

HBF Policy Conference

21 March 2018



Raising Standards. Protecting Homeowners

Construction Quality

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Chief Executive, NHBC



Agenda

Construction quality – how do we ‘measure’ it?

Volume growth and quality

NHBC claims experience

Focus for further improvement

Modern methods of construction

Current issues



About NHBC

**1936
established
as NHBC**

**Non-profit
distributing
organisation**

**Approx. 80%
market share
for warranty**

**Over 50%
of the Building
Control market
(E&W)**

**1.5m homes
under cover**

**900,000
inspections
per annum**

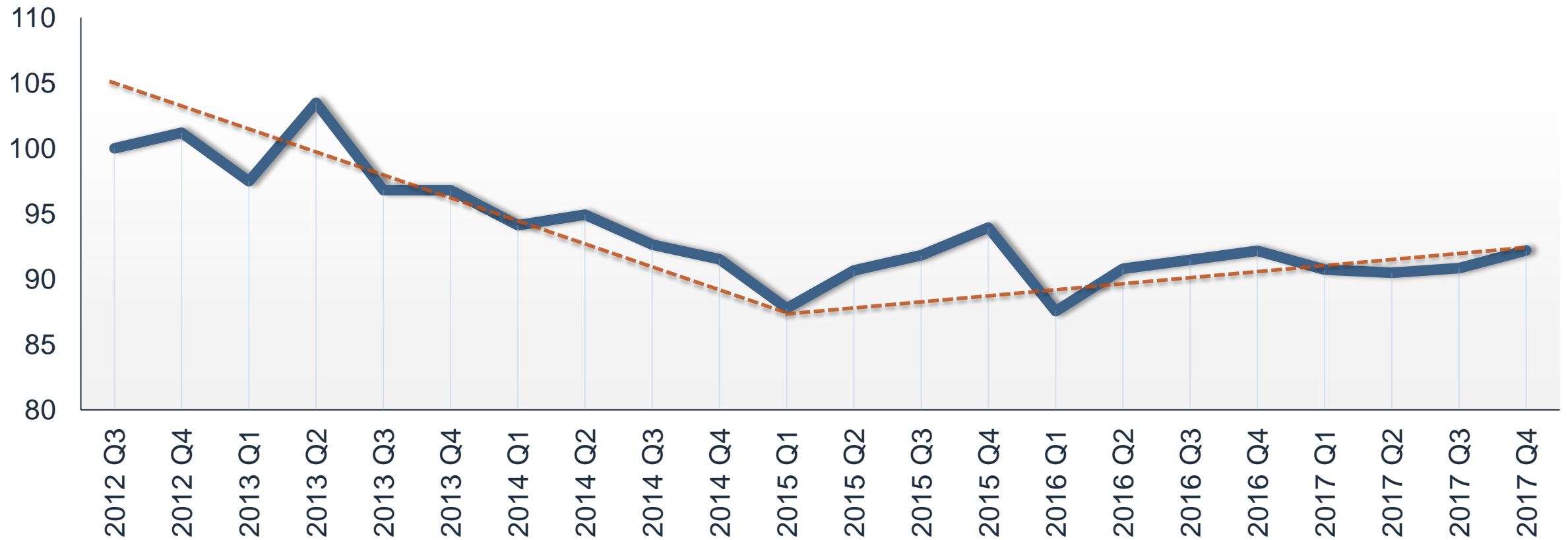
**1,300
employees**

Raising standards, protecting homeowners



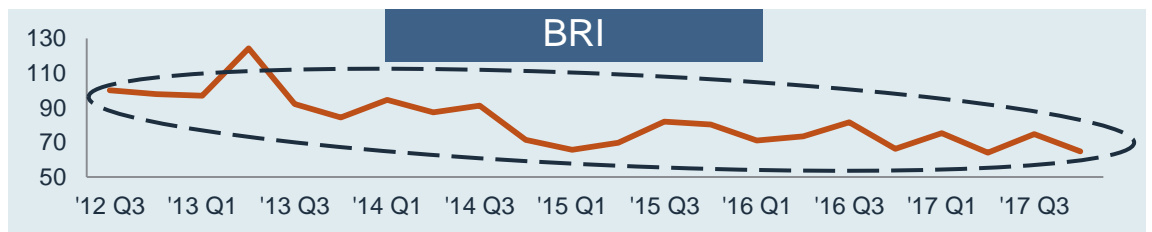
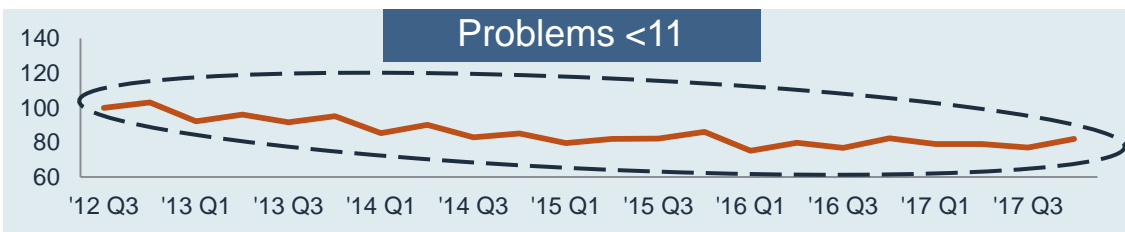
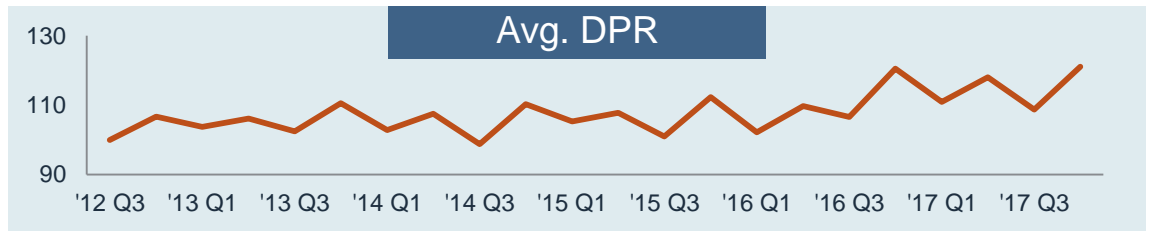
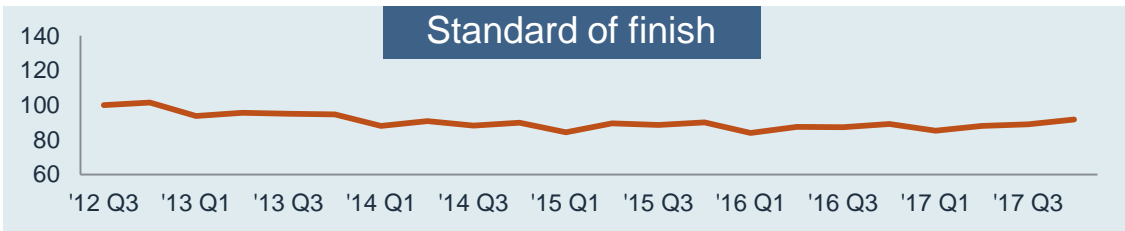
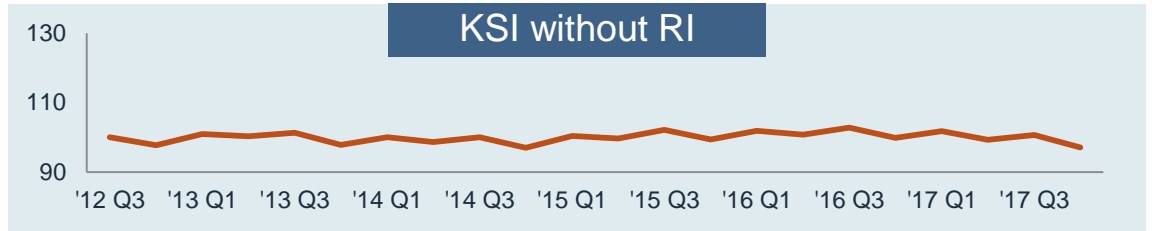
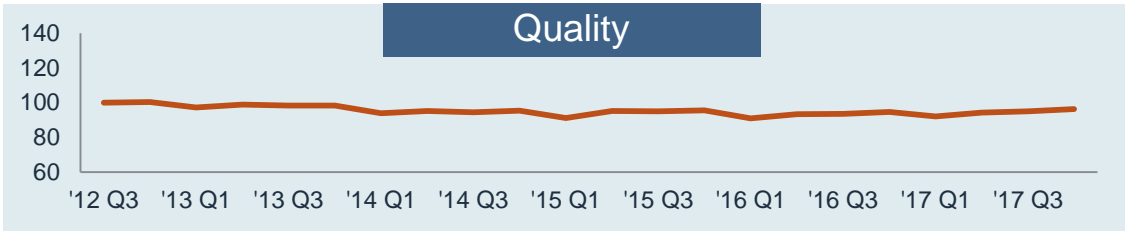
'Measuring' Construction Quality

