



Party Conference 2009

NHBC at Labour, Conservative and Liberal Democrat Conference



September – October 2009

NHBC Public and External Affairs attended all 3 major political party conferences in September and October 2009



Public and External Affairs



Labour Party Conference : 27th – 30th September 2009 - Brighton

NHBC Activity:

- NHBC co-hosted event with Shelter and Reform with Chief Executive Imtiaz Farookhi on the panel, alongside Rt. Hon John Healey MP, Housing Minister, Jon Cruddas MP, former Labour Deputy Leader contender as well as representatives from Shelter and Reform
- Imtiaz Farookhi was invited to sit on a further 2 panels where he gave an NHBC overview on the state of the market and challenges ahead. He shared a panel with Ian Lucas, Minister for Construction at the Department for Business, Innovation and Skills.

Reports of Events

Labour Fringe - The Rise of the YIMBY: can Government policies make new development attractive?

Date: Tuesday, 29 September 2009

A national and regional framework for housing is the only way to overcome housing shortages, said former housing minister, Nick Raynsford MP, today.

He also warned against the Conservatives' "irresponsible" proposed changes to the planning system.

He was speaking at a Labour Party conference fringe event entitled "The Rise of the YIMBY: can Government policies make new development attractive?" Also speaking were Cllr Sir Jeremy Beecham, Vice Chair Local Government Association, Leader LGA Group; Ruth Reed, President of Royal Institute of British Architects; Imtiaz Farookhi, Chief Executive, NHBC and Dr Tristram Hunt, Reader in History, Queen Mary, University of London.

Nick Raynsford MP illustrated the problem of NIMBYism using the example of opposition to a housing development in Greenwich in 2003, which generated more letters of opposition from his constituents than the Iraq war, he reported. Despite it being a high quality, well designed application for a mixed housing development on a Brownfield site, local residents lobbied councillors so hard that the application was refused. The developers appealed and permission was finally given, Mr Raynsford said.

He concluded that without an overarching planning framework, insisting that housing was built where it was most needed, and without appeal mechanisms, housing schemes will not get built because councillors will be vulnerable to pressure from locals. He also surmised that opposition to housing development was irrational.

Mr Raynsford went on to criticise the Conservatives' plans for local schemes with financial incentives to encourage new building. He said that allowing the council to keep additional council tax revenue would be insufficient to overcome public pressure to refuse planning permission, because the sums involved were tiny. Pressure from NIMBYs threatening "bludgeon councillors to refuse applications" and concerns about losing their council seat would stop developments from proceeding, especially if the right of appeal were to be removed.



Public and External Affairs

Mr Raynsford warned that the consequences of the Conservatives' proposal will be disastrous, as even at current rates only 85,000 new houses were being built, well below the 240,000 government target. "Given shortage we have, to try to tamper with the system to make things worse is highly irresponsible" he said.

He said there "has to be a responsible national and regional framework to build housing" where it is needed. He added that talking up successful schemes will help, but will not be sufficient to overcome NIMBYism.

He said that there have been campaigns to show that communities die unless there is housing for sons and daughters of the local communities, but this has been relatively small scale. He concluded that the dominant view of people in such areas who are resistant to more housing was "pull up the drawbridge after I get in."

Earlier in the meeting, Cllr Sir Jeremy Beecham Vice Chair of the Local Government Association and Leader of the LGA Group had talked about a similar encounter of NIMBYism in Newcastle in the 1980s. He agreed with Nick Raynsford that there was a need for a regional framework to avoid local authorities competing with each other.

He said a regional strategy would need to look at the context of new building, as it was important not to lose population to other areas: if accommodation could be built in cities it made "no sense to encourage commuters" he added.

He argued that a regional and sub-regional strategy would help avoid the town cramming and overdevelopment that had been seen in the last 10 to 15 years.

He then asked how to incentivise development. He felt that ensuring that there is proper infrastructure, like shops, schools, open space and public transport would make public support more likely. Cllr Beecham's other suggestions included extending expired planning permission and giving local authorities discretion to provide businesses with incentives to develop on Brownfield sites. He said that the Homes and Communities Agency should be allowed to step in if local Conservative councils blocked necessary developments.

He was concerned that Caroline Spellman had written to instruct Conservative councils not to build. It was a form of institutionalised NIMBYism, and a refusal to acknowledge the need for more housing in crowded areas, he said.

Cllr Beecham agreed with Nick Raynsford's concern that the Conservative plans to allow local authorities to retain council tax from new builds would result in a "free for all".

Ruth Reed followed on by saying that the planning system we have has become essentially negative and that there was a need for a more positive approach. There is not currently an incentive to get involved at the early stage of the planning process, so the only option is to object later, she said. Slow planning processes and a lack of consultation led local communities to have a reactive attitude to development, she said. Locals became "policemen not place makers" in her opinion.

Ms Reed offered the alternative of design-led processes, so people believe in the quality of what they are getting. She encouraged local authorities to set up panels to involve the local community in design review.

She also cautioned that local authorities were losing skills from planning departments and that reinvestment in local town planning skills was needed.

