its capacity six years earlier, satisfaction levels fell and the overall industry score dropped to 4 star – between 80-90%, albeit still to a level of satisfaction that is comparable with almost any other product or sector. The number of house builders recording five star results was also reduced.

The industry has recognised that the fall in scores is not acceptable and has taken steps to address issues, using the survey to identify areas of focus. The survey picked up for example the clear correlation between customers not getting in to their home on the date agreed with sales staff, and them not recommending their builder – the key question in the survey. With capacity issues and a shortage of skilled labour, completing homes on time has been a particular challenge for builders over the past two years – something that is understandably frustrating for customers wanting to get into their new homes. Developers are now working much more closely with customers to manage expectations and ensure that they are aware of any delays as early on in the buying process as possible.

The drop in overall industry scores and the fall in the number of five star rated builders is a clear demonstration of the challenge the industry faces to maintain high levels of customer satisfaction – and the robustness of the survey. The reaction of the industry to address the fall also demonstrates both the value of the survey to the industry and the emphasis they are placing on ensuring extremely high levels of satisfaction as volumes increase.

The purchasers of new build homes, unlike second hand buyers, also have recourse to the industry's Consumer Code. The Code was developed to make the home buying process fairer and more transparent for purchasers and ensure that all new home purchasers are treated fairly and are fully informed about their purchase before and after they sign contracts.

The Code came into effect on 1<sup>st</sup> April 2010 and applies to all homebuilders registered with the UK's main new home warranty providers; [NHBC](#), [Premier Guarantee](#) and [LABC Warranty](#) and consists of 19 requirements and principles that home builders must meet in their marketing and selling of homes and their after-sales customer service.

The Code reinforces best practice among home builders to make sure the level of information and customer service provided by all home builders is consistently high. It builds on successful efforts already made by the industry to improve consumer satisfaction in recent years

The increase in output has seen an increase in the number of cases being referred to the Code's Independent Dispute Resolution Scheme – which can award home buyers financial recompense from their builder.

The Code is overseen by an independent chairman and approval board. HBF sits on the advisory panel to represent the industry.

The Code is currently undergoing its second 'review', which is being overseen by John Bridgeman CBE – an independent consumer expert who has served two terms on the Monopolies and Mergers Commission and subsequently, as Director General of Fair Trading.

The review is in part aimed at ensuring the required changes are made to the Code such that it can become a Chartered Trading Standards Institute Consumer Codes Approval Scheme.

The credibility of the Code has been recognised by the Government's Help to Buy scheme in England and Scotland, with the requirement that the terms of the Code should be observed by home builders promoting Help to Buy.

We recognise that given the scale of the industry and the complexities of designing, constructing and selling homes, there will be occasions on which properties are not perfect at the time of handover to the owners. Controls, checks and customer service advances over many years have greatly improved the overall experience for buyers of new homes and individual companies, as well as the industry collectively, are working hard to improve even further.

Fundamentally, the current Building Regulations regime and other controls are doing an effective job in ensuring that serious structural failures or systemic building issues are infinitesimally rare occurrences which is not always the case in other countries. However, for customers dealing with what are usually finishing items, the frustrations experienced are hugely significant. Buyers rightly expect a perfect product on the day they complete their purchase and the vast majority of builders are disappointed when they prove unable to deliver on these expectations. Many house builders have either recently reviewed the customer experience on offer or are currently doing so to ensure that as communications technology advances, the industry is using such options to their fullest to enhance the experience that buyers receive.

In recent years the industry has placed greater emphasis on better communication with purchasers at an earlier stage in the process and we expect to see this practice continue to improve, even in instances where delays and frustrations are caused by the actions of a third-party as has been the case over the last 18-24 months with slow installation of broadband services.

### Urban design

In considering the quality of new housing, it is also important to look at the urban design of new residential developments.

The HBF fully supports practical steps to promote good quality urban design. The Federation is one of the main partners of Building for Life 12 (BfL12) – a set of twelve principles that encapsulates good urban design practice for new housing projects in a non-prescriptive way. BfL12, which is Government endorsed, provides all those involved in the design process, i.e. from conceptual design to eventual planning approval for a scheme, with a useful means of assessing design quality. As an assessment tool it provides a ‘measure’ of design quality that can be of significant benefit when discussing project proposals with a Local Planning Authority or with the local community.

Because its principles are set out in a non-prescriptive way, BfL12 can be applied to any size or type of new development whatever its location. This makes it a very useful tool for informing and giving effect to the provisions of the National Planning Policy Framework on urban design quality and HBF will continue to promote BfL12 in this regard. We would wish to work jointly with both national and local government to encourage the use of BfL12 and embed understanding of the positive contribution it can make to achieving quality outcomes for existing local communities and the purchasers of new homes.