Quality indicator, initially dropped, gradual improvement more recently



'Measuring' Construction Quality

2 factors contributed to decline - both relate to the finished home

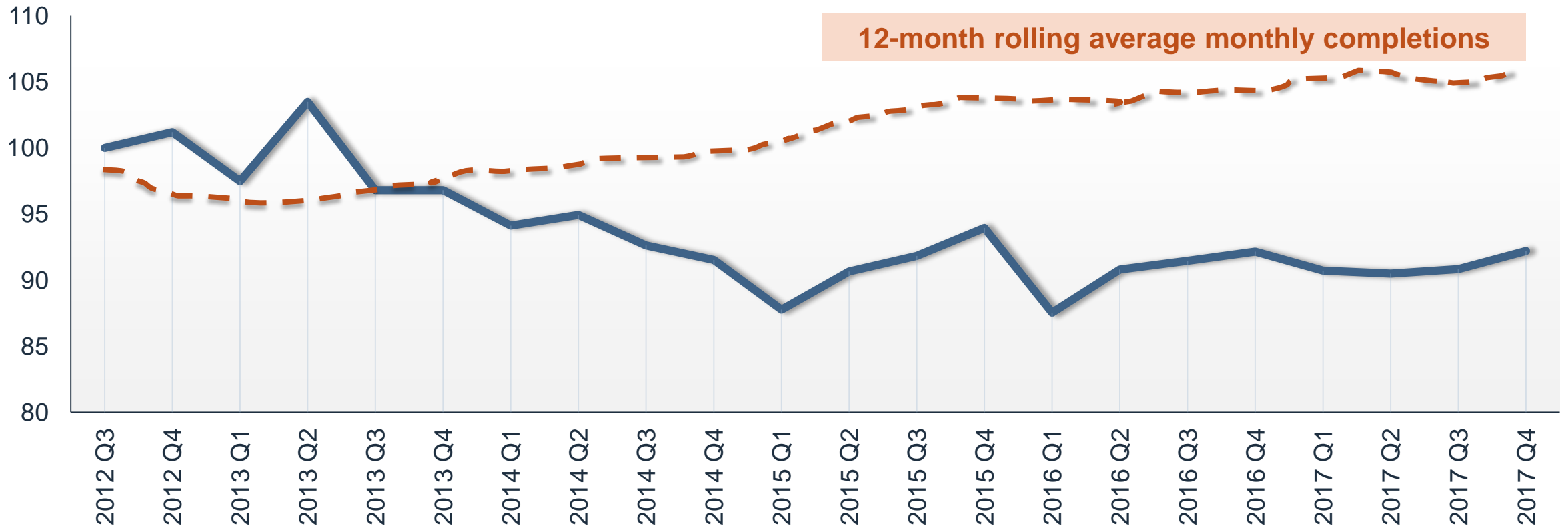


*All measures index linked to 100 in 2012 Q3, up always indicates improved performance