Ms Reed agreed with other panellists that there were considerable concerns that incentives would not overcome NIMBYism. Pointing to Ikea's tagline, "home is the most important place in the world" she said it takes a great deal to overcome the perception of a threat posed by new development to the value of a home.

Imtiaz Farookhi followed Ms Reed, saying that there is no evidence that good design will combat NIMBYism. In surveys conducted by NHBC, consumers said they were more concerned with the quality of the finish and builder behaviour after you occupy the house than design or space occupied by new developments, Mr Farookhi said. On mixed tenure estates it was important to invest in good management, he emphasised.



Public and External Affairs

Mr Farookhi went on to talk about the amount of work to be done by the Department of Communities and Local Government to persuade people that new zero carbon homes are better, since there were lots of teething problems with explaining the new technologies, carbon offsetting and the use of renewable energies.

He warned that the Conservative plans to get rid of national and regional targets will not change behaviour. Instead he said there was a need to give local authorities incentives, like a profit stream from the land. He pointed out that both parties support community land trusts.

Tristram Hunt, Reader in History, Queen Mary, University of London, provided some controversy in the meeting, by saying that NIMBYism shouldn't be written off as it gets communities to talk to each other. "As a vehicle for social solidarity it is not a bad thing" he said.

He also stated strong opposition to "leeching out on to greenbelt" saying that building on greenbelt by lazy developers who couldn't be bothered with brownbelt sites would lead to urban sprawl on an American scale. He argued that greenbelt should be properly protected.

He referred to the European directive to reduce VAT from 15% to 5% for building on brownbelt and said this should be taken advantage of.

He insisted on the importance of honest consultation with communities and said that he agreed with Ruth Reed about the quality of town planners: some are really bad, they let through bad applications but not good ones, he complained.

He suggested that the Royal Institute for British Architects should expel members if they don't meet high quality standards.

The question and answer session provoked lively debate, with a councillor from Oxford arguing against Tristram Hunt's views on greenbelt preservation, saying it was effectively "lobbying for continued homelessness". Dr Hunt responded that urban-rural division is essential to Britain and maintained that greenbelt, whether or not it contained disused sewage works, should not be built upon.

Responding to a question on the advisability of small Eco-towns which may not be able to support specialist services and public transport networks, both Tristram Hunt and Nick Raynsford said they would not encounter this problem as they were more "Eco-suburb" than Eco-town and that they had been carefully thought through.

When asked why Gordon Brown did not make a big announcement on housing in his conference speech, given that it was clearly a dividing issue between Labour and Conservatives, the chair, Jim Pickard, from the Financial Times, said it was because there was no money for it.

Given that NIMBYism comes from a psychological fear of change, how can you get people involved in creating vision for their city, one audience member asked. Mr Farookhi replied that there are visions of cities, like Manchester and Birmingham and good political leadership at the local level does change cities, so it is possible to win support.

Labour Fringe - Housing and the recession: delivering quality homes now and in the upturn

Date: Monday, 28 September 2009

John Healey has this evening vowed to make housing a more visible and more political issue for Labour. There was a requirement for a new building model, with new builders, he said.

The Housing Minister was speaking at a Labour party conference fringe event titled 'Housing and the recession: delivering quality homes now and in the upturn', hosted jointly by Shelter, the NHBC and Compass. Also



Public and External Affairs

speaking were Kay Boycott, Director of Communications, Policy and Campaigns at Shelter, Imtiaz Farookhi, Chief Executive of the NHBC, Jon Cruddas MP and Neal Lawson of Compass. The event was chaired by Peter Sissons.

Mr Healey started his speech by saying that, four months into his new role, he felt he had the best job in government. He said it allowed him to directly see the importance of public investment, both in the homes being built and the employment opportunities created as a result.

He said he hoped to use the role to make housing a more visible and more political issue for Labour, adding that, when offering him the position, Gordon Brown had told him that the party needed to do more on housing. Mr Healey pointed to a recent reallocation of funding from other departments as an example of this change in priorities.

Mr Healey said that challenges remained at all stages of the building process but highlighted five areas in which action was to be taken.

Firstly, there was a requirement to build and to regulate in order to tackle climate change. This included requiring every home built from 2016 onwards to be carbon neutral.

Next, he said that Labour would be freeing up councils to build houses again. Thirdly, there would have to be a change to funding as the developer model of building was not going to be sufficient for the future, he said. This would require a new building model with new builders.

The involvement of institutional investors was Mr Healey's fourth proposal, something which he said had been missing for 50 years in the private rented sector, and which the government was working with the Co-op on. Finally, he said that he was working with the FSA on mortgage reform, as it affected the housing industry as much as it did financial services.

In the question and answer session, asked whether he would consider stopping councils selling off their housing stock while people were on waiting lists he said that he refused to be drawn on the issue today, but added that he was 'onto it'.

Responding to a question on whether the government's programmes for dealing with derelict houses were adequate Mr Healey stated that the issue was getting better. He said that the powers introduced five years ago for councils to take over privately owned properties weren't being used enough, although there were difficulties raised by European and human rights laws.

