

ANNUAL REPORT 2008

The voice
of the
home building
industry



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[executive chairman's report]

For all the wrong reasons, 2008 proved to be exceptional for both our industry and the wider economy, as years of growth turned abruptly to decline. Back in January 2008, the full implications for house builders of the unfolding crisis in the banking sector were not apparent, but as the year progressed, those implications became ever more real. As house builders we bore the initial brunt of the economic downturn precipitated by the credit crunch as the housing market slumped dramatically following the sudden reduction in mortgage availability.

For months the political and media spotlights were focussed on us like never before as politicians and commentators looked apprehensively at the housing market, began to see the wider implications and frantically searched for solutions. But as confidence and mortgage availability dried up, our industry was forced to shed jobs and capacity. We saw a drop in production that could not have been envisaged just months earlier and 2008 turned into probably the most professionally challenging year most of us have ever experienced.

Other sectors duly followed, and the pattern of depressing figures, pleas for assistance and redundancies subsequently announced across the economy from retailers to car manufacturers, proved uncomfortably familiar.

As long ago as the autumn of 2007 we started to warn senior ministers of the dangers for the economy of a significant slowdown in our sector and throughout the year we continually lobbied for action to assist our industry, providing politicians and officials with a constant flow of up to date information. Our lobbying played an important part in the Government announcing a number of measures and initiatives, from cash to buy unsold stock to a stamp duty holiday and Homebuy Direct.

We held meetings with the Prime Minister, Housing Minister Margaret Beckett and her predecessor Caroline Flint as well as former Housing

Minister and now Chief Secretary to the Treasury Yvette Cooper.

As well as ministers, we have been meeting officials at No.10, Treasury, Communities and Local Government (CLG) and the newly created Homes and Communities Agency (HCA) – formed of a merger between the Housing Corporation and English Partnerships - to lobby for further measures to help the housing market and home builders. These discussions are continuing.

We also briefed the Bank of England's Monetary Policy Committee on the market realities, calling as early as March for a significant cut in interest rates, which finally came - albeit too late - in September.



Stewart Baseley
Executive Chairman

senior party figures including leader David Cameron, Shadow Housing Minister Grant Shapps, shadow Chief Secretary to the Treasury Phillip Hammond and Party Chairman Eric Pickles to ensure they are aware of the issues facing our industry and that they are considered as they develop their policies. We will continue to ensure they have all the relevant information they require and will respond to any initial proposals, including the recently published green paper on devolving power to local government, to ensure they are aware of the implications for house builders.

The £400m HomeBuy Direct announcement made in December was I believe a powerful demonstration of HBF's ability to deliver for its members.

“The political and media spotlights were focussed on us like never before as politicians and commentators looked apprehensively at the housing market, began to see the wider implications and frantically searched for solutions”

But whilst the housing downturn was of course the priority issue for HBF, we continued to work on your behalf on many other issues which will be important for the business climate post-recovery.

With a general election to be called before June 2010 we focussed on developing relationships with the Conservative party. We met many

Throughout the year HBF had been lobbying Treasury, CLG and No.10 Downing Street for a scheme along the lines of the very well regarded EP First-time Buyer Initiative (FTBI). Having first persuaded the Government to act, HBF was then invited to pull together a group of members to help the Housing Corporation design a business-friendly scheme that also met the needs of the Government and mortgage lenders.



John Stewart, Director of Economic Affairs, HBF; Richard Donnell, Director of Research, Hometrack; Christopher Hill, Managing Director, RBS Corporate Finance; and Stewart Baseley, Executive Chairman, HBF, at the Policy conference

[executive chairman's report]

The HCA subsequently announced that 130 home builders had been successful with their applications, with a total of more than £400m of funding committed – of which 79% has been allocated to HBF members. HCA estimates this scheme may facilitate the sale of around 18,000 homes which is clearly a significant number.

HBF coordinated the industry response and as a result of our collective efforts the OFT gave the industry a 'clean bill of health' in almost all areas, concluding it could find no evidence of anti competitive practices that were detrimental to the consumer, that accusations of land banking were a myth and that in the vast majority of cases home builders delivered excellent service. In what was a difficult year it proved a huge boost for the industry.

More recently, we have also seen the very sensible recommendations from David Pretty and Joanna Killian following their review of the Planning Applications Process. I just hope that these recommendations are properly acted upon to make a difference on the ground.

Space doesn't permit me to detail developments with regard to the Code for Sustainable Homes; Building for Life; skills issues; Ecotowns; the Disclosure of Incentives form; Michael Fallon's Private Members Bill on the Merton rule; the

Renewable Energy Consultation; the debate over Council Tax on empty properties, and plenty more.

All of these are important issues, that will significantly impact on us this year and beyond and on which we will continue to lobby on the industry's behalf in the future, which promises to be just as busy as we look for ways towards recovery.

Of course none of the vital work we undertake on our industry's behalf would be possible without the hard work and dedication of the HBF team and a large number of committed people employed by our member companies.

In the past year more than any before, this diligent work has been carried out in extremely difficult circumstances. Like many of you, at HBF we had to go through the difficult process of making valued staff redundant, and no one working in our industry can have escaped the uncomfortably tough loss of respected colleagues and friends.

On behalf of the Board, I would like to express my thanks to all involved for their continued support, help and assistance and assure you that all of us at HBF will do our utmost to assist you in containing and resolving current difficulties in the year ahead.

I personally would also like to thank my fellow Board members for all their support, counsel and guidance during what was a difficult year for us all.



