

All Party Parliamentary Group for Excellence in the Built Environment

Inquiry into the quality of new build housing in England

Third evidence session- **Housing and professional bodies view**

Monday, 7 December 2015

Speakers giving evidence

Royal Institution of Chartered Surveyors – David McCulloch, Group Director Building Control and Sustainability, Carillion

Home Builders Federation – Peter Andrew, Deputy Chairman

National House Building Council – Lewis Sidnick, Head of Corporate and External Affairs, Ian Davis, Operations Director

Chartered Institute of Building – Stephen Wielebski, CIOB Fellow

Association of Consultant Approved Inspectors – Paul Wilkins, Chair and Diane Marshall, Treasurer

Members of the commission present

Oliver Colvile MP (Chair)
Maria Miller MP
Lord Richard Best
The Earl of Lytton
Rt Hon Nick Raynsford,
Tony Burton
Turlogh O'Brien
Andy Von Bradsky
Peter Bonfield OBE

Apologies

Helen Hayes MP
Mark Gardiner MP
Stephen Stone

Speakers

1. Royal Institution of Chartered Surveyors – David McCulloch, group director building control and sustainability, Carillion

Thanks for the invitation and the chance to present our submission. I'm a member of the RICS and work on lots of committees within the RICS, one of which is the knowledge board which works on the technical standards that the organisation produces for chartered surveyors to follow. We're working around the world trying to bring high levels technical standards of technical and competency behaviour to the build environment.

My day job is group director of building control in the private company Carillion, and hence our submission is about building regulations, and that's why I was asked to come and represent RICS.

We refer in our submission to work that was previously carried out by some industry action groups, which I chaired, in 2010 and 2013. And that was to support the work of the building regulation advisory committee on increasing compliance with particularly Part L of the building regulations.

The reports we produced, equally applicable across the wider scope of regulations and requirements and building regulations, that's not necessarily quality, it's just that it was the building regulations we were focussing on, but the points made by those reports could equally be applied to quality.

In the first of those reports, we talk about this whole point of compliance, and I thought we made great strides because at the start of the work, there were a lot of views that the whole thing was down to a lack of building control on site, that control wasn't doing its job properly whilst everyone else was doing everything perfectly, basically laying the blame on control.

We quickly found shortcomings in lots of parts of the procurement process, which included building control as well, they weren't entirely innocent, but there were lots of flaws in the system.

And we talked about reinforcing testing and measurement, education and training in the industry, enforcement itself, and how we could use the competent person's scheme, where we've got people who work on specialist parts of the building. And also what changes we could make in the building regulations to enhance the passage of compliance.

In 2013 we continued on that theme, but we noted that a lot of work had been done in those areas so added that we should look to encourage improvements in the onsite compliance regime. We noted that a lot of the supervision that used to exist had ebbed away in favour of a system that was more about controlling subcontractors, and more about management of the commercial side of things rather than quality.

So the 2013 industry action group said that we should encourage improvements on site and looked to the sustainable and secure buildings act {paraphrasing says that the group looked at what legal mechanisms could be used to do this – and also looked at various voluntary mechanisms to raise compliance methods, but nothing driven through]

In 2015 the action group was reconvened. I was not on it at that point, but they reinforced this point as well. And the idea is that because building regulations are getting so complicated, some of the issues that we put into regulation to enforce compliance were putting more demands on people to do more tests, to bring more proof to the building control system, that was actually exacerbating the problem in terms of being able to deliver to that.

At this time, the building control presence on site was actually starting to get down to levels that it probably should be at – we've had years of building control probably doing too much, being there 3 of 4 times a week. And it was noted that they shouldn't really need to be there so much.

So these two things – extra challenges on developers, and less of a building control presence, because they were actually performing the audit role – provided for this role of somebody on site who could make sure things were done efficiently, and could liaise with the building control officer to make that much more efficient process.

And that person being on site, probably at all times, was in the best place and the best time to check particular things had happened, and collect these pieces of paper to make sure the correct tests were done and liaise with the building control person.

And to this day we think that's a missing item. From the work that we did, that's been lots of great work and everything else seems to have been done, but this one thing is still missing and recommendation is to try to get the industry to adopt this and feedback some success stories on this.

Home Builders Federation – Peter Andrew, deputy chairman (presented with Power point)

Understandably, there's a great deal of focus on the quantity of new homes, but we also believe there's a great deal to say about the quality of new homes. This is the perfect time to take a step back and consider where we're going.

We've seen exponential growth in housing output in the last 2 years or so, and I've been challenged to go even further. So as well as supply, the industry is focused on maintaining very high levels of quality and customer satisfaction. It's a big challenge, and we are building up capacity at the same time as training thousands of new staff.

Let me put this into context. Back in 2004, in her landmark report to the then chancellor, the economist Kate Barker set the industry a huge challenge. She was critical of the service provided to buyers of new homes, and doubtful about the sustainability, design, and innovation displayed.

Barker challenged us to improve customer satisfaction, particularly with regards to questions such as 'would you recommend your builder to a friend?' and general quality. And in response, with NHBC, we began the National New Homes Customer Satisfaction Survey.