Asked by an audience member whether he recognised that the Home Buy Direct shared ownership scheme had led to large profits for building firms, Mr Healey said that he had not seen large profit margins under the scheme and praised it for allowing people to own homes when they would otherwise not have been able to. He also highlighted a change from the scheme being available on any house to strictly new houses to help during the recession.

Earlier in the event, Kay Boycott, Director of Communications, Policy and Campaigns at Shelter, began by stating that only 5% of the British public considered housing a priority issue.

Housing issues now touched everybody's lives, she said, with increased numbers of repossessions, young people excluded from the housing market and amateur management in the private rental sector. On this last issue, there was little political appetite to tackle the problem, she asserted.

In addition, overcrowding was increasingly an issue, with more than one million children now living in overcrowded conditions. 'The crisis is growing all of the time', she said.

High housing costs also led to stress and depression, whilst there were large numbers trapped in properties as a result of negative equity.

Ms Boycott said that people were giving up hope that these problems would be tackled, despite it being central to social mobility and important in order to make sure that children got a good start in life.



Public and External Affairs

She hoped housing could be pushed to a top three issue, and when asked by Mr Sissons what her top issue was, chose the lack of affordable homes for families.

Adding to Mr Healey's five point list, she also said she would like to see a more regulated private sector, something which he agreed to look into. Ms Boycott's comments were later echoed by Mr Cruddas who said that better regulation of the private rented sector was 'absolutely central' to any changes made.

Speaking next, Imtiaz Farookhi, Chief Executive of the NHBC, said that the last two years had seen a 'dramatic fall' in registrations of new properties with his organisation. As a result of this, the proportion of registrations relating to social housing had increased, the sustainability of which had to be looked at.

Quality was a big issue, he said, with a requirement to maintain quality and public satisfaction as the UK moved to greater sustainability in homebuilding. He stated that there was a need to carry out a skills audit, and that it was important that Britain did not end up with houses with low carbon footprint that people did not want to live in.

There been no fall in public satisfaction with new houses, unlike in the previous recession, he noted, a trend which he credited to greater professionalism in the building industry.

Asked by Mr Sissons whether greater environmental regulation was an inhibition to the growth of house building Mr Farookhi said that it was not, but lack of certainty was a major issue. He said that it was important to be certain what the regulatory regime was and to stick to it.

Responding to questions, Mr Farookhi added that there did not have to be a trade off between standards and numbers of homes built, and stated that whilst building to higher sustainable standards would cost more, costs could come down if a build to let model was adopted, unlike under the current model.

Jon Cruddas MP spoke next, beginning by saying that he had 'never quite understood the government's policy on housing over the last 12 years', unlike in other areas of policy.

He then praised Mr Healey, saying that in his first months in the job he had shown himself to be the 'most innovative' housing minister since 1997.

The current business model encouraged builders to minimise supply to push prices up, he said, blaming an 'oligopoly' of housing providers. Urgent action was needed, with a 'massive' number of public houses required.

He then lamented the fact that his local council could not borrow against its income to build more social housing. He went on to state that the problems in the housing market gave the far right a big issue on which to campaign.

Responding to a question from Mr Sissons, Mr Cruddas said that he would like to see social housing lists maintained strictly as a question of need as opposed to other factors.

He later stated that the London Olympic victory had caused other house building plans in other parts of East London to be pushed off the agenda due to a lack of capacity within the London Development Agency. Mr Cruddas also said that he though Vince Cable's 'mansion tax' was a good idea in theory, but that it raised some technical issues, and the debate around housing had been 'paralysed by the whole right to buy issue', which needed to be confronted in order to build a mixed economy in housing.

Speaking next, Neil Lawson, Director of Compass, attacked Margaret Thatcher's use of the economy for 'social engineering', of which housing policy had been a part. New Labour had not fundamentally broken from that model, he said, which led to a housing bubble that 'did burst and always would burst'.

The government had to find the political will to build social housing, reform council tax to a land value tax and make houses something to live in, not to be speculated on, he said.



NHBC Chief Executive **Imtiaz Farookhi** (second from left), sits alongside **Jon Cruddas MP**(left) **Kay Boycott** of Shelter, **Chair Peter Sissons**, of the BBC (both middle), and the **Rt. Hon John Healey**, Housing Minister (right)



Public and External Affairs

Labour Fringe - CIC Lunch Meeting

Tuesday, 29 September 2009

Ian Lucas today acknowledged the need for more definition of the 'Low Carbon Agenda' strategy and said that Government and industry must seize on the great opportunities presented sustainable development.

Speaking at today's fringe event were the following:

- Ian Lucas, Minister at the Department of Business, Innovation and Skills
- Nelson Ogunshakin, Chief Executive, ACE
- Imtiaz Farookhi, Chief Executive, NHBC
- Phillip Hammond, Local Authority Building Control
- Nick Raynsford MP for Greenwich and Woolwich

Construction is the major hidden employer within constituencies, Mr Lucas said, adding that the industry could engage a little better with MPs by pulling small enterprises together in order to form larger groups capable of projecting a powerful, unified voice.