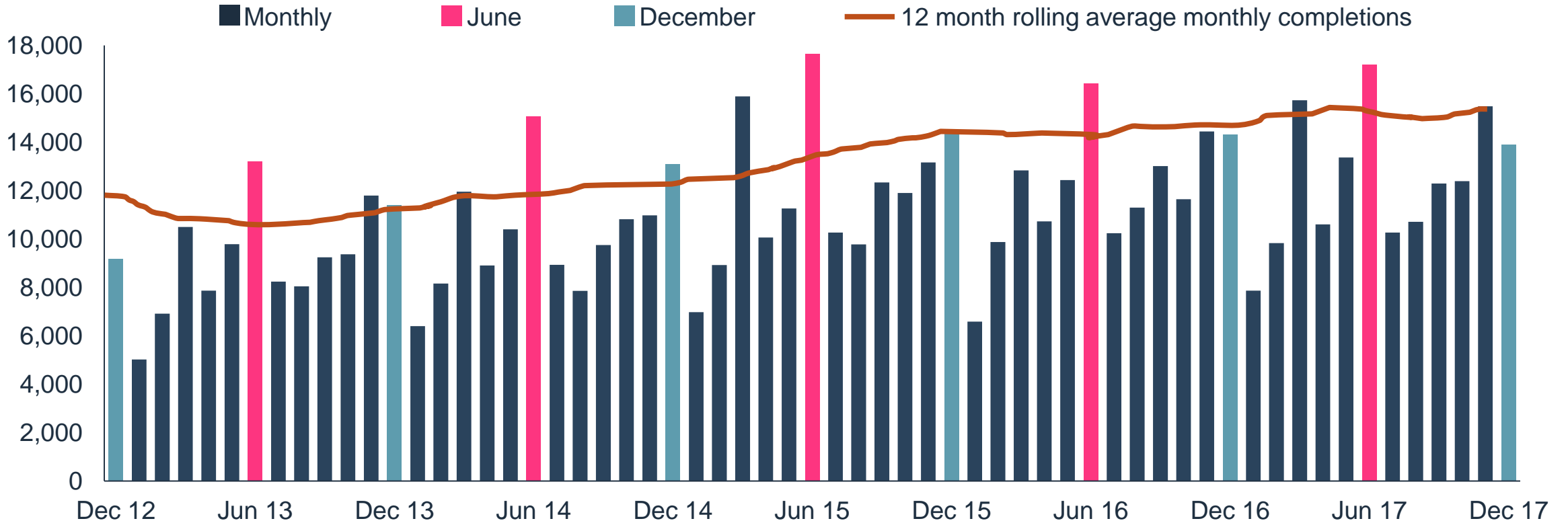
Negative correlation

Between volume growth and quality



Completion profile

Peaks in production put quality under pressure



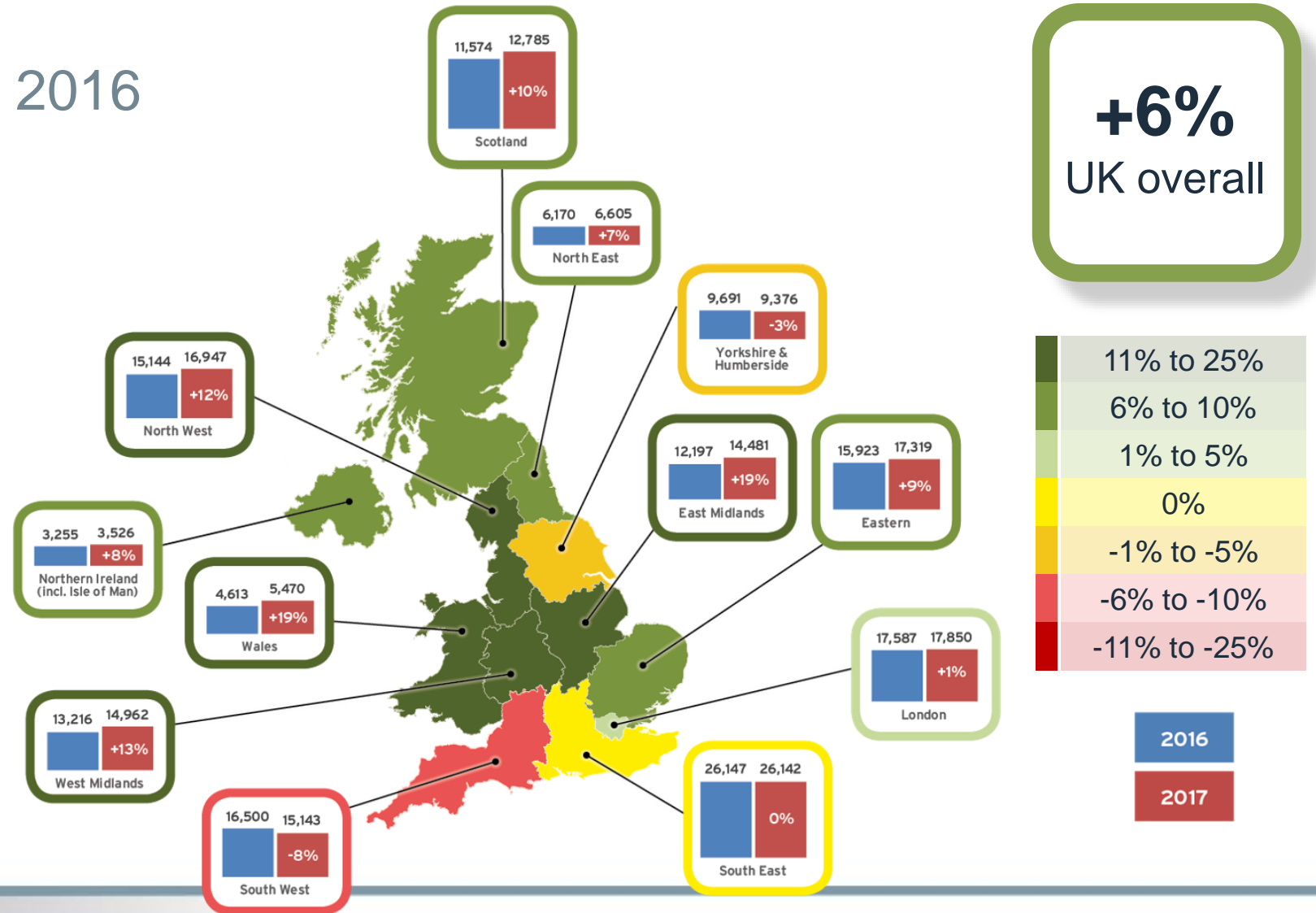