HBF met Gordon Brown to lobby for Government action

Discussions on the Planning Bill rumbled on, as did negotiations on the Community Infrastructure Levy (CIL), zero carbon and a whole host of regulatory issues, that together pose a serious threat to our industry's ability to deliver both in the current climate and beyond – more on this later in this report. We will continue to robustly represent you in all these discussions to ensure the conclusions are not too onerous for our industry.

Another positive result of HBF's representation was the publication in September of the Office of Fair Trading's (OFT's) conclusions to its exhaustive 12 month long investigation into the home building industry.





[external affairs]

The external affairs landscape altered dramatically in 2008, reflecting the major change in industry circumstances resulting from the credit crunch. The rapidity and depth of the housing market slowdown, particularly from Easter onward, posed a new set of challenges in communicating industry issues to Government, the political parties and other bodies.

A key requirement was to explain the nature of the problems facing the industry as a result of the credit crunch; the reasons for its actions in scaling back activity; and the need for Government action to improve the availability of mortgage finance and to assist as much new development to continue as possible.

HBF frequently met and briefed the three Housing Ministers in post during the year – Yvette Cooper, Caroline Flint and Margaret Beckett – and their senior officials as well as Opposition front benchers on the situation.



John Slaughter
Director of External Affairs

Towards the end of the year HBF also developed a close dialogue with the new Homes and

Communities Agency which has taken on responsibility for the Housing Corporation and English Partnership budgets as well as some aspects of CLG's work. With its combined £17bn budget for the period 2008/09 to 2010/11, the HCA has become a key source of financial support for the industry at this difficult time.

External affairs work during the year covered many other implications of the downturn too. HBF raised concerns at an early stage about the impact of reduced industry activity on employment and skills, including the threat to the placements of existing apprentices and the future recruitment of trainees.

In response to concerns HBF raised with ConstructionSkills and the Skills Secretary John Denham, a clearing house arrangement was established to help find alternative work for apprentices whose original placement had disappeared or was at serious risk. The clearing house has had some success, but our work has more recently turned to looking at how new forms of support might assist efforts to support trainees in future too.

As we moved closer to the commencement of campaigning for the next General Election HBF stepped up dialogue with the opposition parties. Through the year relations were developed with Conservative Shadow Housing Minister Grant Shapps and other members of the Conservative front bench team, including Treasury spokesmen. HBF

was also asked to take part in an informal invitation-only seminar on housing issues held by the Conservative leader David Cameron in the summer. This dialogue will continue to be built upon during 2009 as the Conservatives begin to unveil more detailed policy proposals.

The Liberal Democrats made a further change in their front bench team with Sarah Teather taking over the housing brief from Lembit Opik. Liberal Democrat Shadow Chancellor Vince Cable has also become a prominent commentator on finance and housing issues and HBF has engaged with him at a number of informal events as well as providing briefing to party advisers.

In addition to discussions with Ministers and front benchers from the main parties, HBF continued to meet a range of backbench MPs who have a personal or constituency interest in housing provision. This has proved a fruitful means of building up understanding of the current difficulties facing the industry as well as the future challenges relating to the impact of regulation and the zero carbon homes policy. It has also helped to facilitate the involvement of the industry in local bodies and processes in a number of cases and HBF will continue this activity during 2009.

HBF again held successful informal dinners and implemented contact programmes at the two main party conferences in the autumn with MPs, leading councillors and other party activists. Housing remains a

“In addition to discussions with Ministers and front benchers from the main parties, HBF continued to meet a range of backbench MPs who have a personal or constituency interest in housing provision”



Margaret Beckett became the third Housing Minister of 2008 in October. She has since met with HBF on a number of occasions

significant political issue at this challenging time and it is important that every effort is made to convey the industry's position against possible counter pressures from other quarters.

Despite the downturn zero carbon has remained a major area of activity with the 2016 Task Force continuing to meet regularly and attention focusing increasingly on the critical issue of determining a workable definition of zero carbon.

HBF has been active in working with Government, the new zero carbon delivery hub, members and other organisations to focus attention on what is realistically deliverable by the industry both technically and commercially.

The Government has recognised the difficulty of the challenge by proposing a more flexible approach in its consultation on the definition launched just before Christmas. HBF remains concerned, however, that these proposals underestimate the impact of cost of the viability of future land supply as well as wider regulatory risks to delivery of much-needed housing. Getting the policy right on zero carbon will be one of HBF's main priorities for 2009.



[economic affairs]

Senior HBF staff and members held a seminar for Government officials from among others the Treasury, the Bank of England (right) and CLG



Two major issues dominated HBF's economic affairs work in 2008: the severe housing market downturn and its impact on home building; and the cumulative impact of regulation on development viability.

On the economic front, in May HBF arranged for senior members to meet five members of the MPC to argue for a rapid easing in interest rates. Senior HBF staff continued to provide regular market information to the Bank and attended periodic meetings with officials. HBF was invited to represent home building on the Bank of England Property Forum.

In July, and again in November, HBF arranged for senior executives to meet Yvette Cooper, Financial Secretary to the Treasury, to discuss the housing and mortgage markets. In October, HBF staff and members met Sir James Crosby, responsible for the Government's review of mortgage finance. Throughout the year, staff maintained close dialogue with Treasury officials on a range of economic and taxation issues and held several meetings with advisors at No.10 Downing Street. In December,

HBF Economic Affairs Director John Stewart gave evidence to the CLG Select Committee for its enquiry into housing and the credit crunch.

One of HBF's most notable successes was HomeBuy Direct, developed in consultation with HBF in response to an HBF proposal. The Government has since committed more than £400m of funds, 79% of which were secured by HBF members, and which will produce some £3bn of new home sales for the industry in 2009 and 2010. The Government also announced at least £300m for housing associations to purchase stock units from home builders, again a response to HBF representations. The Federation continues to work with the HCA to assist with developing new, innovative packages to bring mothballed sites into production.