Mr Lucas spoke of the challenging agenda of taking forward the low carbon strategy – although he described it as an opportunity to export new concepts and technology to the rest of the world. He explained that his Department is seeking to extend this opportunity into all the manufacturing sectors.

Mr Lucas spoke about his initiative of seeking to appoint a Chief Construction Adviser, who will be placed at the forefront of developing the low carbon agenda for the industry going forward. Mr Lucas explained there have been an abundance of top quality applications for the role and the appointment will be formally announced in November.

He spoke of his plans that the Chief Construction Officer will 'get things in place fast' and create a report which will help define the challenges faced by the industry. He expressed the need to do better in terms of financing the private sector, adding that BIS Minister Lord Davies is looking into the issue. Industry and Government need to seize the opportunities of the carbon agenda to make sure the great opportunities are realised for the future.

Mr Farookhi explained that 30% of all UK homes and 80% of new ones are registered with NHBC. He told delegates that house builders are being helped in the short term by free training schemes and research and investment work is also being carried out by the NHBC forum and Carbon Hub, along with the CLG.

Delegates heard that capacity has been lost within the industry, with a weakened skills base, while house builders cannot gain access to development finance. Mr Farookhi also highlighted the greatly differing ideological stances of the two main parties contesting the General Election, stating the degree of uncertainty unsettles the climate.

He said the second challenge lies within moves to zero carbon, adding that Britain has adopted the most ambitious targets worldwide. While Mr Farookhi said such targets are indeed possible, he acknowledged the need for there to be a very strong political will for the private sector. He stated he is more satisfied with the agenda than he was 18 months ago.

On standards, quality and management, he expressed the need to improve the quality of new build and said there are real opportunities to look at demand. He also briefly highlighted the issue of land availability in the South East, adding that the planning regime needs to deliver.

Turning to zero carbon, Mr Farookhi said the industry needs definitional certainty. On the supply side, he spoke of the need to encourage builders to embrace new techniques, while for consumers it is important to make them appreciate there will be changes. He spoke out against delivering homes with a low carbon footprint that do not produce customer satisfaction.



Public and External Affairs

On the agenda to continue to build to high quality, Mr Farookhi pointed to his organisation's current work to launch new protocols and methodology of customer satisfaction, building in new rights for consumers under a new code. He spoke of findings that suggest managing properties that were owner occupied came at a high service cost.

Mr Farookhi said there is a real issue around what the zero carbon economy looks like in relation to the industry. He mentioned factors such as ensuring the fabric of buildings is right, while also including renewables and offsetting either off or on site. The regulatory regime will straddle both planning and building control, he continued, and spoke out against the regulator being overly bureaucratic.

Mr Ogunshakin expressed the need for investment in sustainability, adding that Britain is not very good at pushing the innovation side of the industry. He referred to Lord Mandelson, who stated the need to 'move away from financial engineering to real engineering' to position British construction as world leaders. He welcomed Ian Lucas's initiative to employ a construction champion.

The CIC is well positioned to provide great support, Mr Ogunshakin said, adding the skills base and maintaining and improving safety is top of their agenda. He acknowledged the need to get housing stock up to acceptable levels, but added the issue here is a lack of incentive.

Mr Ogunshakin called for a reformed planning strategy, and spoke of being able to learn lessons from the Olympics in terms of how the industry can work together. He stressed the importance of the Government creating an environment to allow the private sector to come through and said the chief construction officer should provide a robust channel of communication to 'get the job done'.

On training, Mr Hammond highlighted that a young person wanting to learn the trade in Cornwall would have to endure a four hour round trip to Exeter to simply join a course. There was clear evidence of a skills gap even before the recession, he stated.

Mr Hammond said the top three design flaws are fire, structure and energy conservation, adding that there is more scope for training with existing practitioners within the industry. He suggested that the carbon agenda will push through enormous amounts of design change. Manufacturers wanted a clear definition of the concept of 'low carbon, he said, stressing the importance of getting clarity on the matter right away, for the sake of the whole industry, including planners, architects and electrical contractors.

Mr Hammond said that high standards required investment in training and coordination from all parts of the industry. He expressed the need for a professional force that fully understands the nature of the industry.

In the following question and answer session, a member of the audience asked about promoting behavioural change, adapting existing places, securing responsive legislation and registration matters.

Mr Lucas stressed the importance of adapting existing stock and expressed frustration at the pace of adaptation, adding that change has got to happen much more efficiently. He told delegates that clear regulation has a keyrole to play and engagement between the Government and industry is key.

A member of the audience asked what the CIC is doing about the 'appalling' death rate on construction sites.

Mr Raynsford stated that throughout the 1990s over 100 deaths were occurring on construction sites each year. He explained that John Prescott conducted a safety summit in the year 2000 and the number of deaths had almost halved as a result. Mr Raynsford told delegates last year's figures rose to 70 deaths, although it has dropped again to 50 this year. He said it represents an improvement but there is still some way to go, especially in falls from height or accidents involving heavy machinery.

Occasionally there are examples of smaller firms working with very poor health and safety regulations, Mr Raynsford said. He also pointed to longer term health problems, with workers being exposed to chemicals and materials on building sites. Delegates heard of joint commitments from the CIC and Olympics planning body for a low carbon site, training and massive improvements to safety – as a result injuries have been massively down on the average, and there have been no fatalities, he added.