Regional variation

Registrations 2017 vs. 2016

Overall growth of 6% masks more rapid regional growth

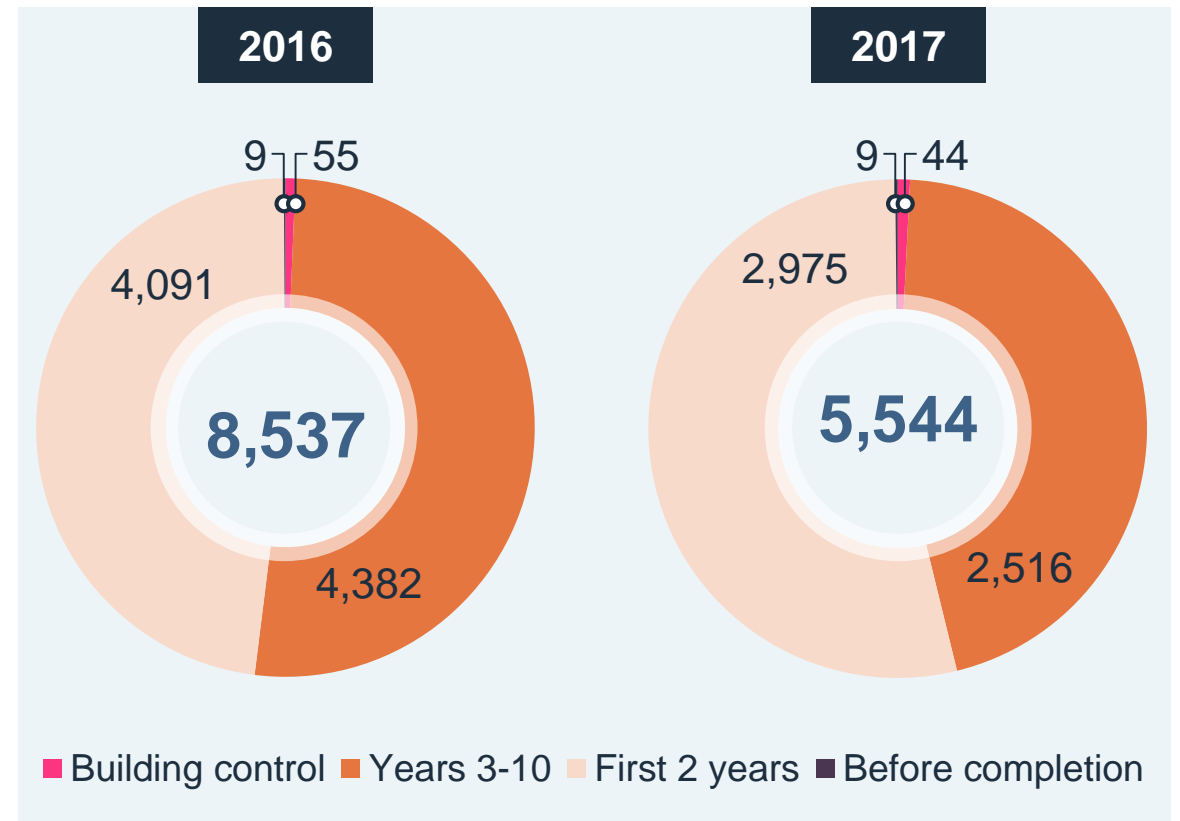
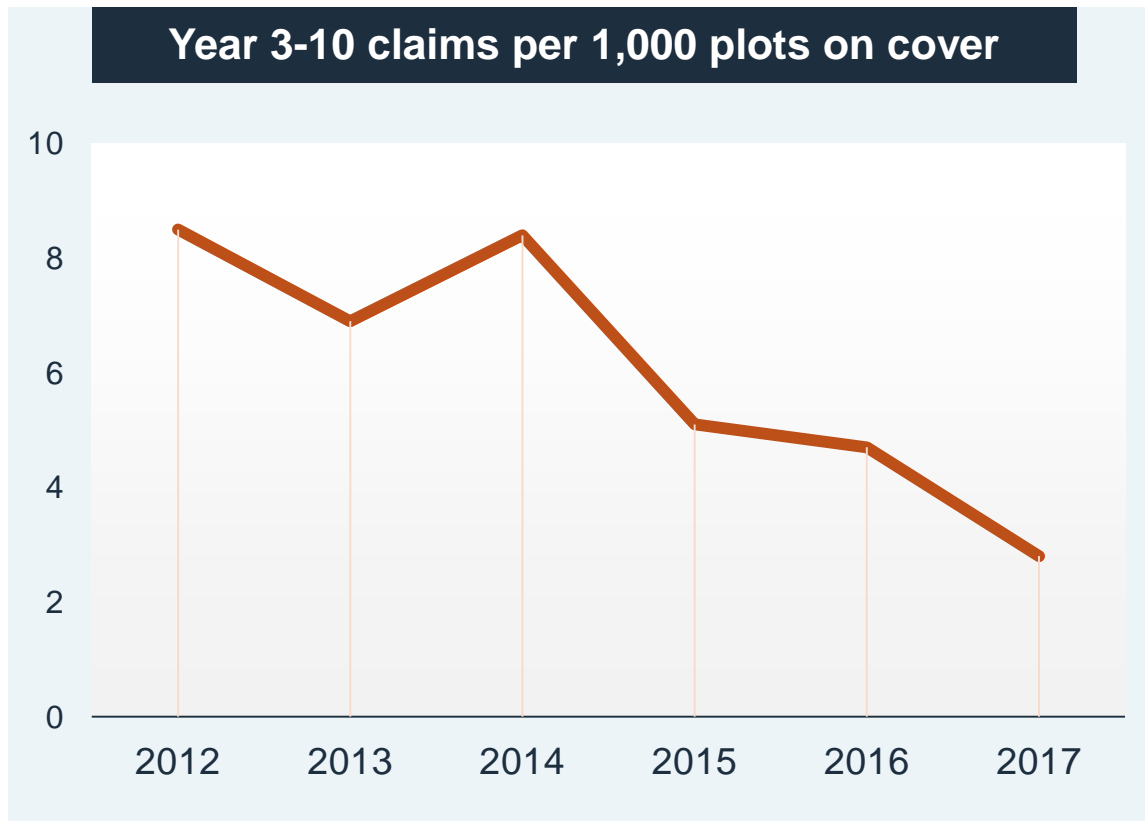
GROWTH IN 9 OUT OF 12 REGIONS