The consumer code for homebuilders was established to ensure that the buying process is transparent and fair. The code's independent dispute resolutions scheme is able to award homeowners compensation from housebuilders where it finds the proper process have not been adhered to. And this provides additional peace of mind to buyers, above their 10 year warranties from their providers.

And after 5 years of operation, the code is currently undergoing a review being chaired by John Bridgeman, the ex-director general at the monopolies and mergers commission.

The industry takes the independent survey extremely seriously. We know for instance that companies discuss their results in real time at board meetings, and take appropriate actions. The survey is huge and growing – starting with 22 companies, we now publish results for 31 businesses. Last year, more than 38,000 responses were received, which is a response rate of 56%.

Since the survey began back in 2005, 491,000 new homeowners have been asked for their views, and more than 250,000 have told us what they like and dislike about their new homes, their builders, and the entire buying process.

Whilst not being complacent, we can be pleased with the satisfaction customers have with their new homes. Last year, 92% of buyers said that they would purchase a new home again, and similarly with design, around 9 out of 10 customers are happy with both the internal and external design of their properties.

The response from the industry to the introduction of the independent survey was very good. A couple of years of bedding down, we saw a marked increase in both the recommended builder and quality ratings. And it's 'the recommend your builder category' that determines a company's star status. And overall the industry scores break through 90% in 2011, 12 and 13.

The small dip in results seen last year is now quite rightly where the industry is collectively focused. Many companies have fundamentally redesigned the customer journey to improve responsiveness to increasingly discerning customers. A key component of this is better communication with buyers throughout the process.

We know that a strong deterrent of overall satisfaction is completion dates. Understandably, customers are less likely to consider the service favourably if they've been forced to wait a week or a month or longer. And that seems to be where last year many cases let us down.

So from delivering fewer than 125,000 homes in 2012/13, and with the introduction of the new planning framework and the very successful 'help to buy' equity loan scheme, the industry moved through the gears and stepped up to provide a supply of 170,000 in 2014/15.

This next slide illustrates this rapid and unprecedented turnaround best. After several years of falling output, we suddenly saw almost 10% growth in 13 and 14, and we have just had confirmation of a further 25% growth in 2014/15. And that's the largest year on year increase for 30 years.

So a skills challenge was always possible. It's estimated that the industry lost 40-50% of its workforce during the financial crisis. And since then, house building companies have worked round the clock to bring back these people, and also crucially to train up the next generation of home builders. HBF is leading on a pan-industry initiative to bring back experienced workers to deal with short to medium term constraints, and working with CITB to improve capacity in the longer term.

But improving the product delivered by housebuilders has been critical to success over the last decade. Fundamentally, building regulations do a very effective job at ensuring the structural problems or systemic issues are infinitesimally rare.

But this does not stop at the fabric efficiency and the design of the individual home. The HBF is one of the main partners in the building for life 12 initiative, which establishes 12 key principles behind good urban design. It allows for variations and community involvement, whilst providing an objective assessment of design quality, and these features make a very good tool for design authorities.

The future! Technological advancements, regulations, and our customers will drive these improvements faster and further in the coming years. New Part L in building regulations will improve further performance, and we're already working with government and broadband providers to ensure that new homes are equipped with the best modern communications.

National House Building Council – Lewis Sidnick, head of corporate and external affairs, Ian Davis, Operations Director

Thank you very much, I'm Lewis Sidnick, I'm head of external affairs at NHBC and I'm joined by my colleague Ian Davis on my right.

NHBC works with the housing industry to train and support them in building high quality new homes. About 80% of homes in the UK, which is about 1.6 million, currently have NHBC's 10-year build mark warranty.

Just to clarify our role, the NHBC's primary function is that we are a structural warranty company, and we're interested in the structural integrity of the new build home. Often when consumers talk about the quality of their new home, they may be talking about the design of the home or the parking space or something like that, something that's not really within NHBC's remit.

We are a not for profit company, so any money we do make within our operations goes back into the sector to support it building high quality new homes. And we do this through what we call our virtuous circle, which is a continuous process that was developed over 80 years of trying to support the industry through all stages of the construction process. We work at the very beginning registering a builder, we provide free training and skills development services, we inspect the home and often provide building insurance services, and we provide the warrantee at the end.

But the key point that I wanted to emphasise is that the virtuous circle is designed to support the industry to build high quality homes, it is of course the responsibility of the building to build the high quality new homes and we work within this process to support them as much as we can.

And I think it's worth mentioning that we understand that previous sessions there's been issued raised about whether NHBC as a building control body has a conflict because we're a warrantee provider, so I just wanted to address that as well if I may.

We think that far from being a conflict, it's an added incentive for us to perform our function effectively. Our interests are perfectly aligned with those of the consumer, so it's within our interests to try and help the industry as much as we can to build higher quality new homes, because if we don't we may have to pay the bill later as a warrantee company. And it's in our interest to perform our inspection duties as well as we can, because if we don't we may have to pay if something goes wrong later as a warrantee company. So far from being a conflict, it works as an incentive.