Public and External Affairs

In response to a member of the Mineral Products Association, Ian Lucas said that he senses producers feel a bit defensive about law carbon strategy, as if construction products are somehow being left out of the dialogue. He called for all parties to be part of the process.

Mr Hammond spoke of an unbalanced workforce, deprived of a new generation of entrants. He added the industry needs to bring in more to get more balanced approach. It is very boom and bust industry, due to its entrepreneurial nature, he added.

Concluding, Ian Lucas acknowledged the calls for more definition on the 'Low Carbon Strategy' and the need to better inform people from the industry about future plans.



NHBC Chief Executive **Imtiaz Farookhi** (second right) addresses the CiC fringe event meeting alongside **Ian Lucas MP** (Minister for Construction at BIS, left), **Nick Raynsford MP** (second left) and **Phillip Hammond** of the LABC (right)



Public and External Affairs



Conservative Party Conference: 5th – 8th October 2009 - Manchester

Fringe event Reports

Conservative Fringe - Building a better Britain: The construction profession's contribution

Wednesday, 07 October 2009

The Conservatives would publish a 'radical' planning green paper next month setting out ideas for reforming the planning system, a Shadow Minister for Communities and Local Government confirmed today.

Stewart Jackson MP was speaking at a Conservative fringe event entitled 'Building a better Britain: The construction profession's contribution', held by the Construction Industry Council.

Delegates also heard from Nelson Ogunshakin, chief executive of the Association of Consultancy Engineering (ACE), Philip Hammond of the Local Authority Building Council (LABC) and Eddie Tuttle, Policy and Research Manager at the Chartered Institute of Building, who chaired the event.

Opening the exchanges, Mr Jackson asserted that it was good to have a sector specialist manifesto going into a general election, commending the 'Building the Future' manifesto from the Construction Skills Council.

Caroline Spelman had sent a memo to Conservative councillors on planning but it was wrong to articulate that the Conservatives were against construction, he insisted. It set out that regional spatial strategies would go under a Conservative Government so councils should have a plan B on developments at present, he added.

Civic leadership and urban renaissance were important, Mr Stewart stated, adding that many businesses wanted a single person, in the form of an elected mayor, to deal with on the issue of construction. On RDAs, he stated that many would 'wither on the vine' but some, such as One North East, were popular.

There was a case to get rid of RDAs because they had not been shown to tackle inequalities between and within regions, Mr Stewart asserted.

On house building, he stated that the Conservative's planning green paper would be published next month and it would be radical. Large public sector projects would not be forthcoming, Mr Stewart added, stating that bureaucracy would be reduced.

A fiscal incentive for local councils should be in place to encourage house building, Mr Stewart went on to assert, eschewing the top down approach of regional housing and planning targets.

Brownfield remediation needed to be looked at, Mr Stewart maintained. The Conservatives had called for a loan guarantee scheme and cuts in corporation tax, he added, moves that would have helped many SMEs within construction.



Public and External Affairs

The Conservatives would seek opinions on the planning green paper, leading to manifesto commitments, the Shadow Minister confirmed.

Mr Ogunshakin stated that ACE was one of the largest companies in its field, adding that the biggest issue for the sector was how to de-carbonise it.

The Conservative Party was very green in its outlook, he added, stating that an agreement out of Copenhagen was needed.

Mr Ogunshakin stated that a new government needed to look at retro fitting and making sure that older homes were made more energy efficient. On national loan guarantees, he stated that this was a good idea but the 'devil was in the detail'.

The competitive edge of the city of London and the construction industry had to be protected, Mr Ogunshakin asserted, adding that future energy needs should be secured.

The Conservative Party needed to be more positive about challenges and the construction industry, Mr Ogunshakin maintained.

Mr Hammond welcomed Ms Spelman's comments on allowing for innovation and cross-working across regional boundaries. The building industry was very flexible but people tended to forget the size of it, he added.

This construction industry had around 4,500 workers in every parliamentary constituency, he added. Innovation was happening much faster than government departments could keep up with, Mr Hammond stated, calling for a construction minister or a construction adviser within the heart of government.

Because of the lack of a single figure, a 'fuzzy edge' was given to the planning of construction projects, Mr Hammond argued. It was often very hard for people to find colleges that supported apprenticeships, he detailed, highlighting that it was not uncommon for people to travel for four hours to obtain such training.

Even in west London, this was problematic, despite the London 2012 Olympics, Mr Hammond asserted. There had not been much focus on climate change because of a lack of money for investments, he added.

If the quality and standards of what was being built could be looked at and incentives for low energy given, progress could be made on climate change, Mr Hammond stated. However, leadership on this was needed, the LABC spokesperson maintained.

The construction industry needed to be allowed to be innovative, he asserted, detailing innovations undertaken in the London 2012 Olympic site.

During the question and answer session, the panel was tackled on climate change.

Because of a lack of a deal at Kyoto, countries were doing their own things on climate change which led to a lack of leadership, Mr Ogunshakin replied.