East Midlands	+19%
Wales	+19%
West Midlands	+13%
North West	+12%



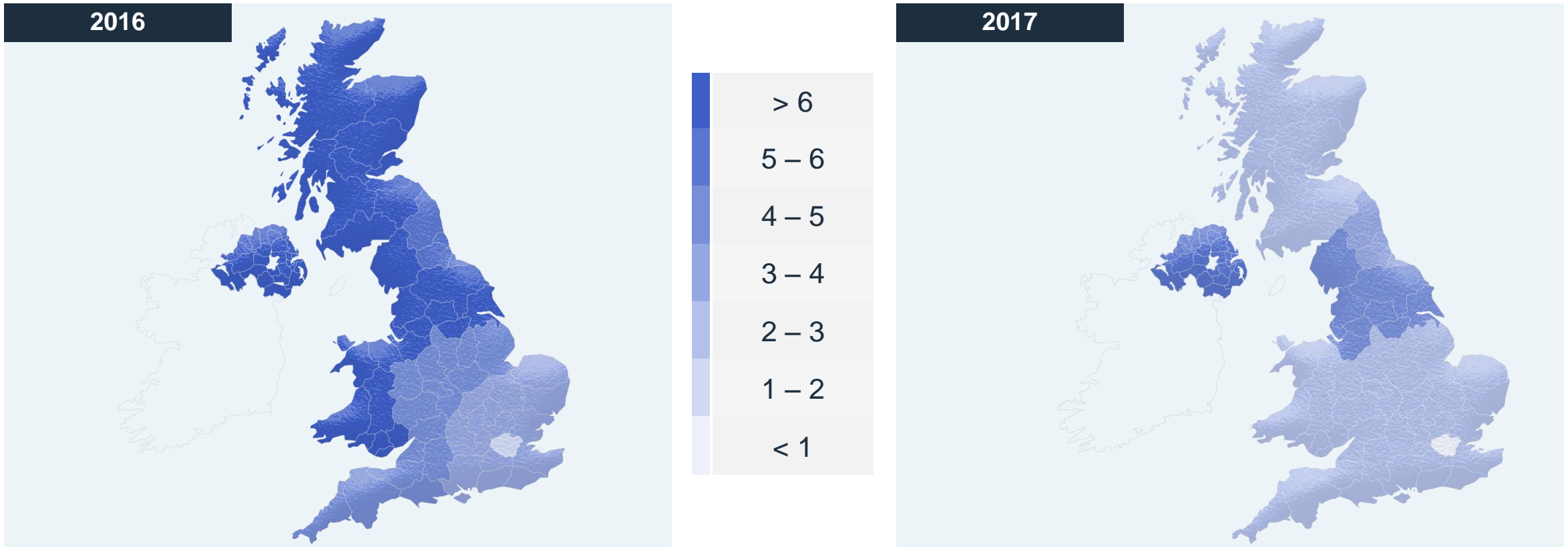
Claims volumes reducing

Reductions in claims volumes – pitched roofs and external walls in particular



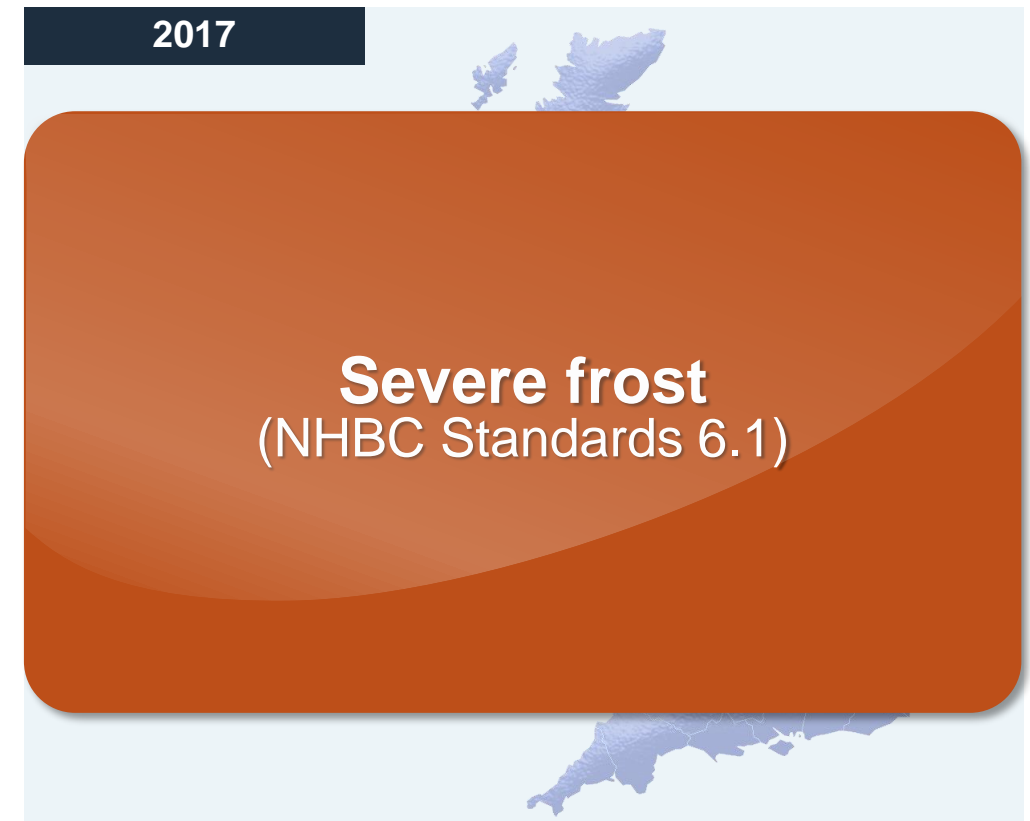
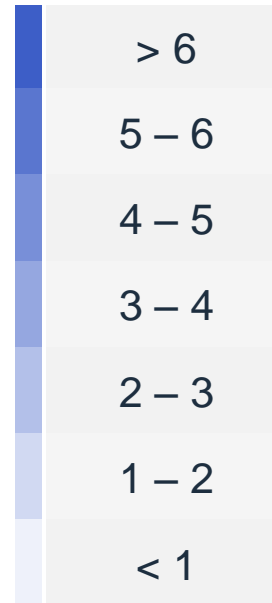
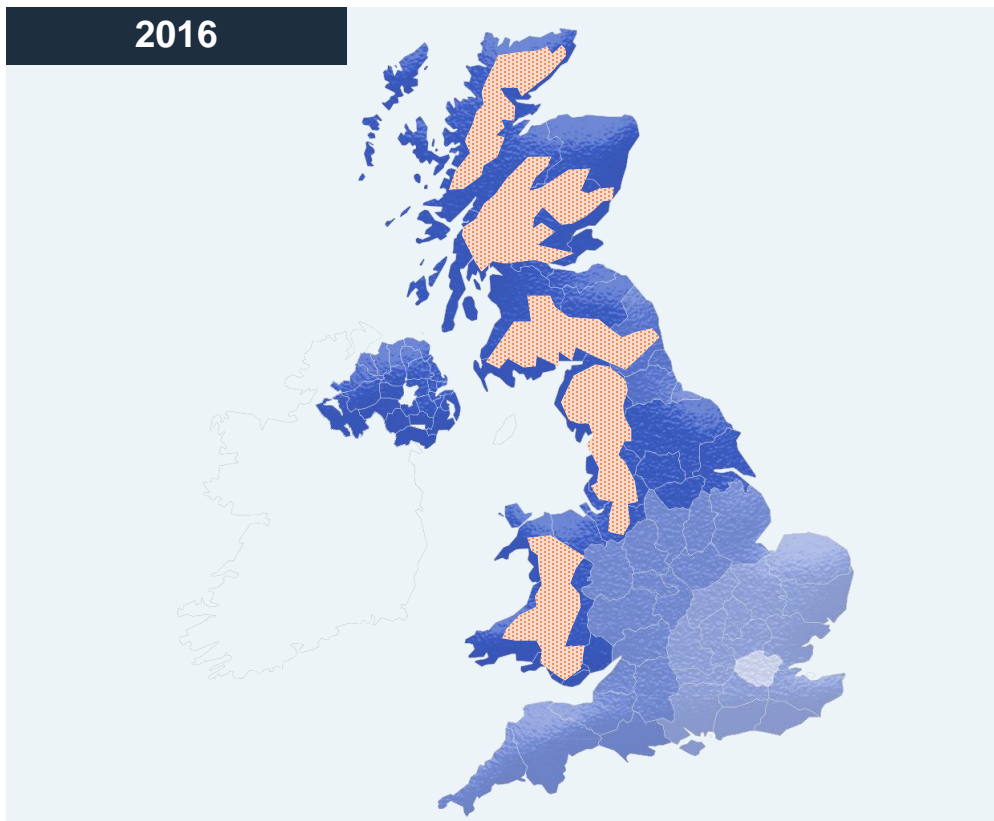
Regional variation – year 3-10 claims/1,000 plots on cover