Mortgage lending and new home valuations were high on HBF's agenda in 2008. HBF held regular meetings with Michael Coogan, Director General of the Council of Mortgage Lenders (CML), to discuss the mortgage famine and measures to restore lending. Regular liaison was maintained with CML officials, and several meetings were held with mortgage lenders.

HBF staff worked with member companies and the CML to develop the Disclosure of Incentives Form. Its primary objective was to restore lender confidence in new home valuations, with a process that work smoothly for home builders.

The Federation was invited to comment on an early draft of new guidance on new home valuations. The submission focussed particularly on the adverse influence of lenders' instructions on valuations, while at the same time making many detailed comments on the draft paper. New home valuations were also discussed with lenders and valuers through the CML.

The cumulative impact of taxation, policy and regulation was the other major economic affairs preoccupation during 2008 and into 2009. Even before the downturn in late 2007, policy and regulatory demands had pushed many residential sites to the margins of viability or beyond. The subsequent sharp fall in house and land prices, and future policy requirements such as the Community Infrastructure Levy (CIL) and



John Stewart
Director of Economic Affairs

zero carbon have made the situation significantly worse. This will severely hamper the industry's ability to lift output in the recovery.

During 2008, HBF arranged for several members to give detailed briefings on the impact of regulation to the then Housing Minister, Caroline Flint. In early January this year, senior staff and members held a seminar for Government officials from Treasury, Bank of England, CLG, Defra, the Better Regulation Executive and the HCA. The stark message was that even greenfield sites in the most affluent areas would no longer be viable, given the market downturn and looming CIL and zero carbon. New ways to fund these policy demands will have to be found, or housing numbers will be severely constrained in the recovery.

HBF worked closely with members during 2008 to assist the OFT with its market study of home building. The final report, published in September, gave the industry an almost completely clear bill of health. The OFT found no evidence of competition problems and demolished the accusation of land banking. The one major

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[economic affairs]

recommendation was that the industry set up an OFT Code of Conduct, as recommended in the 2004 Barker Review. Work progressed throughout the year on developing a Code with the warranty providers and other trade bodies.

During 2008, HBF began looking at whether a professional, institutionally funded private rented sector was a viable proposition for the future. This could offer home builders a new source of demand in the recovery. This work has continued in 2009.

HBF, through the UEPC, played a key role in persuading the European Commission to accept the case for devolving decisions about VAT on new homes to Member States, while protecting the UK's unique zero rating of new homes.

HBF's Director of Economic Affairs John Stewart spoke at a range of conferences during 2008 and gave presentations to the boards or senior management teams of a number of member companies.

The year of 2008 will now hold its place in planning legislation history as the Planning Bill finally received Royal Assent on 26th November. Thus, the Planning Act 2008, as the new legislation is now known, will become an integral part of the planning system as its provisions are implemented over the coming year.

HBF spent a considerable amount of time discussing detailed elements of the Act with Government officials, MPs and representatives of the House of Lords in order to achieve practical and deliverable changes to the planning system and process.

Almost as important as what is in the new Act is what is not. It is often difficult to quantify what would happen with planning policy if HBF was not here to temper the knee jerk reactions and current fashionable political "flavours of the month".

Many proposed policy initiatives are never pursued due to HBF's involvement at an early stage of discussion with Communities and Local Government (CLG) officials. However, HBF's work on the Planning Act resulted in collaboration with others in order to remove the proposal for local member review boards. In essence, this proposal would have removed the right of appeal to the Secretary of State for some forms of application. While this would have affected only a small number of those applications submitted by HBF members the principle of allowing an appeal of a local authority's decision is one of the founding principles of the entire planning system and its incremental erosion was both worrying and ill-conceived.



Andrew Whitaker
Planning Director

Gain Supplement. The Planning Act 2008 contains a number of enabling clauses allowing CIL to be introduced and requiring the publication of detailed Regulations setting out the day to day details of how to set, collect, and perhaps, most importantly, spend CIL. HBF has spent many hours discussing the minutiae of the practical considerations of how to ensure that CIL is proportionate and affordable to the vast majority of development proposals yet, in all of these discussions we have maintained our fundamental approach from the offset - that CIL must be simple and replace as much of the

HBF also spent much of the year heavily involved in the discussions with all interested parties over the Act's provisions for the introduction of a Community Infrastructure Levy. HBF was a key partner in the industry group that proposed a standard payment approach towards community contributions rather than the current site by site negotiated S106 agreement or the Government's previous attempt at land value capture under Planning

existing S106 regime as possible. We are expecting draft regulations to be published for public consultation in the summer of 2009.

Many of the other sections of the 2008 Act will not be implemented until later in 2009 or, in some cases (as with CIL), until April 2010. Such delay will inevitably have a knock on effect on the production of Development Plans across the country as local planning authorities wait for the new provisions in the Act to come into force before they progress. It is noted that last year's HBF annual report listed just 22 core strategies as having been adopted. It is even more galling to report that now, a year on, this figure has not even doubled. In what is supposed to be a plan led system, such poor performance is truly lamentable.

2008 will also have its place in history as the year of the Killian Pretty Review of the planning application process. Headed by Joanna Killian, CEO of Essex County Council and David Pretty, ex CEO of Barratt Developments, Chairman of the New Homes Marketing Board and HBF Board Member, the report published in November, contained 17 recommendations to ensure a "faster and more responsive system".