Details of BfL12 can be found at:

[http://www.designcouncil.org.uk/sites/default/files/asset/document/Building%20for%20Life%2012\\_0.pdf](http://www.designcouncil.org.uk/sites/default/files/asset/document/Building%20for%20Life%2012_0.pdf)

## Skills

Achieving good quality new housing is also dependent on industry skills and this requires particular focus during a period of increasing output as at present. Rapid increases in house building levels over the past two years initially stretched industry capacity but the industry is both working hard to expand capacity through specific initiatives and developing with the Construction Industry Training Board the ability for the house building industry to return a greater proportion of the monies paid into the Board through levy payments by house building firms to support a wider range of jobs critical to the service and quality customers receive.

The industry and HBF are working hard to recruit sufficient people with the right skills across the wide range of roles involved in home building to ensure that quality can be maintained while increasing supply. Central to this, HBF is implementing a strategy to improve the public image of home building and to promote the many career options in the industry. A major new home building careers website was launched by HBF earlier this year to commence the positive image strategy and this also acts as a gateway to the provision of much additional information about the industry, including home building related lesson plans and other teaching resources for schools.

Significant efforts are also being made to refresh skills and knowledge where necessary to meet the requirements stemming from new regulations and other changes. A good example of positive action is the work of the Zero Carbon Hub to run events and provide practical guides on best practice to successfully achieve the high levels of fabric energy efficiency required under Part L 2013 of the Building Regulations. The Hub's "Builders Book" published in the summer of 2015 has already established itself as a practical and hands on guide for site management and workers to avoid potential pitfalls on fabric efficiency and work is under way on further such materials for others, including designers.

## Building control and inspection

When considering Effective Control and Implementation of Regulations in New Home Construction this does appear to be working quite well.

Many think of building control as a check to compliance. We find that they are also through their site inspections able to offer sound advice.

However, there are further initiatives that are worth considering. A few years back Robust Details (RD) was formed as an industry led way of complying with part E of the building regulations. It works by accrediting construction details that have been shown via successful use in site trails to be a successful means of achieving Part E requirements.

RD took hold of what was at the time of its inception the worst complied with building regulation and has turned it into the best complied with building regulation. The latest audit of RDL shows over 95% compliance with AD 'E' delivered through accredited and robustly evaluated construction details.



Industry led Initiatives like this should be encouraged. Indeed this is worth considering as far as SAP goes. Currently managed by DECC, this energy performance/compliance assessment software is not sufficiently responsive to the needs of the house building industry. There is a persuasive case for this to be brought within the industry so that it could become a more effective design tool. The vehicle for this could potentially be Robust Details Ltd given its demonstrable pedigree of performance when it comes to Part E (AD 'E') of the Building Regulations (Acoustic Compliance).

## Smarter homes

Initiatives in this area are already under way largely as a result of the coming into force of the EU Superfast Broadband Directive in early 2017. (The Building Regulations are also being extended to cover broadband provision within the new home with January 2017 being the likely date of introduction of this latest 'regulation'). However, whilst most new homes are already fitted out for broadband the real problem in consistently delivering the facilities that new homes customers want to see at present lies with the external infrastructure providers, for example BT Openreach. HBF is working hard with BT Openreach and government to ensure that for the future necessary infrastructure capacity to support smart homes functionality can be provided in a timely way that meets the growing expectations of customers who are increasingly reliant on high speed broadband connections.

In relation to the Building Information Modelling (BIM) which will undoubtedly become ever more important in the design and construction process, its effectiveness and efficiency would be improved through a more unified, cohesive approach. Currently, many groups are considering various aspects of the model's ongoing development and the disparate nature of this approach risks a fragmented, and less efficient outcome.

In the key field of energy efficiency and energy running costs, The latest changes to Part 'L' (Thermal Performance) of the Building Regulations will result in house designs and construction solutions that can deliver significantly lower running costs than for many existing homes. New homes currently built in the UK are estimated to be around 50% cheaper per year to run as compared with an equivalent Victorian property. Changes to Part 'G' (Water Usage) of the Building Regulations are another case in point.

However, a concern that HBF has relates to the recent initiatives to encourage permeable paving for driveways and other hard-standings as part of the SuDS concept which are often imposed by Lead Local Flood Authorities (LLFAs) and LPAs without due regard to long-term house foundation integrity and the need for repetitive maintenance of the driveway to ensure effective drainage operation.