And for your study, we looked through our statistics, and tried to provide lots of information in our written submission on whether high quality houses are being built. And we found that clearly, at the moment, as said by other members of the panel, volumes are increasing and there is more pressure to build high quality. And we found similar patterns in times of high growth.

But overall I'd say the facts support the fact that more high quality homes are being built in the UK. I know that the customer satisfaction survey has been mentioned so I won't go into too much detail on that, but it's a survey of 40,000 home owners, and we think it's the largest consumer survey done in the UK for any product. And 92% of people said they would buy a new home again, which we think is a very positive figure.

And to share with you NHBC's own data as a warrantee company on claims, we found that less than 5% of our policy holders with NHBC ever have to make a claim with us. And that's not 5% a year, that's 5% over 10 years. So therefore the vast majority of homeowners never have to contact their insurance provider with an issue about their home over 10 years.

But I know a lot of people look at these stats and are not always sure about them, so I thought it would be worth making a broader point because we work with countries around the world, the UK has not had the same catastrophic technical failure in homes that so many other developed countries have had, which I think is due to the quality that the industry is building to, and the quality management system, which is why so many countries come to the UK to study our system and try and replicate it in their own system, countries like Japan, New Zealand, South Africa, and many European countries. It's a system and a record we can be proud of.

And of course people who buy new homes, it's worth noting that only a small amount buy new homes as opposed to second hand homes, you have much higher levels of consumer protection when you buy a new home rather than a second hand home.

And just on the point of this evidence that we tried to dig out for the APPG, we went back 7 years ago the office of fair trading year-long study into the home building industry, and found value in their conclusions which were that consumer detriment due to faults in the industry is low, and that the home warranty system in the UK is robust, especially compared to other systems around the world.

So it's a positive record, one we can be proud of, and I think it's fair to say that the UK is a world-leader in terms of high quality new homes. However, as I've said before, it's totally unacceptable when homes are built and not to a high quality, and it does happen and it shouldn't happen, and there's absolutely no room for complacency whatsoever. And our virtuous circle absolutely dictates that we cannot be complacent at HNBC, or any other player in the sector, which is why we're working hard to produce measures that support quality going forward and eliminate problems that have happened.

And we've put forward recommendations to the all-party parliamentary [something], but we welcome your support and welcome working with you in the future, one is around technical recommendations such as a new construction quality order or construction quality indicator. These are ways of providing more information and assessment to house builders.

And on the consumer, we think that far more information can be provided to the consumer when they buy the new build home, and that they should know much more about the product and their rights, so we're trying to introduce a system called the home user guide, which we hope that the APPG will support. It's a smarter online communication tool that we hope will add value.

So to sum up, our role is support builders to produce high quality homes, we think the facts show that they are being built, but clearly a lot more needs to be done, there's no room for complacency, and we're committed to working with you and others to support the building of high quality new homes.

Chartered Institute of Building – Stephen Wielebski, CIOB Fellow

I'm here to give evidence on behalf of the CIOB. I've been a member of the CIOB since 1973, I've been involved in house building construction since 1969. I've worked for several major developers, in the later years of my career I've set up as an independent consultant, I'm a chartered engineer, a chartered builder, and a chartered environmentalist.

CIOB is one of the world's largest professional bodies for construction management and leadership. And we welcome this particular opportunity to contribute to a matter of such intrinsic importance. The scale of the housing shortage, together with the need to address the supply of new homes across all sectors of the housing market is recognised. But we firmly believe that this must not be at the expense of housing quality.

In terms of meetings with the government on housing objectives, we face one of the biggest challenges confronting the development community, namely a lack of skills across all trades and professions. Based on current research findings, the next 10 years could see the loss of up to 50% of

the construction related workforce, largely as a result of retirement. And to add further tension, the number of new recruits has fallen a long way short of maintaining sufficient physical mass to meet the needs of the industry.

The housing bill and the enterprise bill present us with the opportunity for the industry to address the skills issue, and we therefore recommend that investment in new housing development be tied to training and job creation.

In 1998, the Egan report aimed at driving change in the industry. The institute was one of its core participants. It considered efficiency and quality in the house building sector, and whilst the need for reform was identified, it was tempered by the fact that house builders are influenced by market procurement dynamics, that vary from those in the industry generally.

In many respects, the cycle of boom and bust does not create an environment to encourage investment. However, by working collaboratively, and exercising effective leadership, we firmly believe to be on the cusp of making a difference, with training initiatives that are beginning to gain momentum. (Highlights the CITB working with HBF to bring those who have left the industry back into the sector; and the CITB-e-learning modules.)

When we talked about external and design standards, we always question 'what does the design' look like? In many respects, design can be personal and subjective. But varies rules in place combined with planning control to place some sort of design control on the process. Add in to this mix a need to consider consumer-led market dynamics, and the need for product innovation, and we have a design requirement that can have many competing objectives and requirements. To help us, there are two initiatives in place. The Building for Life 12, and the new housing standards.