Variation in volume of claims less pronounced in 2017



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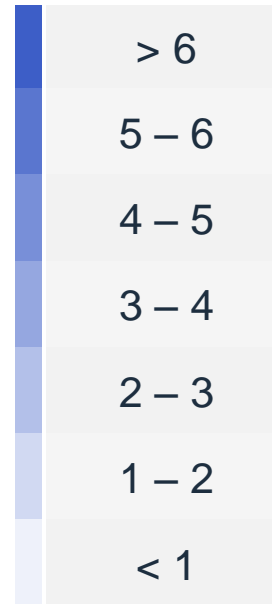
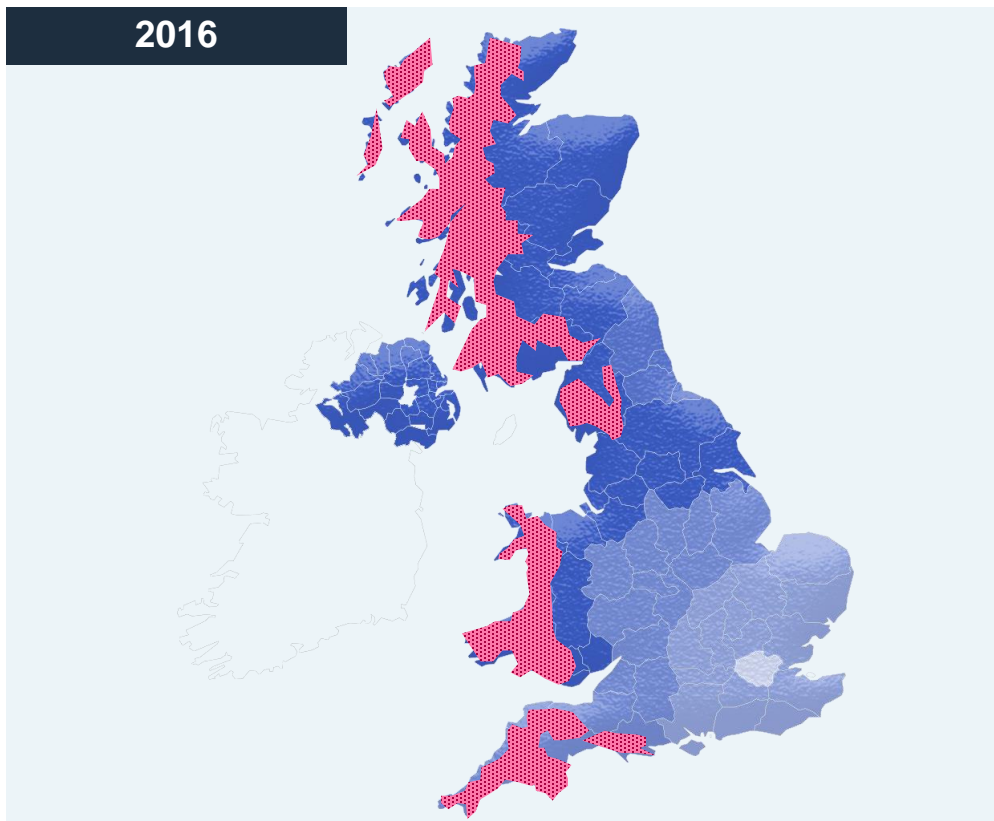


Severe frost
(NHBC Standards 6.1)



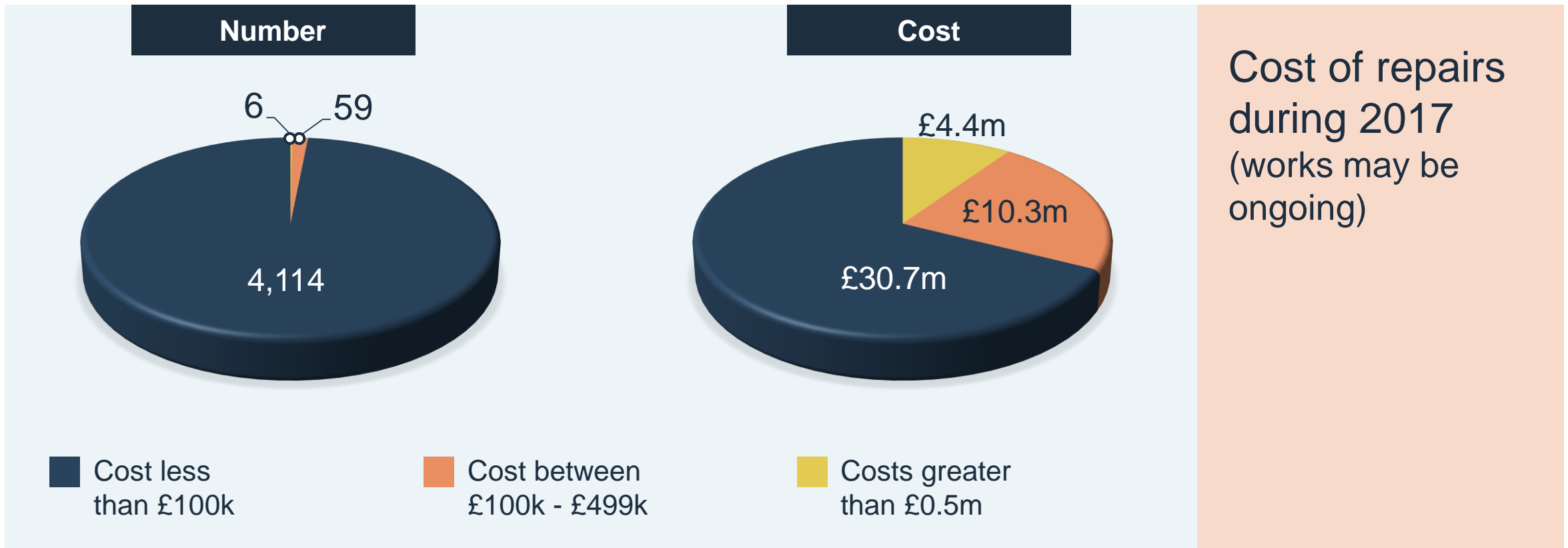
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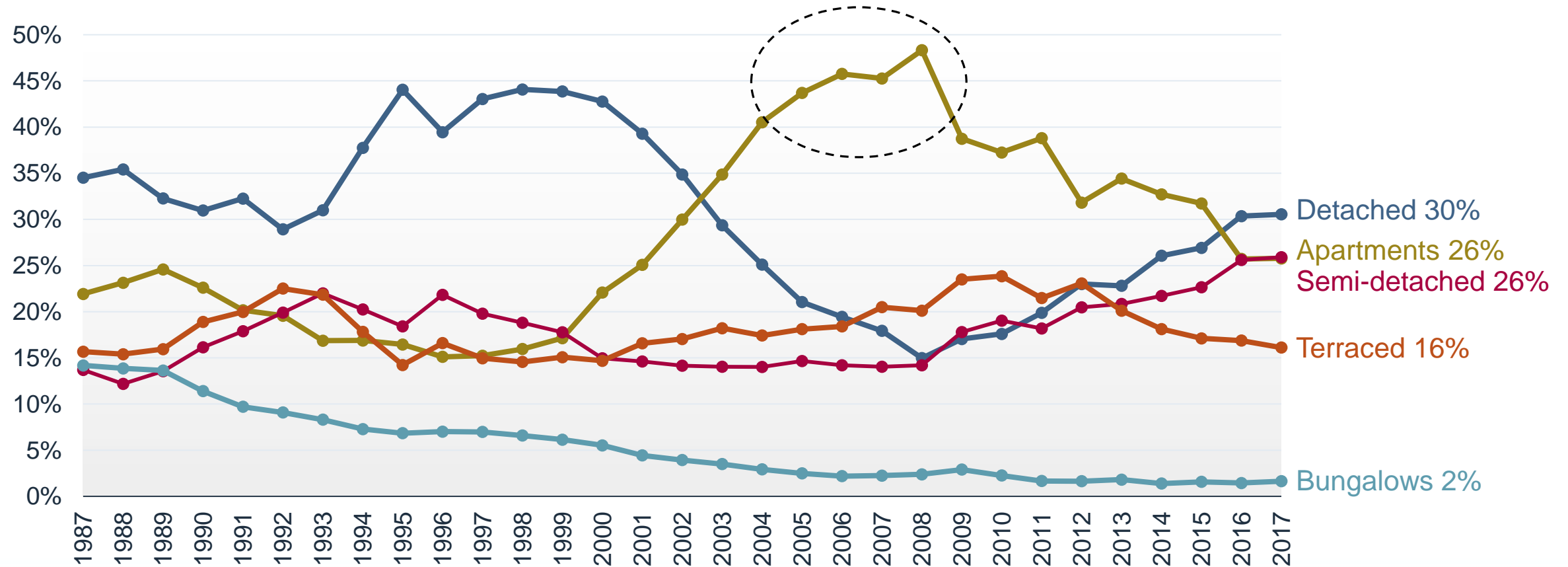
Low volume, high value year 3-10 claims