As a member of the Review team expert group, HBF was ideally placed to make clear and robust points to the Review team, representing the interests and comments of members over many years as to how to improve the application process. We were pleased to see that the recommendations reflect many of our views and we are looking forward to implementation of the proposed changes to both procedure and practice over the coming year.

“We will certainly be trying to take advantage of these difficult times to open a debate about what planning needs to contribute to ensure economic recovery”

As the wider economic recession takes a firmer grip on the industry, it is vital that planning policy and the planning system develops such that it is able to respond to both the current climate, and also be able to take advantage of a recovery when it emerges. We have already started conversations with Government officials and other agencies about the role that planning must play in beating the recession and it feels as if we are pushing on a half open door. We will certainly be trying to take advantage of these difficult times to open a debate about what planning needs to contribute to ensure economic recovery.



A large amount of the technical work done in 2008 by HBF centred on the move to zero carbon homes by 2016 and the effect this will have on the production of new homes.

Industry advisory groups were set up by CLG to look at Parts F and L of the Building Regulations to see how these should tie in with zero carbon, and HBF was represented at these. Work from the groups will help formulate what appears in the Part F and L consultations due out in April 2009, with the requirement for 25% and 44% improvement on current energy efficiency being added to Part L in 2010 and 2013 respectively. It is anticipated that a new version of the Standard Assessment Procedure (SAP) methodology will be available with the consultations.

In December CLG released its consultation document on *The Definition of Zero Carbon Homes*. This is probably one of the most important consultations to emerge for some time and will have a significant impact on the direction of travel towards zero carbon homes by 2016. An HBF working group has looked at, and responded to, this consultation and has been advising members accordingly.

But whilst the zero carbon agenda was the principal issue for the HBF's technical team throughout the year, work was carried out on behalf of the industry on a wide range of other issues. Including;

- HBF responded to *The Future of Building Control* consultation in early 2008. It was particularly pleasing that as a result of the consultation CLG now intends to structure reviews of the regulations and ensure that all the information is available six months prior to the implementation date. This should avoid the debacle that occurred with the previous revision of Part L.
- HBF responded to the consultation of Approved Document Part G, (Hygiene). The proposed new Approved Document G is to be titled *Sanitation, Hot Water Safety and Water Efficiency* to reflect the revised scope of this Approved Document. It is due to come into force in October 2009.
- During 2008 the Government committed itself to supporting the uptake of Lifetime Homes. HBF has a small member group looking at the issue, and is also taking part in a CLG Building Regulations Advisory Committee who will advise on the British Standards draft for *Development on Accessible Housing and Lifetime Homes*.

- Code for Sustainable Homes - a nil rating certificate became mandatory for new homes that had not been assessed under the code from the beginning of May.
- HBF continued to hold quarterly meetings with CLG and BRE to discuss technical matters and the process of compliance in order to make the technical manual easier to use and streamline the approval process.
- The HBF Health and Safety group, which submits figures for accidents and such industry incidents, announced that for the nine months from April there were no fatalities. The group has also been working on a 'slips and trips' campaign which was subsequently launched in early 2009.
- HBF liaised with the Health and Safety Executive (HSE) on their investigation into an incident in early 2008 that unfortunately resulted in a fatality which the HSE believes could have been caused by carbon monoxide poisoning. Following a consumer safety alert which was issued by HSE in October 2008 HBF sent a guidance note to members. A HBF group continues to monitor the situation.

- *The Pitt Review – Lessons learned from the 2007 floods* was published in June containing many recommendations. The key recommendation was that there is a presumption that housing will be built on flood plains but that legislation should require it to be flood resilient.
- In the HBF response to the *Consultation of transposition of article 6 of the groundwater directive* it was pointed out that there will be an impact on the investigation and redevelopment of contaminated land, and that there are concerns that this will conflict with other sustainability issues.
- During the year there was an increase in the number of commuted sums being demanded as part of Section 38 agreements. The HBF board set up a group to look at these and advise accordingly. A positioning paper was prepared by the group which looks at all aspects of this on the HBF website.
- A successful National Technical Conference took place in November. The morning session covered building regulation matters and the Code for Sustainable Homes. The afternoon session focused entirely on zero carbon homes with contributions from the Zero Carbon Delivery Hub.



Dave Mitchell
Technical Director

“An HBF working group has looked at and responded to CLG’s consultation document *The Definition of Zero Carbon Homes* and has been advising members accordingly”

Right: Barratt’s Green House, winner of the 2008 Housebuilding Innovation Awards



[media & communications]



Steve Turner
Head of Communications

As never before

2008 saw the media spotlight fall on the house building industry, a constant stream of depressing statistics, trading statements on challenging conditions and redundancy announcements feeding journalists' appetites for storylines on a downward spiralling economy

Housing was the first part of the real economy affected by the credit crunch and its tribulations were headline news.

Housing issues featured on the front pages of all the national newspapers and at the top of the news broadcasts on a regular basis.

HBF positioned itself firmly at the centre of the debate, becoming the recognisable face of the industry and ensuring its messages reached as wide an audience as possible to support the lobbying work being undertaken in parallel.

As the full scale of the downturn became apparent and the debate as

to what could be done to assist raged, Stewart Baseley and the HBF's senior management team became regular commentators on all the major news channels. This included frequent appearances on the BBC, ITV and Sky's main news broadcasts, a host of Radio 4 programmes including the flagship Today programme and many more national regional and targeted cable channels.

HBF comments were also carried in numerous articles in all the national broadsheet and tabloid publications throughout the year; as well as in regional and local media and across the building and construction trade press.