Building for Life 12 is supported by Design Council CABE and HBF. It continues to a make an effective contribution to improve the design of new homes as part of the pre-planning application process—and the new housing standards could also have impact (paraphrasing).

There has been much discussion about internal space standards, with calls for the imposition of minimum ground sizes. However, if we take the RIBA's latest report, average gross space has increased by 4% since the last report in 2011. Moreover, it recognises that any increase in size will increase cost, with the unintended consequence of reducing access to housing for first time buyers. This adds another aspect to the design conundrum. When we talk about the effective control and implementation of regulations, the design versus as-built performance is an aspect that is persistently problematic. The pursuit of improved environmental standards means that building physics is becoming far more complex. As a result of the work undertaken by the Zero Carbon Home, we now have a better understanding of this phenomenon, and are therefore better able to target supervision and implement better design and construction solutions.

Furthermore, replicating the success of part E building regulations (covering acoustics) becomes an attractive proposition, especially at a time when we have a growing skills shortage. That said, it also poses the question of whether we have reached the stage when the building control process itself should be subjected to review and radical change. For example, make those parts of the regulations that have the greatest impact on health, safety and the environment key design and construction inspection stages, and begin to place a greater reliance on the competent person schemes in areas where there is less impact.

Lots of issues around quality and performance. But This is neither an easy or quick fix, but by working towards an environment that has at its core a reflective, balanced, and responsive approach to new housing, we believe will provide developers and their supply chains with the confidence to invest in training, skills development, innovation, and modern methods of construction that will deliver high quality, and yet cost effective, housing.

Refer to submission contains more statistics and information

Association of Consultant Approved Inspectors – Paul Wilkins chair and Diane Marshall, treasurer

Paul Wilkins speaking.

With 50+ members representing 95% of all independent building control bodies, the Association of Consultant Approved Inspectors (ACAI) aims to increase awareness and understanding of private sector building control as a commercial, professional and valued alternative to local authority building control.

The ACAI represents professional, trained and accredited building control bodies whose service is underwritten by insurance, and robustly regulated over a fixed-term, five-year period that includes regular peer to peer auditing of the service.

It should be noted that public sector building control bodies are not subject to any form of independent approval or auditing with regard to their performance, resource capacity and competency.

In responding to this inquiry, we have sought to address the terms of reference that fall within our remit of expertise and experience. The specific areas we will address are:

- Better quality workmanship;
- Effective control and implementation of regulations impacting on the construction of new homes; and
- Improving customer service and the new home owner experience.

Made two points additional to the submission:

- Introduction of competition in the building control process has vastly improved the quality of building control. This was demonstrated in building control survey
- Needs to be made clear to consumers what building control is. It's a third party check to ensure comply with building regulations. It's not an inspection of fixtures and finishes.
- So in addition to handover documentation provided to the house older by the builder we recommend there should be documentation referring to what building control is and what it covers. Also be extended to say who provided the building control and what regulations were covered.

Better quality workmanship

To ensure safety standards are maintained and that the building control process is as efficient and flexible for consumers and business alike, the Government needs to ensure that building regulations are being implemented correctly and effectively.

This is where Approved Inspectors play a crucial role; upholding and rigorously implementing regulations to ensure we maintain the highest standards of both public and private build in the UK.

Once appointed, it is an Approved Inspector's responsibility to work with owners, designers and builders and ensure that a building complies with building regulations.

Approved Inspectors are regulated and monitored by the Construction Industry Council (CIC), and abide by the CIC Code of Conduct. Approved Inspectors also adhere to the Building Control Performance Standards and provide annual Key Performance Indicator returns. Moreover, in terms of consumer protection, Approved Inspectors are backed by insurance – unlike Local Authority Building Control, who do not provide the same level of protection.

Independence and visibility

It is essential that the underlying principle of the building control process – namely acting as an independent third party check – is maintained.

We are aware that there are current concerns with the independence of Approved Inspectors and fully support an intelligent and innovative review of Regulation 9 of the Approved Inspector Regulations. The outcome should safeguard impartiality, provide adequate consumer protection whilst at the same time support collaborative and innovative delivery of building control which can contribute to the delivery of high quality new homes.

In addition to this, the ACAI has long campaigned for Building Control Bodies – public as well as private – to be overseen by a single regulatory and licensing organisation which has the power to investigate complaints and, if necessary, to discipline or withdraw licenses to operate. T: 020 8253 4971
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we believe that this would vastly improve accountability and transparency, and in providing a single point of reference, would go a long way to reassuring the consumer of the robustness of the building control system. In addition, it would help to clarify any concerns that policy makers and parliamentarians have over the independence of organisations operating in the sector.

The ACAI is fully supportive of the steps being taken following the Ankers Review to make the existing registration process more robust.

Effective control and implementation of regulations impacting on the construction of new homes

As the primary body for private sector Approved Inspectors in the UK, the ACAI are committed to the effective control and implementation of Building Regulations.

The ACAI is aware – like all industries – that service delivery can always be improved. This is why it has fully supported Government initiatives to strengthen the regulatory process via the implementation of the Ankers report.