Local planning committees needed a degree of flexibility, Mr Jackson insisted.

A representative of ARUP argued that the construction industry needed greater freedom and multiple targets, in particular related to climate change, needed to be abolished.

Mr Hammond stated that he was not happy with performance management targets. However, targets on using certain materials could lead to innovation and freedom to innovate in the creation of better buildings was needed, he added.

A representative of the Builders' Merchants Federation stated that 7 million people worked in construction rather than the 2.8 million figure highlighted by Mr Hammond.



Public and External Affairs

In response, Mr Hammond stated that the 2.8 figure was set out by the CIC. The Chair stated that this figure would be double checked.

On the Conservative's first month in power, Mr Jackson stated that the fire patrol project had been an 'unmitigated disaster' and HIPs and eco towns would also have to be dealt with.

Unless public sector debt was dealt with, Britain's international credit rating, the housing market and consumer and business confidence could be damaged, the shadow minister warned.

Pressed on whether social housing projects would be invested in to build Britain out of recession, as seen in Portugal, Mr Stewart stated that Portugal was benefiting from EU funding. The financial services sector, the housing sector and public spending were the three pillars that the Government had built recent wealth on, he added, all of which had crumpled.

It would take two terms for the Conservatives to clear up the economic mess made by the Labour Government, the shadow minister contended.



Public and External Affairs

Conservative Fringe - Financing the Green New Deal: How do we Deliver Zero Carbon Britain

Monday, 05 October 2009

Bold Government action, through far fewer but much longer-term market interventions, is needed to tackle climate change, Shadow Climate Change Minister Greg Barker said today.

The Shadow Minister also confirmed his party's commitment to a home entitlement policy, to help fund home energy efficiency improvements.

Mr Barker was speaking at a Conservative Conference fringe event entitled "Financing the Green New Deal: How do we Deliver Zero Carbon Britain?", organised by Friends of the Earth and nef. The event heard from:

- Greg Barker MP, Shadow Climate Change Minister;
- Andrew Simms, Policy Director, nef, founder of the Green New Deal Group;
- Ingrid Holmes, Head of Policy, Business Council for Sustainable Energy;
- Derry Newman, Chief Executive, Solarcentury; and
- Ashley Seager, Economics Correspondent with the Guardian, who chaired the event

The Shadow Climate Change Minister opened his remarks by underlining the 'colossal mess' of the national finances, and the challenge that this would create in tackling climate change. Responsibility and pragmatism would be required in the channelling of investment, he warned

In order to achieve a low-carbon economy with a whole new infrastructure there would have to be unprecedented levels of such investment, he continued.

There was a clear need for government investment as part of this, despite the Conservative tradition of focus on the markets, he said. There were clear market failures in this field, he argued, which Labour had failed to deal with despite its rhetoric.

A green private sector stimulus also had to be encouraged by government, he added. The green sector had overtaken defence and aerospace in global investment terms in recent months, he said, pointing to the flow of funds towards green jobs in California as an example, suggesting this was encouraging evidence that this aim could be achieved.

There were currently too many disparate, small market interventions, creating a confusing and contradictory picture, he argued. There had to be far fewer, but these much more robust and long-term government strategies.

It was this long-term certainty that was crucial in creating the confidence for business to invest in a green economy. He pointed to the feed-in tariff that had been stable in Germany for many years, and the resultant low cost of capital for investment in renewables.

The 'endless cycle' of consultations had to be broken, and a clear course simply mapped out and stuck to. This meant politicians taking risks and taking responsibility, and being prepared to make some people unhappy, he said, insisting that if they were bold and clear in their direction they would bring the vast majority of businesses with them.

Summarising his arguments in closing, Mr Barker said that Government had to set a clear and bold direction, based around fewer interventions that were more robust and long-term. Tax incentives and market incentives all had to point in the right direction, he underlined.

Responding to questions, Mr Barker confirmed that tax reform on the 'polluter pays' principle would underpin a Conservative Government's approach, although he could not comment on individual taxes mentioned.



Public and External Affairs

Asked for a rationality by which competing demands for investment would be chosen from, Mr Barker said that several criteria had to be balanced, chiefly the cost of carbon and the need for energy security. The latter could lead to investment in nascent technologies that the former would not require, which had been the problem with the renewables obligation thus far.

Tackling a proposal by a fellow panellist, Mr Barker said that the idea of a green infrastructure bank was being actively considered by the Shadow DECC team. However he suggested that rather than creating a new quango an overarching fund could simply be created and distributed to private equity firms with good track records in investing in and encouraging renewable energy sources. He stressed that this was an idea to be considered rather than Conservative policy.

A representative from the Green Building Council asked whether the home entitlement policy suggested in February was still in place, by which people would receive an investment to improve their home's energy efficiency, and pay this back through the savings made as a result.

This was now a firm policy, Mr Barker replied. The Conservatives would pledge to offer every household a £6,500 entitlement to improve their energy efficiency, he said, with an energy audit to ensure this would have the desired effect. This would be on both an entitlement basis, allowing people to simply claim the help, and rolled out 'street-by-street' in partnership with local authorities. Initially this latter part would be on a voluntary basis, he added.