Low volume, high value claims disproportionately drive cost



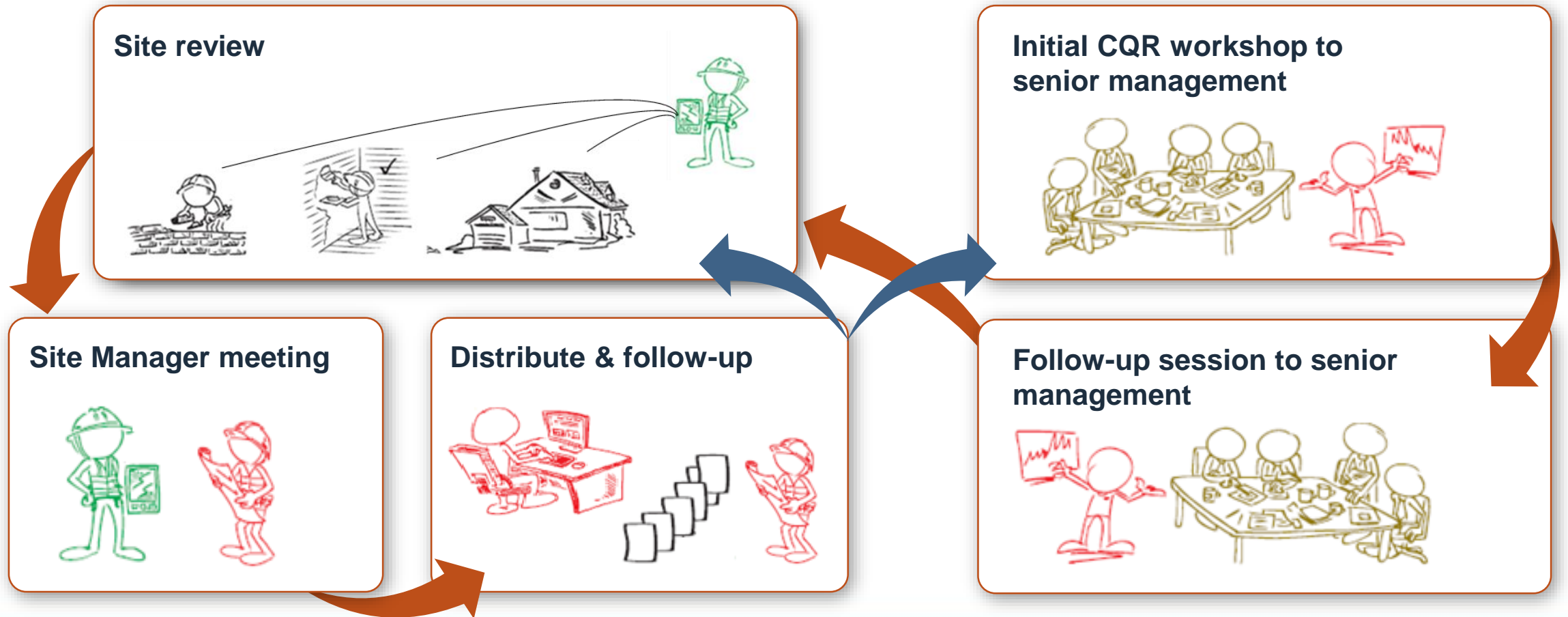
Registrations by house type

Increase in apartments up to 2008 presented challenges for the industry



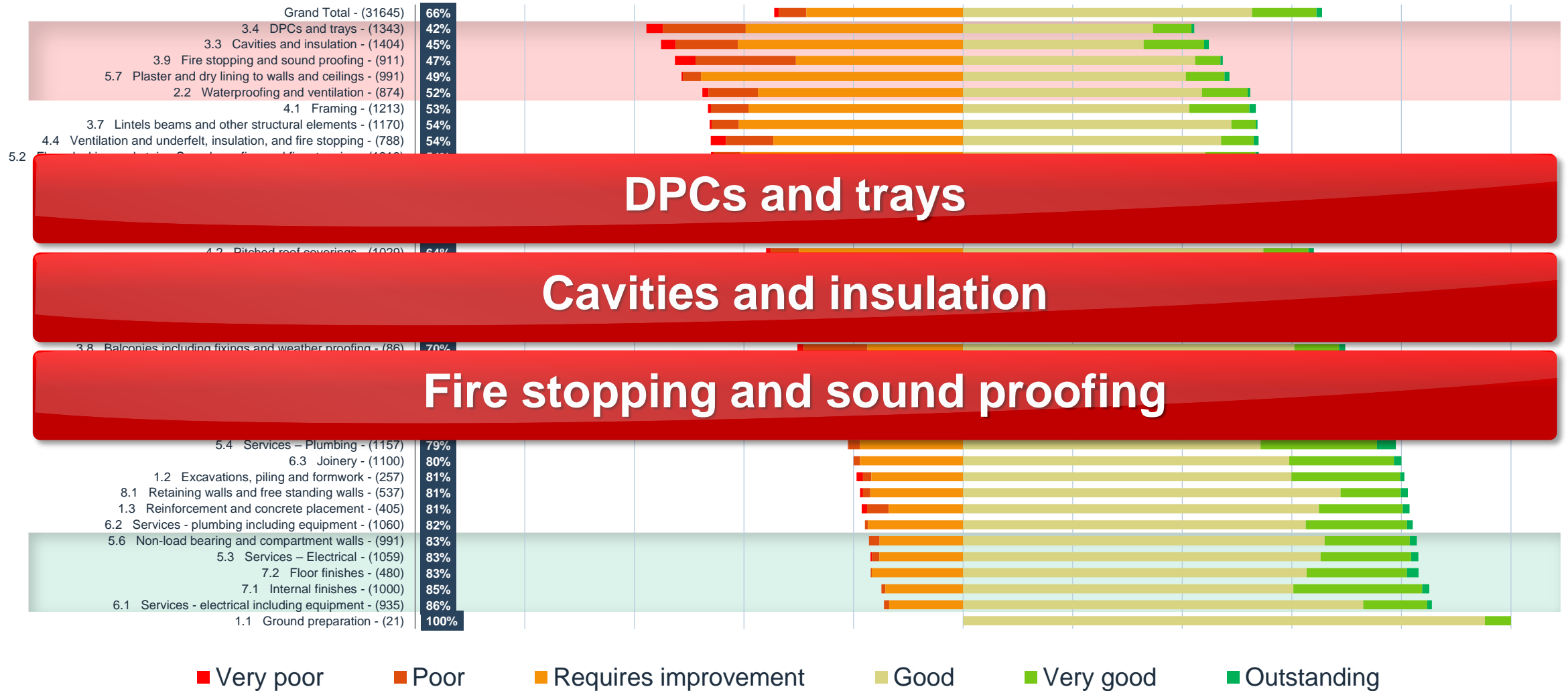
Construction Quality Reviews

2,000+ in-depth surveys of construction in progress



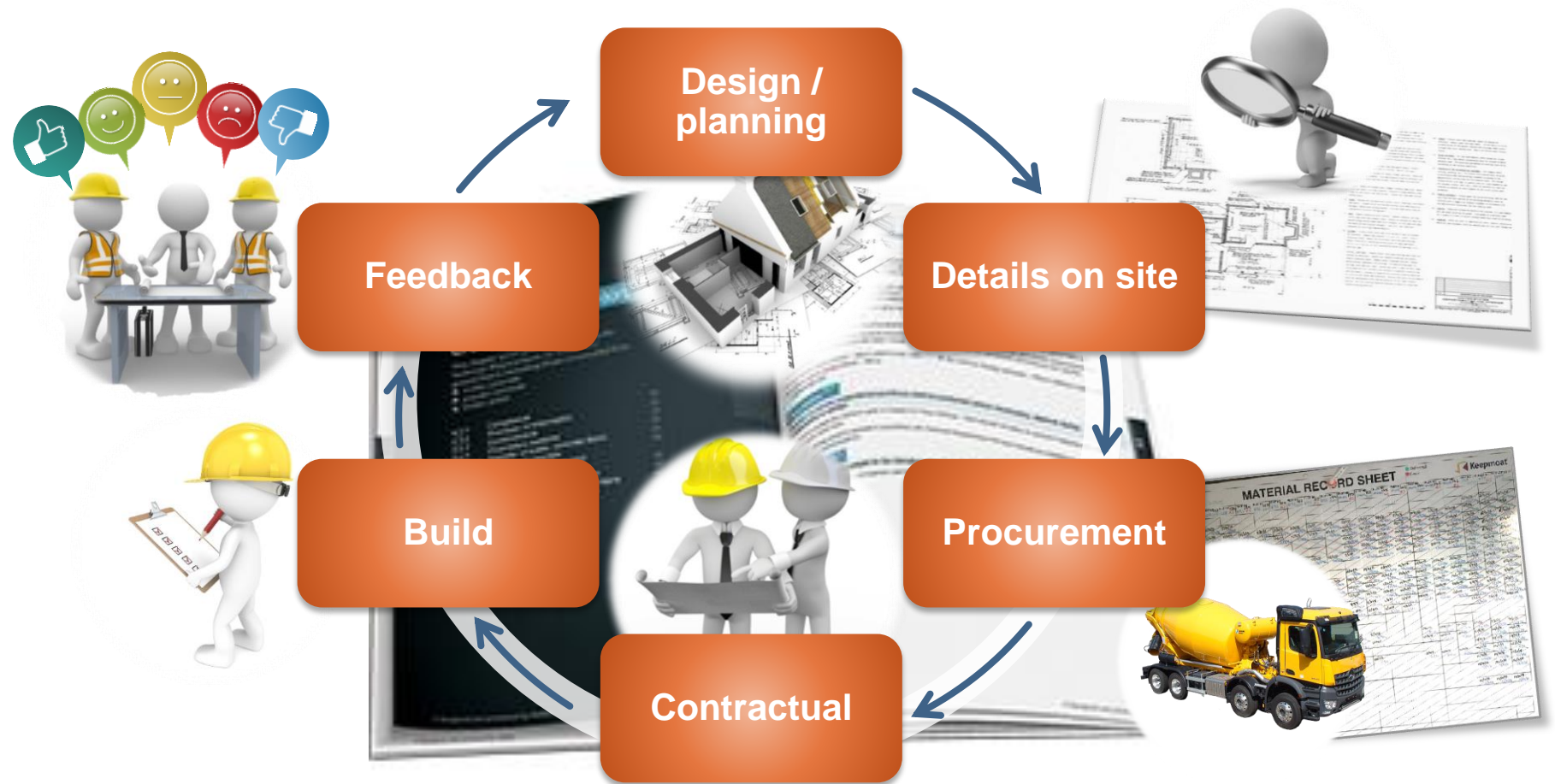
2017 Construction Quality Review results by build stage

A pyramid of data provides focus for further improvement



Opportunities for improvement

Opportunities across the supply chain – not just a site issue



MMC: Opportunities and risk

Offers many opportunities – technical rigour essential



Charles II (1666)

“...that no man whatsoever shall presume to erect any house or building, great or small, but of **brick or stone**; and if any man shall do the contrary, the next magistrate shall forthwith cause it to be pulled down...”



Volumetric



Pod



Panelised

Sub-assemblies



Our focus for 2018/19

NHBC continues to help the industry deliver high levels of construction quality

Improving construction quality

1. To influence builder behaviour towards delivering high-levels of construction quality using insights from our data and experience
2. To maximise the impact of our investment in technical risk management to help customers reduce the number and cost of defects
3. To influence and inform the industry's response to the skills agenda to aid the development of the right construction skills for the future