Given that only Local Authorities have enforcement powers, the issue of sub-standard work is particularly acute where Local Authorities are resource constrained. Put simply, the current scale of the cuts that Local Government are facing – and have gone through during the last five years – threatens the ability for uncontrolled and non-compliant work to be identified and appropriate action taken.

In this context, it is the ACAI's firm view that Local Authorities should be focused on ensuring that building regulations are being properly implemented. Where Local Authority Building Control is focused on competing with Approved Inspectors it can, where resourcing is an issue, miss the key issues of uncontrolled work and enforcement.

The ACAI therefore sees its role as providing a high-quality and effective building control service, allowing Local Authorities the space to do what they should be doing – the identification of uncontrolled work and enforcement of non-compliant buildings.

Regulation 7 of the Building Regulations

Regulation 7 of the Building Regulations stipulates that building work shall be carried out with adequate and proper materials which are appropriate, adequately prepared, used to perform the functions for which they are designed and be prepared in a workmanlike manner.

The relationship between the minimum standards required to safeguard the Health, Safety and Welfare of persons in and around buildings (the primary purpose of Building Regulations) and the standards required to deliver adequate quality for the consumer is a complex one. T: 020 8253 4971 E: chairman@approvedinspectors.org.uk www.approvedinspectors.org.uk

The ACAI would be fully supportive of a review of Regulation 7 to determine if it can make a greater contribution to delivering quality and would be happy to contribute to this process, if required.

Improving customer service

The ACAI is committed to ensuring that the consumer is at the heart of the building control system, and supports measures to improve the new home owner experience.

There have been a number of high profile examples of new home owners being denied access to building control documents and evidence where issues have arisen. It is our view that this is both counterintuitive – it essentially bars consumers from understanding the process in greater detail – and unnecessary, subject to safeguarding the impartiality of the building control process.

The ACAI therefore strongly supports the notion of a move to implement a ‘Duty of Care’ for any homeowner when an approved inspector is contracted. Such an agreement usually only exists between a builder and a consumer.

In addition to the proposals made in other sections of the submission, the introduction of a ‘Duty of Care’ in building control would go a long way to improving accountability and visibility, giving consumers a further layer of protection and reassurance, providing the overall principle of an independent third party check is maintained.

Summary of key recommendations

1. A review of Regulation 9 of the Approved Inspector Regulations should be undertaken in order to safeguard impartiality and provide adequate consumer protection whilst supporting collaborative and innovative delivery of building control
2. Building Control Bodies – public as well as private – should be overseen by a single regulatory and licensing organisation which has the power to investigate complaints and, if necessary, to discipline or withdraw licenses to operate
3. The enforcement responsibilities of Local Authorities’ in the building control process should be clarified
4. A review of Regulation 7 of the building regulations should be undertaken to determine if it can make a greater contribution to delivering quality
5. A ‘Duty of Care’ should be implemented for any homeowner when an approved inspector is contracted

Question: Lord Lytton

I am very interested in two things. One, what are the proportions of the various building control type of inspections, which the consumer sees. One of which may be [can't hear exactly, rambles onwards undeterred] HNBC, it may be some other type of warrantee.

The suggestions that has just been made by Mr Wilkins was that there might be gaps between these things, so there first thing I'd like to know is from the consumer's point of view, you pointed out that the contract is between the developer and the contractor on the one hand, and the consumer on the other, so I want to know just how does that all fit together? And is it seamless?

And secondly what is the process for post-occupancy evaluation, over what sort of period of time?

Answers:

Paul Wilkins approved inspector:

The build process is intended to have an outcome, and the outcome is a compliant building. So what goes on during the process is negotiations between a designer and a builder and a building control body. When you get to the handover period, the building control body is satisfied that the building complies with the building regs it is given a final completion certificate and at that stage, the build control process ends, and there is no more involvement.

Stephen Wielebski CIOB:

(raises the idea that there needs to be a root and branch review of the Building regs with the need for smarter regs not harder regs)

Ian Davis NHBC: Speaking in NHBC's case, the NHBC cover as you're probably aware is made of a number of sections, it provides protection against loss of deposit, in the first 2 years it provides broad cover against a wide range of defects. So fixes and fittings through to major problems.

Initially it's a builder guarantee, and if the builder doesn't do it or can't do it, NHBC will step in. After that there is an eight-year period of major structural cover.

Where NHBC provides a building control, there is additional cover, that is provided against other defects that are significant in terms of life safety or health and safety for a period of ten years, but that's only when NHBC provides building control. If the building control is provided by someone else like a local authority that cover is not necessarily in place as NHBC has not provided building control.

Oliver Colville: *does NHBC cover external works or is it just the fabric of the building?*

Ian Davis NHBC: we cover some external works, for example in the first 2 years the curtilage is covered, drainage is covered as regulation item as opposed to a warranty item. Does it cover the fences out in the front garden? No it doesn't.

David McCulloch RICS: just in terms of the inspection regimes, that's been subject to a few reviews whereby... the local authority system, it wasn't statutory inspections but its statutory notifications, so the builders had to tell the local authority when they were at certain stages and they could choose whether to go out and inspect them. But they were outdated, no inspections on fire safety issues or energy issues.

