

Homebuilding market study

Annexe D - Homebuilders' survey

September 2008

OFT1020d

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D.1 SUMMARY HIGHLIGHTS

- Approximately 6,000 questionnaires were sent to UK homebuilders. Of these 214 were completed and returned.
- The results of many of these questions varied depending on the size of business, possibly reflecting the different business models and working practices adopted by small and large companies.
- Most respondents used NHBC or Zurich Municipal for their warranties. Many respondents said they used these companies because of their previous experience with the providers
- In the last year approximately one third of residential units built by small and medium homebuilders and half of those built by large and Top 25 homebuilders¹ were sold 'off-plan'.
- Nearly half of homebuilders (two-thirds of Top 25 homebuilders) had negotiated their contract terms and conditions/missives. Approximately half of respondents said their prices were fixed and half open to negotiation.
- Half of the homebuilders charge reservation fees and two-thirds require a deposit. Deposits charged are typically less than 15 per cent of the total sale price
- The majority of moving in dates given to homebuyers are specific dates or named months. Typically, four in five moving dates are met. Depending on the size of the delay, at least one third of homebuilders do not do anything to help the homebuyer if moving-in dates are not met.
- Half of homebuilders offer 24-hour response as part of their after sales customer care.

¹ As defined by *'Housebuilder'* magazine, October 2007

- The majority of homebuilders believe that BVPI 109a is ineffective.
- Less than one third of homebuilders thought recent Government initiatives were helpful in improving efficiency and/or effectiveness of the Development Control System.
- The main barriers to expansion were perceived to be difficulties in obtaining planning permission, delays created by the planning process and difficulties gaining access to and/or acquiring land.
- Most small homebuilders would not consider developing a site larger than five hectares. Most Top 25 homebuilders would consider developing a site larger than 25 hectares.
- The majority of small homebuilders have not been involved in drawing up the Local Development Framework, whereas half the medium and large homebuilders and the majority of Top 25 homebuilders have done so in some of the areas in which they operate.
- The majority of small, medium and large companies have not been involved with Regional Spatial Strategies, whereas most Top 25 homebuilders had involvement in some of the regions in which they operate.
- Small homebuilders found delays in infrastructure to be less of a problem than larger businesses. Infrastructure delays were most commonly caused by water and sewerage, gas and electric and roads and highways.
- The average optimum number of units to be sold on a site ranges from 12-49 per annum.

D.2 METHODOLOGY

- D.2.1 This survey was undertaken to help test hypotheses from the OFT homebuilding market study. Paper questionnaires were posted to a sample of 7,000 UK homebuilders randomly selected from a population of nearly 15,000 listed on the Dunn and Bradstreet company database². The sample was stratified by size of business: small, medium, large and 'Top 25' homebuilding businesses using the standard SME definition³ and the list of Top 25 Housebuilders in '*Housebuilder*' magazine (October 2007). All medium, large and Top 25 companies and just under half of the small businesses in the population (44 per cent) were invited to complete the questionnaire.
- D.2.2 Top 25 companies were asked to provide answers for their groups including all homebuilding subsidiaries. Any known subsidiaries of the Top 25 companies which were found to be present elsewhere in the sample were not contacted.
- D.2.3 The Top 25 and large businesses were telephoned a maximum of three times if they had not returned their completed questionnaire within two weeks of receiving the questionnaire. The questionnaires were mailed out in late November 2007 with a closing date of Friday 21 December 2007 and an in-house cut off date of Friday 7 January 2008 to allow for postal delays caused by the holiday period. A number of large businesses made a late return (February 2008). All but one partial response in addition to an original response, which arrived in late March, were entered into the data set by OFT staff.
- D.2.4 Advanced Mailing Solutions printed and dispatched the forms, managed the follow-up calls, handled the returned forms and completed the data entry. Analysis was undertaken by an OFT in-house statistician.

² Defined by SIC 45.21/2 'construction of domestic buildings'

³ Small = annual turnover < £5.6m, Medium = annual turnover of between £5.6m-£22.8m, Large = annual turnover of more than £22.8m

D.2.5 The survey was not piloted formally, however, the questionnaire was passed to a number of large stakeholders for feedback and amended to incorporate this before fieldwork commenced.