His party was absolutely committed to this policy, Mr Barker assured the meeting. Too much attention was currently being paid to efficiency in new-build housing, he said.

Private sector funding would provide the actual investment, he further explained, but a regulatory change was needed to create the system.

Asked about reform of Whitehall, the Shadow Climate Change Minister said it was not structural change but cultural change that was needed in Government. As long as the Prime Minister and the Chancellor were committed to the agenda it would be driven through, he asserted.

Regulatory change would be needed, he said in response to a further question, in order to incentivise new companies into the market. Part of this would have to be a far more effective feed-in tariff than the Government was currently considering, he added.

The meeting also heard from Andrew Simms, founder of the Green New Deal Group, who outlined the government's record so far on creating a green stimulus, which he said was 'not great'. He pointed to last year's Pre-Budget Report, when the 'green' portion of the stimulus had been equal to one seventh of RBS bonuses after the banking sector had collapsed. This was around 0.6 per cent of the bank stimulus spending, or 0.008 per cent of GDP, he said. This would have essentially no impact on reducing carbon emissions, he warned.

The more recent Budget had been a slight improvement, although much that was good for the environment was balanced by damaging decisions, such as investment to get more oil from the North Sea that would be equivalent to a whole year's carbon emissions from the UK, he added.

A green new deal was a multiple-win, he argued. It created the needed transformation of the economy, whilst also creating secure jobs, skills and training, and shifting to green energy which per pound of investment created far more jobs.

Taxes could be reformed to better focus spending, he suggested, with tax focusing on incentivising low-carbon behaviour.

Simply closing tax havens and enforcing proper tax reporting standards could save billions which could be diverted to green investments, he said. This could be combined with stricter checks and balances in the financial system to prevent risky behaviour, along with greater security for pensions and savings.

Initial steps on energy efficiency should focus on the housing stock, he argued, which would also help reduce fuel poverty.



Public and External Affairs

There were different estimates of total cost of this package, he said, up to £50 billion a year. This was investment rather than simple cost, he insisted in conclusion, and would generate a multiplier effect.

Responding to questions, Mr Simms said that banks, particularly RBS, had previously been the biggest investor in 'dirty' energy forms, and said that the suggested green investment bank could simply be crafted out of RBS, now that the public had a majority stake.

Government procurement had a massive role to play in leading the market, he said in response to a further question.

Derry Newman, CEO of Solarcentury, a solar panel manufacturing company, also spoke at the meeting. Mr Newman underlined that his company had only been able to secure overseas investment by guaranteeing to create jobs outside of the UK, as they had felt that UK mechanisms to encourage renewable energy investment were not effective enough.

This had to be reversed, as there were many jobs to be created in the UK, he insisted.

The proposed feed-in tariff had to be introduced, he agreed with other panellists.

Even in the UK's climate, solar energy had a role to play, he said, pointing to Germany which had similar sunlight levels and yet the biggest solar energy market in the world. Germany had created forty thousand jobs in four years in this field, he underlined.

This also meant it would be cheaper for the UK, as Germany had already paid the early costs, he added. Costs of investment in solar energy had fallen thirty per cent this year alone, he said.

Solar was the world's fastest-growing energy industry and was changing very rapidly, he concluded; myths about it taking too long to return its investment were outdated and wrong. It was efficient and effective and could play a vital role in meeting carbon reduction targets, whilst creating jobs in this country if the proper approach was taken, he said.

Also addressing the meeting, Ms Holmes outlined that whilst she worked for the Business Council for Sustainable Energy, she was speaking in a personal capacity.

Ms Holmes outlined her proposition for a green infrastructure bank.

Investment in a green new deal was currently restricted by the credit crunch and by problems in the interface between the worlds of finance and of politics, she suggested.

A green infrastructure bank would tackle these problems, she argued, it would act as a public bank with a dual remit: to make money for its investors, the taxpayer; and to deliver social and economic good.

By directly investing in green projects, the government could show the private sector that the risks it was so averse to in the current climate were manageable, thereby stimulating further investment, she argued.

This could use a number of funding methods, she suggested, such as traditional infrastructure funds; green bonds; hypothecated environmental taxes; or receipts from the Emissions Trading Scheme.

Such a bank would work alongside the private sector rather than crowd it out, she underlined, noting that fifty per cent of banks were turned away currently as a high-risk investment.



Public and External Affairs

Conservative Fringe - The future for home ownership

Tuesday, 06 October 2009

Britain's cultural obsession with home ownership must end, Mark Field MP has insisted.

The Conservative MP was speaking at a fringe meeting entitled 'The future for home ownership' alongside Teresa Perchard from Citizens Advice, David Salusbury from the National Landlords Association and Carol Sergeant from the Lloyds Banking Group. The meeting, organised by Lloyds and the Social Market Foundation, was chaired by the latter's Director, Ian Mulheirn.

Mr Field explained how the economy had become sustained by private sector debt where cheap mortgages had been widely available. The 'love-affair' with home ownership had been cultivated by President Clinton in the United States and already existed in the UK. Property owners in the US could borrow beyond their means and created the widespread problems that existed today, he explained.