So that was reshaped a few years ago, and hopefully it allows for a bit more intelligence in the inspection regime. I did mention in our submission that there's been a rationalisation over a number of years into what the building control process is supposed to be delivering and what it did historically, and that has resulted in less inspections now. But that doesn't necessarily mean it's less quality, just more targeted.

I don't think there's particular information about levels of inspections generally in the industry, and I think the ACI one of the recommendations was to actually look at the levels of inspections, as that is probably a piece of intelligence that we don't yet have

Oliver Colville comments on developers taking ownership: *I'm loathe to introduce regulation as far as government is concerned, because to be honest that then just shifts the responsibility to government, so maybe what needs to happen is for the developers to take ownership of this, and I would certainly make sure there is someone independent coming to inspect the product we're trying to sell, so do you think that could be a solution?*

David McCulloch RICS: I think people have given evidence about the nature of the problem, and we've heard figures about fantastic numbers, but we've also heard about the gaps that need some

attention. And our submission is actually about having someone on site who is managing this process.

Oliver Colvile : *comments again about complaints he has had in his constituency and deeply frustrated by what's taking place*

Question – Maria Miller

Thanks for coming, this is obviously very complex and it's that complexity I wanted to look at, going on the NHBC evidence. NHBC are the gold standard and you lay out the instructions for a typical inspection, in 3.12 you mention 5 different times at which a typical home is inspected. Through the NHBC inspection process, will every single home receive an inspection during building?

Answers:

Ian Davis NHBC: for a typical, simple family home, those are the key stages that we are notified at, at the moment we are hitting 97.5% of all stages notified or others. So we are hitting most of those stages, but in addition to those key stages, we visit site on an unannounced basis, on a frequency basis based on our assessment of quality and risk on site, and that's on the basis of every 5 to 30 days as an in-house process, in addition to key stages

Maria Miller: *I'd just repeat my question, for example if I was buying a house in Basingstoke, I want to know that you've visited my house, rather than being notified about it or seen pictures of it or whatever, things like weather and poor workmanship and materials not being stored properly can have a big effect and would not really be detected by you using your risk based approach, you can only know that sort of thing by being on site, so basically how many times do you visit my house in Basingstoke?*

Ian Davis: every single house is visited 5 times, to a confidence level of 97.5%

Maria: *is that the same for all your competitors?*

Ian: I couldn't possibly tell you

Maria: *am I right in saying the law doesn't require the building control inspector to visit a house whilst it's being built?*

Ian: interesting point because...

Maria: surely it's a yes or no

Ian: from an approved inspector point of view, we have an obligation to use reasonable skill and knowledge to ensure the regulations are satisfied the best we can. You can't do that without inspecting. But strictly speaking, you are correct because if they apply to the local authority there is no obligation to inspect. I will say that it's extremely unlikely that they wouldn't inspect, but strictly speaking you are correct

Paul Wilkins: there are the building control performance standards, which are pretty much mandatory on the building inspectors on the private sector. And within them is a requirement to inspect every single building, every single house

Maria: But it is not statutory

Paul Wilkins: it is effectively mandatory on the private sector, because our registration depends on it, so if there's a complaint and it comes out that we haven't visited the site, our registration is at risk

Maria: and how many registrations have been withdrawn?

Paul Wilkins: there haven't been any to date, but as I said in my submission the registration system has just been made much more robust so I think with the robustness of the system now we will see a registration being cancelled

Question: Lord Richard Best

Nice contrast to last session where we heard that the industry was dysfunctional, complaints don't get handled properly, so to hear Lewis say that we're 'leading the world' in terms of building high quality housing is nice. I went to 7 other countries to compare their retirement housing to ours, they have lots more space and quality, what are other countries doing better than us?

Answers:

NHBC Lewis Sidnick: when I was talking about quality, I wasn't talking about space standards and that aspect. We're a member of The International Housing and Home Warranty Association, (IHHWA) which has members from about 15 countries around the world and there's some information in the submission about this, and most of those countries come to the UK to learn lessons from the UK systems and apply it to their own country, which is where that remark comes from

NHBC Ian Davis: I think we're confusing two issues here. One was design standards, and it's an extremely interesting debate.

From our point of view, we aim to control quality of construction and I would probably challenge the view that the UK has a poorer standard of construction. We chaired a meeting of the IHHWA, an organisation in which we're the main player. I went to Japan on behalf of the Scottish government to see their housing methods, and the Japanese warranty scheme I would say is actually modelled on NHBC, as is the South African one. And we haven't had the types of systemic failures that have been experienced in other parts of the world such as New Zealand and Scandinavia and Canada

Question: Nick Raynsford

Declares interest as he chairs the NHBC Foundation – NHBC research arm. Says he wants to explore the conflict between HBF and CIOB explanations of recent dip in customer satisfaction. HBF feels it is a blip, CIOB says increase in volume means level of quality cannot be sustained, linked to skills shortage. 'Could you clarify that and could we get a consensus position that we both agree on?'