Response

D.2.6 214 businesses responded to our survey – an achieved response rate of three per cent (ranging from 68 per cent for the Top 25 homebuilders to just two per cent for small homebuilders). It is likely that timing of the survey – just before Christmas, but more notably, at a time of year when homebuilders are at their busiest trying to make end of year completions – is possibly partly responsible for this low response rate.

Table 2.1: Summary of size of population, sample, returns and response rate

<i>Size band</i>	<i>Turnover value</i>	<i>Population</i>	<i>Target sample</i>	<i>Achieved sample</i>	<i>Response rate</i>
Small	< £5.6m	13,680	6,087	127	2%
Medium	£5.6m < but < £22.8m	625	625	45	7%
Large	> £22.8m	215	215	25	12%
Top 25		25	25	17	68%
All		14,545	6,952	214	3%

D.2.7 Builders in the UK are already faced with a certain volume of Government statistical surveys paperwork and may be less likely than other industries to complete another (non-compulsory) form. It is also possible that some of the businesses contacted do not build new homes very often; that most of their new domestic work takes the form of repair and maintenance or work such as extensions rather than full builds, and thus did not think they needed to complete the survey.

D.2.8 Some questions were subject to item non-response. However, imputation has not been used to complete records owing to the lack of data available for this purpose. The base counts for each result are stated throughout this report and are typically noted within brackets on charts.

- D.2.9 Readers should bear in mind that these results are for the homebuilders who chose to complete and return the questionnaire. Therefore, they may differ from non-respondents in terms of their views and experiences and the commentary should only be considered in relation to these respondents; it is not necessarily representative of the entire home building market. As response rates were extremely low, weighting the results or using sampling standard errors to assess how reliable they are is not appropriate. Differences remarked upon within the following commentary have not been tested for statistical significance.
- D.2.10 This report does not examine the open questions asked of respondents. However, these have been considered by members of the study team and used elsewhere in the main study where suitable.
- D.2.11 A small number of respondents have since confirmed that they have not done a full new build in several years, or that they have not yet built any new homes but will be doing so in the near future.

D.3 RESULTS

Demographics

D.3.1 The median⁴ turnover for respondents in their most recent financial year⁵ was £1.5m. The total sum of last year's turnover for respondents was £19.5bn. (Base = 198)

D.3.2 Geographical coverage varied, with nearly a quarter (24 per cent) of all those who responded undertaking work in the south east and just four per cent undertaking new work in the north east. Seventy-three per cent of homebuilders said they undertake work in England, nine per cent of respondents build new homes in Wales, 15 per cent in Scotland and 13 per cent in Northern Ireland. Inevitably, 'Top 25' homebuilders appear to have much greater geographical coverage than small homebuilders do. The highest penetration rate for small homebuilders was 20 per cent for Northern Ireland, suggesting that response for small homebuilders may be disproportionately high for Northern Ireland compared to the rest of the UK. The lowest penetration rate for Top 25 homebuilders was 29 per cent in the northeast and ranged between 65-100 per cent for other areas of England.

⁴ The mean value was £98.4m, however, the mean is more easily influenced by outliers in the dataset than the median and this dataset contains a small number of extreme values (i.e. responses from the Top 25 homebuilders). Therefore it is more appropriate to use the median as a measure of the 'typical' value of turnover for these respondents.

⁵ Typically the calendar year ending 2007.