By the middle of the year HBF was receiving hundreds of journalist enquiries a month requesting information, opinion and background. HBF sought to influence journalists by sticking to agreed key messages focusing on the implications for the wider economy of allowing the situation to continue, and detailing the steps needed to assist which were supported by detailed statistics. As the year progressed HBF's key messages were constantly refined, based on feedback from members, to reflect the changing industry situation and the required supportive measures

In addition to providing information reactively, HBF also proactively courted journalists with a series of targeted press releases and briefings. Press releases were issued following Government or industry announcements to ensure that house builder's perspective was included in any resulting coverage. These included responding to the succession of announcements on Government assistance measures, sometimes

positively but often stating that much more needed to be done.

HBF also led the way by publicly calling for a cut in interest rates from as early as March, as well as demanding measures such as a stamp duty holiday; implementation of Sir James Crosby's recommendations for improving mortgage finance availability; and condemnation of a lack of Government support in the pre-budget report, all of which received widespread coverage in the national media.

A programme of journalist briefings was also undertaken to ensure key correspondents were informed about the industry situation to allow them to produce balanced and accurate reports, and background briefing papers on key issues were provided.

Although the industry situation dictated that the overriding focus was on the operating climate, other issues also featured prominently in the media. The publication of the OFT report, despite being a good news story for the industry, generated some mixed headlines that the HBF responded to robustly to ensure balance and context. In addition the debate on zero carbon rumbled on in the media and HBF continued to highlight the danger of the growing cost of the wider regulatory burden – a debate that will undoubtedly rise up the media agenda in the year to come and when a recovery hopefully starts to materialise.

Other positive stories resulted from increased workforce CSCS card registration; the CML Disclosure of Incentives form and our annual customer satisfaction survey.

[media & communications]



“HBF positioned itself firmly at the centre of the debate, becoming the recognisable face of the industry and ensuring its messages reached as wide an audience as possible”

In recent months the recession driven media focus has moved on to the retail sector and motor manufacturers but the focus on housing will return. It must be hoped that as the house building industry led the way in to the downturn, it will also lead the way out and media interest in the next year will be focused on the search for those proverbial green shoots.

HBF also hosted a number of highly successful events throughout the year that attracted a host of top industry speakers. These included the HBF's annual lunch, at which then Housing Minister Caroline Flint spoke, and October's Housing Market Intelligence conference where her successor Margaret Becket was the keynote speaker after just three weeks in office.

[new homes marketing board]

“Ideas promoted by David Pretty to help first-time buyers included a permanent stamp duty holiday up to £250,000 and a new Government- backed national saving scheme for deposits”



David Pretty
New Homes Marketing Board Chairman

The New Homes Marketing Board thought long and hard throughout 2008 as to how it could best assist the industry in an extremely difficult period and a falling market.

Discussions were held as to whether a *New Homes Week* or a wider-ranging press and advertising campaign would be beneficial. Initial preparations were undertaken and data was sought from companies on the public benefits

provided by the industry through the contribution made in areas such as affordable housing and community facilities.

As with all such initiatives however, timing is critical, particularly with a limited budget. It was therefore decided that with banks collapsing and mortgage availability drying up, it would be prudent to postpone a campaign to 2009 when it is hoped there will be a more positive environment and better prospects of recovery.

Nevertheless, despite challenging conditions the NHMB continued to actively represent the industry in the media throughout 2008 with a number of targeted press releases that highlighted significant issues and resulted in extensive media coverage.

A YouGov survey commissioned by the NHMB in the summer showed that 90% of people believed new homes to be a sensible investment and gained significant column inches in the national and regional media. It also resulted in NHMB Chairman David Pretty conducting a number of interviews for radio which allowed him to outline the benefits of buying a new home.

In addition, the NHMB continued to actively make the case for assisting first-time buyers who were particularly hard hit by the impact of the credit crunch on the availability of mortgages. Ideas promoted by David Pretty to help first-time buyers included a permanent stamp duty holiday up to £250,000 and a new Government- backed national saving scheme for deposits. These ideas again secured significant media coverage and are now being considered by Government.

Wide coverage across the media was also generated by a campaign focussing on the environmental benefits of a new build home. The NHMB also re-produced the *Ten Top Reasons to Buy a New Home* leaflet that had considerable take up from members for use in their show homes.



Ten Top Reasons leaflet is available from www.nhmb.co.uk



[housebuilder media]

“The need for information is greater than ever in this challenging market – Housebuilder Media continues to lead the way in providing that information”

Despite the challenges in both the media and housebuilding sectors in 2008, Housebuilder Media continued to dominate the market for information provision to the industry.

Housebuilder magazine, HBM's flagship title, reached more than 20,000 readers a month providing essential business information for the industry throughout a difficult year. The magazine provides news, analysis, commentary, interviews and features to its readership.

Housebuilder Media also publishes *Housing Market Report* each month on behalf of HBF, edited by Director of Economic Affairs John Stewart. HMR had a successful year with subscriptions increasing as the industry looked to slake its thirst for market information.

HBM's information website www.house-builder.co.uk benefited from an increase in registered users. The site includes news, news alerts, blogs, products, a jobs board and the magazine archive and is proving ever more popular.

Housebuilder Media's events arm had an active year, launching Housing Futures, a new and successful Spring event which was designed to take information to the management teams of regional housebuilders.