Answers:

Peter Andrew HBF: from the HBF's point of view, there has been a dip in customer satisfaction from just over 90% to around 85%, and we believe this is due to several things, part of which is to do with the increase in output in terms of completion dates being later than anticipated – that has been cited as a reason for some dissatisfaction.

But you can't have a year on year 25% increase in output without a skills issue, and we agree with the gentleman from CIOB here that skills are an issue to the industry. We think that we are coping with it relatively well, but that's not to say it's not a challenge

Nick Raynsford responds: *can I just challenge you there, because their evidence also shows that output levels, although increasing recently, are still below the levels that existed 10 years ago, and therefore why is there this skills problem*

Peter Andrew HBF: the skills shortage took place back in the recession, when about 40-50% of skill labour, both in offices and on site, left the industry. And some of those guys have now retired, some of them have other jobs, and we are in the process of recruiting some of them, but also there's a massive drive to bring new people in, graduates and trainees and the like, for the next level of house building.

In terms of output, we are heading back to where we were pre-recession and we've had to do a massive amount with skills. And that issue of skills has not gone away, so please don't leave here thinking that we think everything's hunky dory – it's not and I think we agree that there's an issue

Steve W: In terms of the skills shortage, I think we're definitely trying. Certainly through our institute we've tried to encourage more and more people into the industry, but it is immensely difficult. From a personal point of view, I try and get around some local schools to encourage the youngsters to try and take a career in this industry.

And it's not just about putting one brick on top of another – if you want to be an environmentalist you can be, if you want to be a lawyer you can be. But I think we have difficulty with working collaboratively to get the message across that there are some great careers available in the construction and house building industry

Oliver Colville asks if worker from Eastern Europe are a solution, and if so how do you ensure the quality of their workmanship

Steve W: the view from the CIOB is that that's not really a long term solution. The long term solution is to encourage indigenous people to take up a career in the construction industry

Maria Miller: can I just intervene here because there are two different issues here, skills and standards. Skills I can accept there is a shortage, but the standards - why are people not picking up more problems -even you're actually saying there is a problem with the quality of work that's being produced. So why are the standards people not picking up on that? Is there a problem with them not highlighting sub-standard workmanship?

Ian Davis NHBC: could I pick up on the original part of the question, what has happened to customer satisfaction? I know you've had in previous sessions criticism regarding the survey, but the survey is carried out independently by NHBC, we carry out that survey.

As you probably know, the survey is available initially between 8 and 20 weeks, and then again at 9 months. And we've been doing this for over a decade.

What's happened is that, counter-intuitively, because the industry was under pressure during the recession, quality actually went up to an all-time high. We went from having only one 5-star builder to having many more.

Because first off, consumers were seeing finished properties, they saw what they got. Builders were having to work hard to get sales, and therefore were finishing them off well.

Coming back into a growth period, we do have a problem with skills, we had a problem initially with materials until the substitution. The figures actually show that what has happened to the customer satisfaction survey, and why it has fallen, it's not so much – and this is the homeowners' perception – the perception of a poor underlying quality problem, it is, picking up something people have said, satisfaction levels with moving in have fallen considerably, as they're not completed necessarily on time, the standard of finish isn't as good as it was in the peak period, there are more finishing defects, and some of the after-sale service isn't as good as it was.

So it has gone down. From an NHBC point of view, what we've been doing about it, we've embarked on the biggest recruitment process that I can remember from the organisation, I've gone from 250 inspectors in 2013 to 335 at the end of this financial year. I've taken on more engineers and more surveyors, my inspectors are spending less time driving round and much more time on site now, because I've got more of them, we're doing more training than we've ever done before, and next year we're introducing a number of initiatives, such as a register of site managers, and in our Milton Keynes office where we have two large warehouses, we are going to build a housebuilding centre of excellence where we're going to build 2 and a half perfect houses to help demonstrate and train

Question: Peter Bonfield

Asks to all – where do they think the main risks are?

Answers:

Ian Davis NHBC: as I'm sure we all realise, we have come out of the deepest recession since the war. And our registration figures have dropped off roughly from 185,000 to 85,000, and more people left the industry than I've known in my working life. And manufacturers simply closed down kilns, they stopped making products, so initially when we came out of the recession there was a problem with a materials shortage, and quite a lot of imported materials.

I think we're passed that now, by and large. If you want steel, there's quite a lot of it at the moment, so I don't think that's going to be a problem.

What might be an issue is that houses being built in the future are being built to higher standards for environmental reasons, so they are becoming more complicated, regulations are becoming more complicated. But without a doubt, the right level of skill people is a key issue.

Peter Andrew HBF: for a home builder coming out of recessions, the initial challenge is gearing back the operation. And that does revolve around people and skills to drive growth.

There was a materials problem, but as we said that disappeared between a year and 18 months ago. The challenge for housebuilders now as things speed up is ensuring that the quality – I'm less concerned about endemic structural failure and more concerned about the quality of the finish of the product.