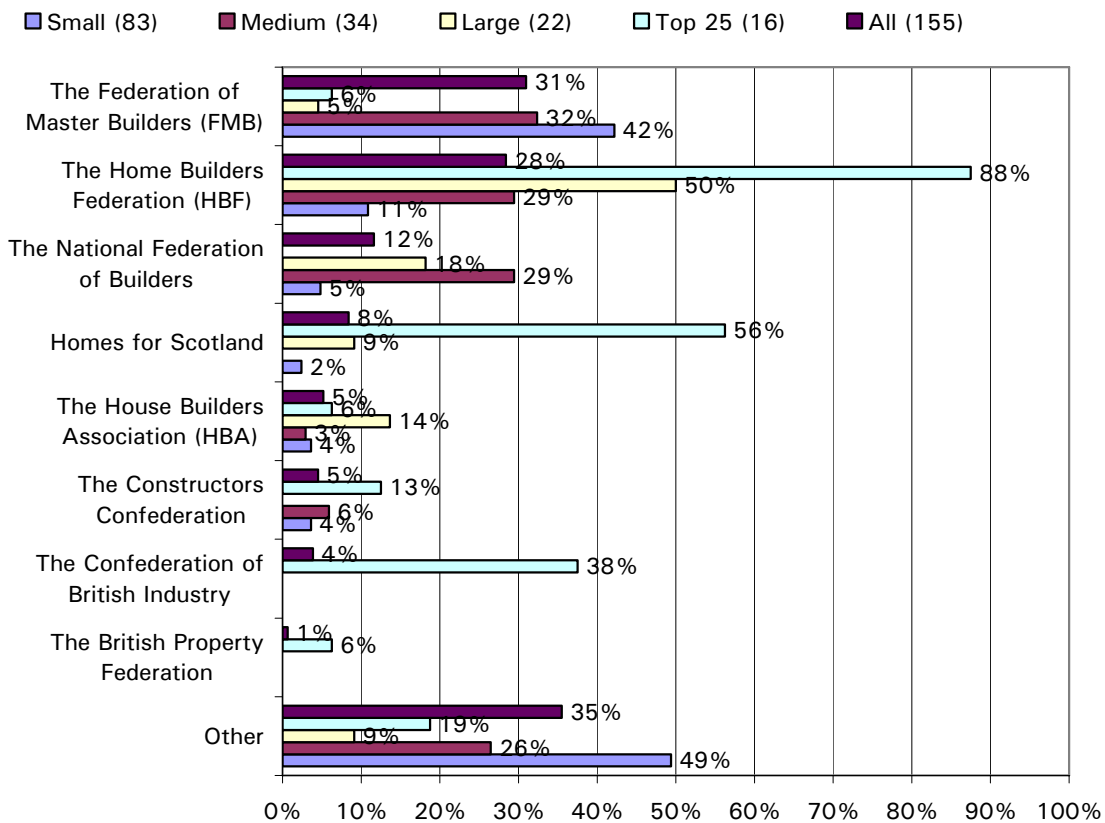
Table 3.1: The proportion of homebuilders building new homes in Government Office Regions

	<i>Small</i>	<i>Medium</i>	<i>Large</i>	<i>Top 25</i>	<i>All</i>
North East	2%	2%	-	29%	4%
North West	6%	12%	20%	65%	13%
East Midlands	5%	12%	20%	71%	13%
London	5%	5%	28%	76%	13%
Yorkshire and the Humber	7%	19%	16%	65%	15%
West Midlands	6%	14%	16%	82%	15%
South West	16%	7%	4%	71%	17%
East	12%	14%	20%	76%	19%
South East	13%	16%	36%	100%	24%
Wales	3%	9%	8%	47%	9%
Scotland	13%	9%	8%	53%	15%
Northern Ireland	20%	9%	-	-	13%
Base	123	43	25	17	208

- Indicates less than one per cent

- D.3.3 Around one in four respondents were members of the House Builders Federation (HBF, 28 per cent) and nearly one in three (31 per cent) were members of the Federation of Master Builders (FMB). Just eight per cent were members of Homes for Scotland (HFS) and 12 per cent were members of the National Federation of Builders. (Base = 155)
- D.3.4 Only 11 per cent of the small builders responding to our survey were members of the HBF compared to 29 per cent of medium respondents, 50 per cent of large respondents and 88 per cent of Top 25 respondents. This may be because small businesses building a relatively low number of new homes spend a greater proportion of their time doing general building work (extensions and repair and maintenance for example) and are more likely to join associations such as the FMB (42 per cent of small builders compared to just six per cent of Top 25 businesses).
- D.3.5 Nine of the 16 'Top 25' homebuilders who answered this question were members of HFS. Chart 3.2 illustrates how membership varies by size of business in more detail.