He questioned whether it was the role of government to promote the often "unrealistic goal" of home ownership. However he noted the massive distrust of pensions and other financial products. This had the psychological effect on borrowers who therefore thought property was the best option for their investment.

Going further, he noted that high property prices favoured the middle class and middle aged, who were the group most likely to vote. Therefore, for political reasons, it made sense for all governments to maintain unrealistic house prices.

Mr Field thought that forces of circumstance would lead to greater use of the private rental sector and thereby more investment in other areas than property.

He suggested in conclusion that Britain's love affair with home ownership as a rational choice might be at an end.

Carol Sergeant explained the importance of housing to the Lloyds Banking Group through its role as Britain's largest mortgage lender and largest lender to social housing and the property sector.

She reported that gross mortgage lending was down and there were fewer remortgages, but stressed that mortgage approval levels had increased. Through lower interest rates, individual mortgage repayments were down to 29% of disposable income.

However, the housing market was not healthy due to volatile prices, she warned.

Lloyds Banking Group wanted stable and adequate housing but stressed that home ownership was not for everyone, at all times of life. She criticised the 'virility test' of home ownership in the UK.

There were significant mobility issues for home owners, she continued. Due to negative equity, some people had been trapped in properties while homeowners did not have the mobility that the workforce required in the current economic difficulties. There were also issues getting on the housing ladder due to unemployment and low job security.

Lloyds, she stressed, were the largest supplier of finance to the social housing sector but wanted to see other players in the market too.

David Salusbury focussed his comments on the private rented sector and started his remarks with an observation that the aspiration of home ownership remained undimmed and "deep in people's genes". A larger proportion of the UK population owned a home than in France or Germany where there was a larger private rented sector, he reported.

He thought that a large proportion of the population could not aspire to home ownership and so the private rented sector needed to be an attractive alternative.



Public and External Affairs

This sector was already attractive to young professionals who needed to move home without inconvenience, he argued. Another important group of people were the most vulnerable in society who needed greater consideration in policy making.

He sensed a slight change of heart within government on the private rented sector who seemed more supportive and recognised that the sector was an important component of the housing stock.

Furthermore, he was disappointed that housing was not higher up the political priorities of Labour and the Conservatives and hoped that David Cameron would not follow Gordon Brown and make no reference to housing in his keynote speech later in the week.

Mr Salusbury's top priority for government was to drive out rogue operators in the sector but admitted that no one knew what to do about it. He felt that there needed to be a concerted effort by local authorities but conceded that the sector was not central to the thoughts of local government officers who had too little expertise in this area.

Teresa Perchard acknowledged that the private rented sector was at its largest size since the 1970s and was becoming more significant.

She reported that the Citizens Advice Bureau were dealing with more cases from people struggling with mortgage arrears - especially amongst people at "the fringes" of the affordability scale. These arrears were typically from mortgages lent by UK outlets of sub-prime lenders, she stated.

She then spoke about the Homeowners Mortgage Support Scheme to help those struggling to cope with mortgage rates of as much as 12%. She was disappointed that the government had not acted to address this. Second charge sub-prime lenders were trying to repossess properties of people who had defaulted on a small amount, she added.

There was a belief that people should own homes but there was too little anticipation of the stress related to not being able to afford repayments on mortgages, she said.

More long-term solutions were needed for the people coming to the Citizens Advice Bureaux. She wanted the private rented sector to be a more attractive option and called for greater improvement in the quality of properties. She also criticised the "pretty sharp" practice of letting agencies charging tenants and landlords for the one service.

She wanted to see movement on debt charges for those already in debt but trying to get themselves out, greater advice for homeowners and more responsible lending.

Responding to a question on personal responsibility for debt, Mark Field agreed that people needed to share responsibility with lenders and regulators for borrowing too much.

In response to the same question, Ms Sergeant was keen not to criticise customers but thought that individuals understood their own personal financial better than anyone. The consumer needed to have better understanding of financial issues, she added. There was a need to determine the best means of investing in helping society best address their mortgage commitments.

Mr Field expressed concern about the perceived "panacea" of shared ownership, suggesting that the quality of property was not always high. There was a risk that key workers would be trapped in these properties which they could not sell, he warned.

Asked by the chair why the aspiration of home ownership was going away, Mr Field thought that the issue was about where people should invest their money and it used to be a "one-way street" to invest in property. This had led to a "narrow path of aspiration" towards home ownership. He predicted that home repossessions would increase next year and government policy had prevented more from happening until now for electoral reasons.

Responding to a representative of the Chartered Institute of Housing on tax incentives advancing home ownership, Mr Field acknowledged the "massive distortion" that promoted home ownership over other products



Public and External Affairs

but added that it was electorally suicidal to over-tax those people owning their own first home. Mr Salusbury pointed out the “anomalies” of tax of rental income and wanted a review.

For further information about the work of NHBC, please contact Lewis Sidnick (lsidnick@nhbc.co.uk) or Nick Lyes (nlyes@nhbc.co.uk) or contact the External Affairs department on 0207 648 4077

**Fringe event summaries were kindly written by DeHavilland information services