And meeting customers' expectations is a challenge to us, and I don't mean that just in terms of the build quality or the finish quality, but in terms of how builders deal with those customers from the first time they walk in the door to the time that hopefully they buy their next house. And social media has influenced that, and housebuilding like every other industry is learning how to deal with that.

So for me, the challenge is around skills, but it's also around meeting customers' expectations

Paul Wilkins: I think technology can also provide a positive answer, with an increasing use in off-site construction.

Question: Turlogh O'Brien

We've talked a lot about building control, building regulations and so on, but from the consumer perspective, there's a lot more to what the consumer sees as quality.

What proportion of the customer perception of the issues do you think is covered by the building regulations and control systems etc?

David McCullough RICS: I was actually on the [?] board, and we dealt with complaints, and the vast majority of the complaints were aimed at compliance or building regulations, and they actually turned out to be quality issues.

So I would agree with the points being made by various people regarding educating the public about what is and isn't covered in the systems so that they absolutely understand what they're getting

Question Tony Burton

In three sessions we've heard all sorts of statistics, but what we haven't heard is how many complaints are being received, so if anyone knows about that I'd be keen to hear.

Secondly I'd like to discuss the pack of information given to buyers of new homes. I've never bought a new home, but it seems very complicated, the relationships seem very complicated. Is it simply too complicated for the average person buying a home to know who to go to make a complaint, as well as knowing what is covered by the warranties they have? And would the information pack solve that if it contained the right stuff? What should be in that pack?

Answers:

Diane Marshall, Approved Inspectors: if I can answer the question about complaints, it's one of the measures in the building control performance standards, and that's required to be completed by all building control bodies. And that's collated by building control performance standard advisory group, which is published every year in terms of number of complaints, and whether they're technical or non-technical complaints. So the number is in the public domain, although I don't know what it is off the top of my head

Peter Andrew HBF: can I handle who you make a complaint to? In the first two years of ownership, the complaint has to go back to the house builder. The house builder has a full warranty and it is his responsibility to put anything right.

Beyond that, if you have a warranty from NHBC or others, the complaint still goes back to the house builder for the house builder to then work with NHBC, or whatever provider, to fix the issue. So it's a full warranty in the first 2 years sitting with the house builder, and beyond that it is a warranty that sits with NHBC, or whoever else. But what I can say is that many house builders also carry out the work in years 3 to 10.

Question: Andy Von Bradsky

[declares an interest as he has some link to NHBC. Says we talk about quality in lots of different ways, and he doesn't want to talk about design standards, but more about the final product and defects and what to do with them. Says something about architects not being allowed on site because they get in the way.]

'There does seem to be a skills shortage of clerk of works, someone who goes round and covers all the bases in the absence of the monitors and building control. So I just wonder whether you agree with that and whether there is some additional training that needs to be done?

Who controls the clerk of works? Is it self-regulating, or is it a third-party? Can that third party be in some way related to the consumer, ie looking after the consumers' interest?

I agree with regulation in degree and wonder whether consumer codes we have are strong enough, or whether things could be done to improve consumer protection. Is it voluntary? I'm not sure. And if it is, is it too limited in scope?

Answers

Peter Andrew HBF: I'll start with the consumer code, very fortuitous because there is a review of the start of the consumer code at this time, and we would welcome any suggestions that might strengthen that. That consumer code is there for the protection of consumer, so we will take any suggestions seriously.

Coming back to clerk of the works, for me, the responsibility for finish of a property is down to the house builder, and I think it has to sit with the house builder. Within that, some house builders will have people who check that, they might be called clerk of works, they may be called customer service people, and I think the industry is going through a change at this moment in time, as it focuses on how good completion is.

I'm very aware that house builders are bringing on more people to look after consumers' interests, to see through consumers' eyes as it were. So building regulations and structural stuff is dealt with in one way, but this is how well the property looks on completion, how well the finishes are made. So whatever you call it, the focus is very much on the finish because it's not covered by building regulations

Tony Burton asks something about being able to inspect a home, people not being able to inspect homes they're buying, how common is that?

Peter Andrew: my experience is that customers have to come and inspect their property prior to completion, and I've worked in regimes where customers are invited to see it through the construction process as well. Not to inspect the construction methodology so much as just to see how things are put together. And the more interaction any building company can have with its customer, the better those relations will be, the better your customer service will be.

And we're looking at trying to get better service from end to end, and I think interaction is a key way of doing that, so I would wholly support customers inspecting their property prior to completion.

Oliver Colvile comments that there are too few volume house builders, not enough competition

Andy Von Bradsky: *there seems to be a lot of assumption about what the consumer experience is, and we hear the extremes and they've been represented, but is there an argument for a lot more information, ie some proper research into the consumer experience that could probably better inform lots of issues to do with quality, including standards and design standards?*

David McCullogh: I think you're absolutely right there, because when we went through the industry action advisory period, all the questions that were being asked, we didn't have the right information, we had the complaints but we didn't know how many were quality, how many were building regulations. And we stressed all the way through that piece of work that we needed more intelligent research on the actual facts

Ian Davis: the NHBC foundation has done research under the expedition of John Carver a few years ago, and there's quite a lot of research that's been done by the Foundation

END