Chart 3.1: Homebuilders' membership of trade associations by size of business



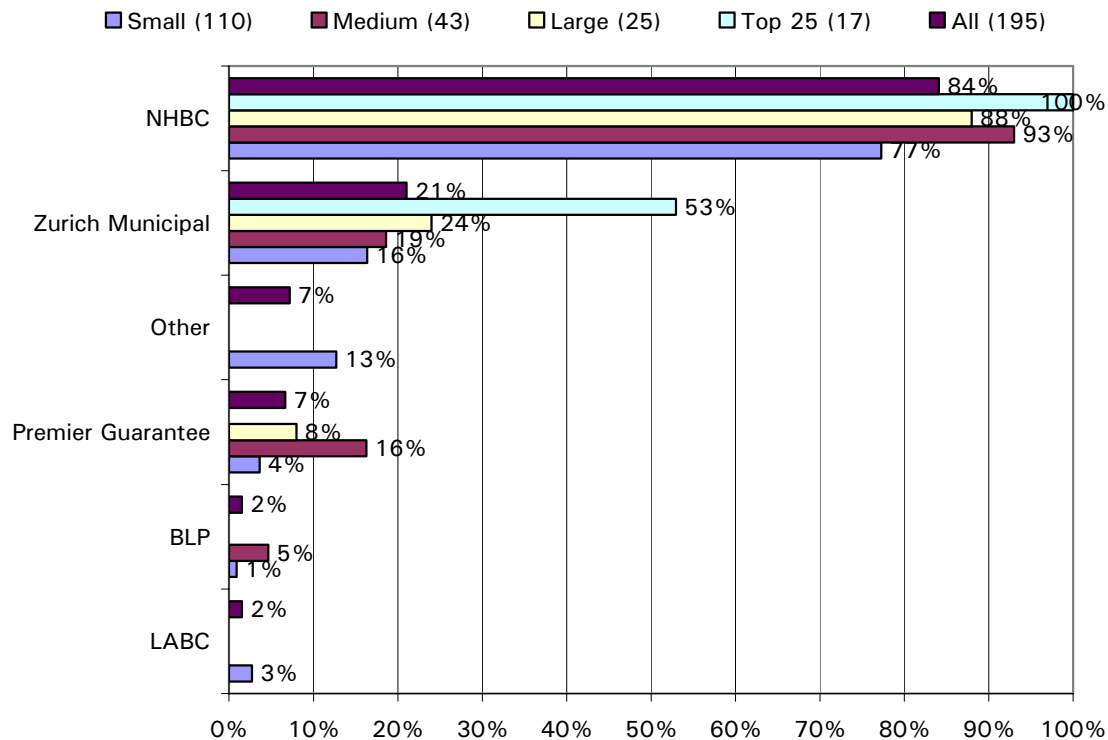
D.3.6 Forty-eight respondents answered the question about whether or not they followed the HBF Customer Service Code of Conduct, 44 of these were HBF members: 64 per cent said that they followed the Code. Ten of the 13 members of HFS said that they followed the HFS Code of Conduct.

Warranties

D.3.7 Eighty-four per cent of respondents had obtained building warranties from NHBC in the last year and around one in five (21 per cent) had obtained them from Zurich Municipal. Seven per cent of respondents had obtained building warranties from Premier Guarantee and two per cent had obtained them from LABC or BLP. Although a majority of business

said they used NHBC warranties regardless of their size (from 77-100 per cent) around twice as many Top 25 builders had used building warranties from Zurich Municipal (53 per cent) compared to small, medium and large businesses (16 per cent, 19 per cent and 24 per cent respectively).

Chart 3.2: The proportion of homebuilders who had bought warranties from the main warranty providers



D.3.8 Four in five (78 per cent) of the 164 respondents who had used NHBC in the last year said they had done so because of their previous experience of the service. More than half (57 per cent) said that they used NHBC because of their reputation, a third said it was because they believe the provider provides the best protection (32 per cent) and nearly three in ten said it was because homebuyers request this provider (29 per cent) or because of the NHBC's market share (27 per cent). Previous experience of the service was also the most popular reason (63 per cent) given by those who had used Zurich Municipal for their warranties.

(Base = 41). There were only 33 responses for other warranty providers including LABC, Premier Guarantee and BLP.