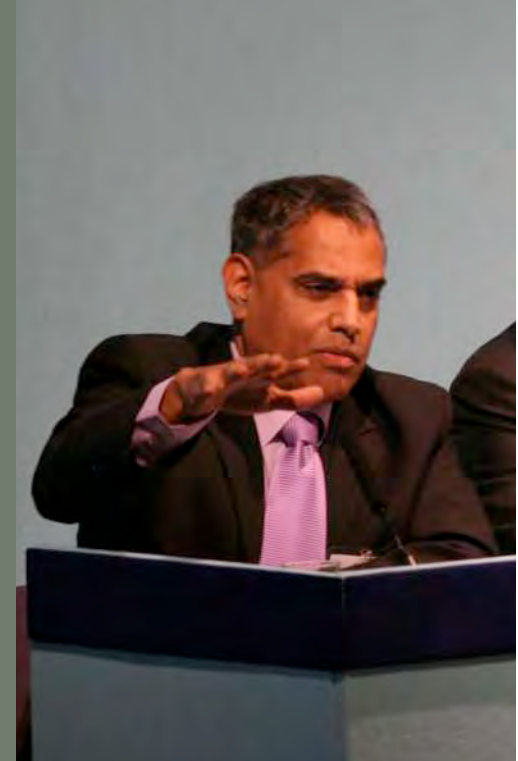


Ben Roskrow
Publishing Director
Housebuilder Media

HBM also ran a series of successful conferences, including the HBF Policy conference, the Planning conference and the Technical conference.

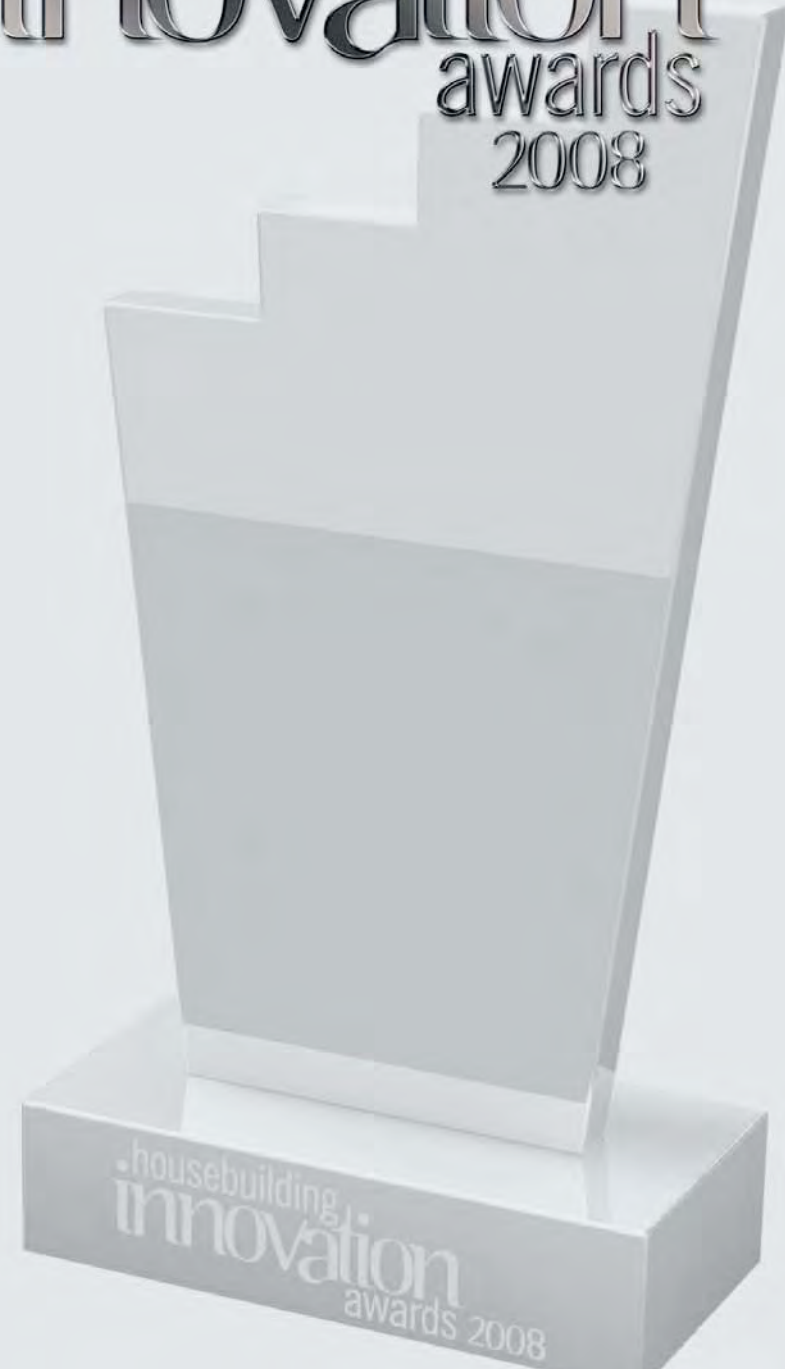
The sixth annual Housing Market Intelligence conference and report launch was staged at a new and prestigious venue, Savoy Place in London, in October. Yet again the event proved to be a major success, demonstrating that even in this difficult market the desire for top level strategic information is undimmed.

In November the Housebuilding Innovation Awards attracted a sell out gathering of more than 350 industry guests to the Millennium Mayfair in London. Hosted by Radio 4 Today programme presenter John Humphrys, the Awards were a great success for the fourth year running. Overall winners this year were Redrow and Explore Living.





housebuilding innovation awards 2008



[committees]

Stewart Baseley,
Executive Chairman,
HBF at the Annual
Industry Lunch 2008

National Planning Committee

Much of the work of the Committee throughout 2008 was directed towards the HBF responses and lobbying on the details of the Planning Bill as it progressed through both houses of parliament. While the big headline acts of the Independent Planning Commission and Community Infrastructure Levy grabbed the attention of the planning press, there were a considerable number of minor changes to other Sections of the 1991 Act which were of considerable interest to the industry. We are generally pleased with the provisions of the Planning Act 2008 and await the commencement of a number of provisions which should assist in the delivery of housing.