Post Grenfell – Hackitt Review

System and culture change needed. NHBC actively involved

Safety – pre-requisite of construction quality

Hackitt

- Current system not fit for purpose
- Culture change required
- ‘Golden thread’ – responsible person – throughout life-cycle

NHBC involvement

- Fire stopping – history of facilitating change
- Fully involved – consultation
- Actively involved – working groups and BRAC



New Homes Ombudsman

APPG Report 2016,
“More homes, fewer
complaints.”

NHBC supports initiatives to
improve quality and
consumer protection.

NHBC is regulated
(PRA, FCA, CICAIR)
and engages with
ombudsman, particularly FOS.

NHBC Resolution Service.

MHCLG consultation 2018,
“Strengthening consumer
redress in the housing market.”

NHBC founded and supports
the Consumer Code for
Homebuilders.

Unification of Consumer
Codes may be helpful,
but it’s not an answer in
itself – #Ombudsman.

Important that we continue work to improve quality,
introduce standards for customer service and
consider what consumer redress really means
(compensation).



Summary

- Volume growth presents challenges to construction quality
- Improvements in construction quality since Q1 2016
- NHBC claims experience improving
- Powerful data provides focus for further improvement
- MMC – opportunities and threats
- Safety, Construction Quality and Customer Satisfaction



Raising Standards. Protecting Homeowners