The Committee also made a significant input into the Killian Pretty Review drawing on experience from around the country in order to provide evidence of issues and problems. This enabled us to offer many positive solutions for change which we were pleased to see were clearly reflected in the final recommendations of the Review Team.

Other issues of heated discussion over the year involved best practice on strategic housing market assessment and land availability assessments (SHMAs and SHLAAs), Eco Towns, PPS12 regarding development plans and how to deal with the new regional spatial strategy "minimum" figures.

There is never a dull year in planning. 2008 was "business as usual".

Lee Bishop,
Planning Committee Chairman



National Technical Committee

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

The Committee looked at a wide range of issues concerning the industry particularly those surrounding zero carbon, the timeline to 2016 and its implications.

Additional working groups were set up where necessary to deal with the many consultations.

We continue with our quarterly meetings with CLG and BRE to discuss the technical guidance and process of the Code for Sustainable Homes.

We also have representation on the industry advisory groups regarding the proposed consultation on Parts F & L of the building regulations as well as being represented on the BRAC working party looking at Lifetime Homes.

There are also technical groups looking at Section 38 and commuted sums as well as gas flues issue.

Ashley Lane,
National Technical Committee Chairman

Health and Safety Committee

The Committee met four times since the beginning of April 2008.

A slips and trips campaign has been planned to run through Spring of 2009. Posters and pocket guides have been produced and will be distributed prior to the campaign's commencement upon request. The campaign itself compliments the existing HSE "Shattered Lives" campaign.

HBF started to collate accident statistics findings and presented them to the H & S Forum. Year on Year comparisons are now available enabling the HBF to comment on industry trends.

HSE continued to outline the relevant general house building issues of concern including falls from height, tower cranes, slips and trips.

Of major concern was the issue of Gas Flue Safety. HBF liaised with the HSE on this and issued a note to members which is linked to the safety alert issued by the HSE.

Feedback was provided by forum members to the HSE on the new Construction Occupational Health Management Essentials (COHME) web pages.

Steve Acaster,
Health and Safety Committee Chairman

Careers, Skills, and Training Committee

The Committee met four times during the year to continue work on the main skills issues facing the industry.

The active involvement of senior managers from ConstructionSkills in the Committee's meetings provided a good basis for raising specific issues on grant funding and qualifications arrangements for consideration by the industry's Sector Skills Council. The focus of the Committee's work inevitably turned increasingly to the effects of the housing downturn on skills capacity, including the immediate threat to existing apprenticeships.

The Committee held detailed discussions on possible means of supporting and maintaining existing apprenticeships threatened by redundancy and these helped inform the work of ConstructionSkills and Government in establishing a clearing house arrangement to identify alternative placements for those whose position could not be safeguarded.

Other issues considered by the Committee included skills requirements for future sustainability needs; the progress of the Qualifying the Workforce Initiative; arrangements for HBF to rejoin negotiations on the Working Rule Agreement; and the discussions held by HM Revenue and Customs during the year on employment status in the construction sector.

Despite the downturn the Committee also provided support and guidance for a Graduates Conference in July, which again ran successfully as part of the development programme for young professionals entering the industry.

John Slaughter,
Acting Careers, Skills and Training Committee Chairman
Position vacant

[UEPC]

HBF played an active part in a number of discussions on European issues potentially affecting the business climate for the industry in the UK through our European trade association the UEPC.

During 2008 we played a key role in persuading the European Commission to accept the case for devolving decisions about VAT on new homes to member states, while protecting the UK's unique zero rating on new homes. We also raised our concerns about the implementation of the EU Habitats Directive in relation to the Thames Basin Heaths Special Protection Areas with the Commission; and took the initiative to raise awareness of the possible implications of the proposed revision of the Energy Performance of Buildings Directive and the new Renewables Directive for national building regulations and the costs and demands these place on developers. These latter discussions are continuing into 2009.

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

[Retirement Housing Group]

The publication of the Government's National Strategy for Housing in an Ageing Society in February 2008 was a significant milestone for the retirement housing sector, broadly establishing in general a positive policy framework within which the case for specialist provision for older people could be argued. It is central to the development of regional policies which cascade down to local planning frameworks and housing assessments.

RHG has focussed on influencing the strategic policy context and has worked on a number of Regional Spatial Strategies during the year including the South East, West Midlands, North West and South West.

Running in parallel, and complementary to this work, RHG's second major project focussed on Strategic Housing Market Assessments. A standard methodology is being developed for including older households in SMHAs, and pilot projects are being set up in South Northamptonshire and Lincolnshire

Gary Day, *RHG Chairman.*

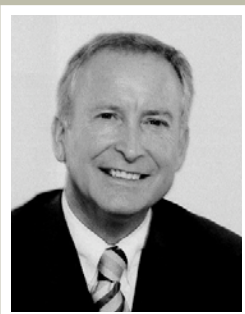
[HBF Ltd Board]



Stewart Baseley
Executive Chairman



Paul Pedley OBE
Hon. Treasurer



David Pretty CBE
Co-Option HBF Team



Mike Freshney,
Co-Option



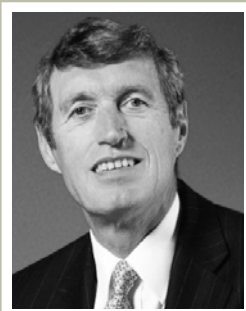
Philip Davies
Co-Option



Malcolm Harris
Co-Option, Bovis Homes



Mike Gaskell
Co-Option, Morris Homes



Andy Yallop
Co-Option, Croudace Homes



Neil Fitzsimmons
Co-Option, Redrow Plc

[HBF Team]

John Stewart
Director of Economic Affairs

John Slaughter
Director of External Affairs,

Dave Mitchell
Technical Director

Andrew Whitaker
Planning Director

Stanley Jackson
Finance Director

Steve Turner
Head of Communications

James Stevens
Strategic Planner

Richard Price
Planning & Policy Advisor – Wales

Standing Committee Chairmen

Careers, Skills and Training

John Slaughter
(Acting Chairman – position vacant)

Planning

Lee Bishop (*Taylor Wimpey*)

Health and Safety

Steve Acaster (*Persimmon Homes*)

Technical

Ashley Lane (*Westbury Partnerships*)

Retirement Housing Group

Gary Day (*McCarthy and Stone*)

[finance and membership]



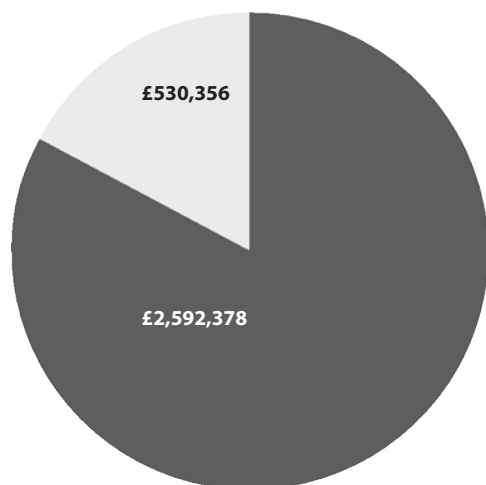
Stanley Jackson
Finance Director

The global financial crisis and its subsequent impact on worldwide economies has had a significant impact on the UK residential market. Like our members, this has required the HBF Board to consider carefully the organisational structure necessary to deliver the core services to our membership. In anticipation of falling subscriptions, which became a reality in 2008, a cost reduction programme was implemented which resulted in HBF's operations being centralised through the key executive management team based in London.

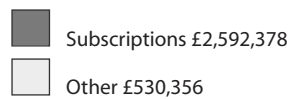
The actions taken resulted in cost savings sufficient to enable HBF to declare a small deficit in 2008. However, it is probable that due to the ongoing financial and economic climate, HBF will have to rely on its financial reserves to a limited extent during 2009 to cover the anticipated shortfall of its financial position.

In July 2008, High Court approval of the settlement for the withdrawal from the Construction Confederation final salary pension scheme was received. Further, the Pension Regulator considered that there was no requirement to secure his approval. Accordingly, the sum of £2,000,000 deposited in the escrow account (HBF £1,500,000: Housebuilder Media £500,000) together with the final sum of £400,000 plus accrued interest of £8,933 was paid to the scheme.

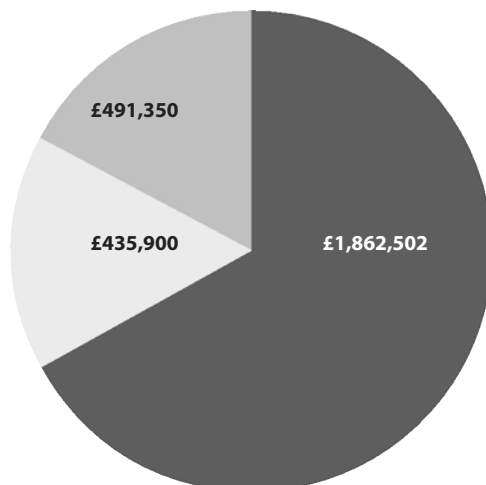
“In anticipation of falling subscriptions ,
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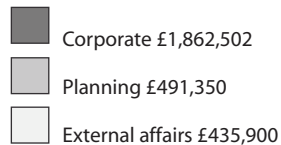
INCOME



INCOME	2008	2007	Incr/(Decr)
	£	£	
Subscriptions	2,592,378	3,473,957	-881,579
Interest & dividends	115,755	199,926	-84,171
Other membership income	164,900	107,660	57,240
Management charges	138,753	90,000	48,753
External affairs consultancy	91,260	86,900	4,360
Programme contribution	40,000	40,000	0
Other income	701	17,547	-16,846
Events programme			
Income	122,369	259,586	-
Expenditure	-143,382	-264,778	-
Net income/(expenditure)	-21,013	-5,192	-15,821
Normal activities	3,122,734	4,010,798	-888,064
RDL levy	504,052	150,447	353,605
Total	3,626,786	4,161,245	-534,459



EXPENDITURE



EXPENDITURE	2008	2007	Incr/(Decr)
	£	£	
Corporate activity	1,862,502	2,050,253	-187,751
External affairs	435,900	731,912	-296,012
Planning	491,350	557,028	-65,678
Normal activities	2,789,752	3,339,193	-549,441
RDL levy	-	-150,447	-150,447
Pension settlement costs	487,833	284,763	203,070
Redundancy programme	-	190,000	-190,000
Office relocation costs	-	160,000	-160,000
Total	3,627,585	3,774,403	-146,818

SURPLUS/(DEFICIT) BEFORE TAX	2008	2007	Incr/(Decr)
	£	£	
Income from normal activities	3,122,734	4,010,798	-888,064
Expenditure on normal activities	-2,789,752	-3,339,193	549,441
Surplus from normal activities	332,982	671,605	-338,623
RDL levy	504,052	-504,052	-
Pension settlement costs	-487,833	-284,763	-203,070
Redundancy and office relocation	-350,000	-	-350,000
Surplus/(deficit) before tax	-799	386,842	-387,641



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