Table 3.2: The main reasons for using this/these warranty providers by size of provider

	<i>Previous experience of the service provided</i>	<i>This provider is cheapest</i>	<i>Home buyers request this provider</i>	<i>The provider's market share</i>	<i>The provider's reputation</i>	<i>The provider provides the best protection</i>	<i>Base</i>
<i>Small</i>							
NHBC	76%	8%	40%	22%	47%	41%	85
Zurich Municipal	50%	22%	6%	-	50%	33%	18
<i>Medium</i>							
NHBC	83%	5%	20%	35%	53%	15%	40
Zurich Municipal	50%	25%	13%	-	25%	-	8
<i>Large</i>							
NHBC	77%	-	23%	41%	82%	23%	22
Zurich Municipal	67%	17%	-	-	-	-	6
<i>Top 25</i>							
NHBC	76%	6%	6%	18%	82%	35%	17
Zurich Municipal	100%	11%	-	-	56%	33%	9
All							
NHBC	78%	6%	29%	27%	57%	32%	164
Zurich Municipal	63%	20%	5%	-	39%	22%	41
Other	33%	39%	6%	6%	9%	15%	33

- Indicates less than one per cent

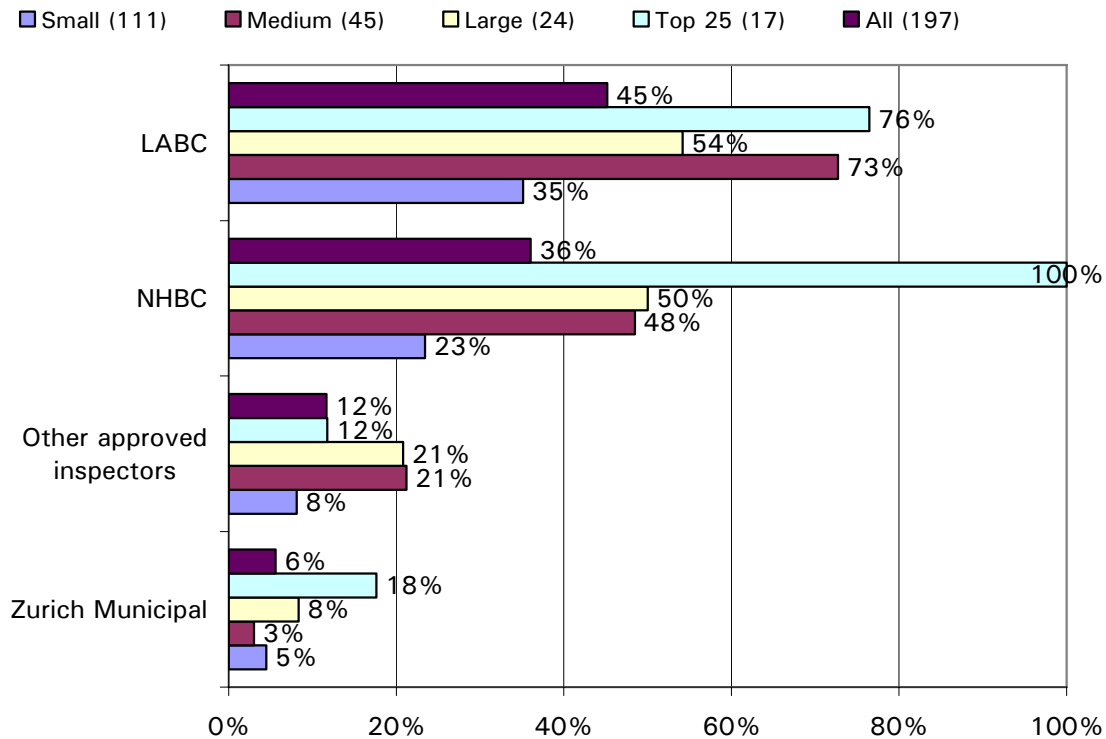
D.3.9 The mean number of claims deemed valid by respondent's warranty providers last year was 14, although 67 per cent of respondents said they received no warranty claims. Notably, the data provided by respondents included some extreme values including around 300 and in one instance, some 1,300 claims. (Base = 181) It is possible that a respondent has confused the number of claims with the number of claim 'items' to produce such a value.

Building Control

D.3.10 Nearly half of the respondents (45 per cent) had used Local Authority Building Control (LABC) in the last year and around one third (36 per cent) had used the NHBC for Approved Building Control. Six per cent

had used Zurich Municipal and 12 per cent had used other Approved Inspectors.⁶ (Base = 197) Please note that in Scotland and Northern Ireland all building control is LA provided, and this result may therefore exaggerate the use of LABC for other parts of the UK.

Chart 3.3: The proportion of homebuilders who had used main providers for building control



Consumer Issues

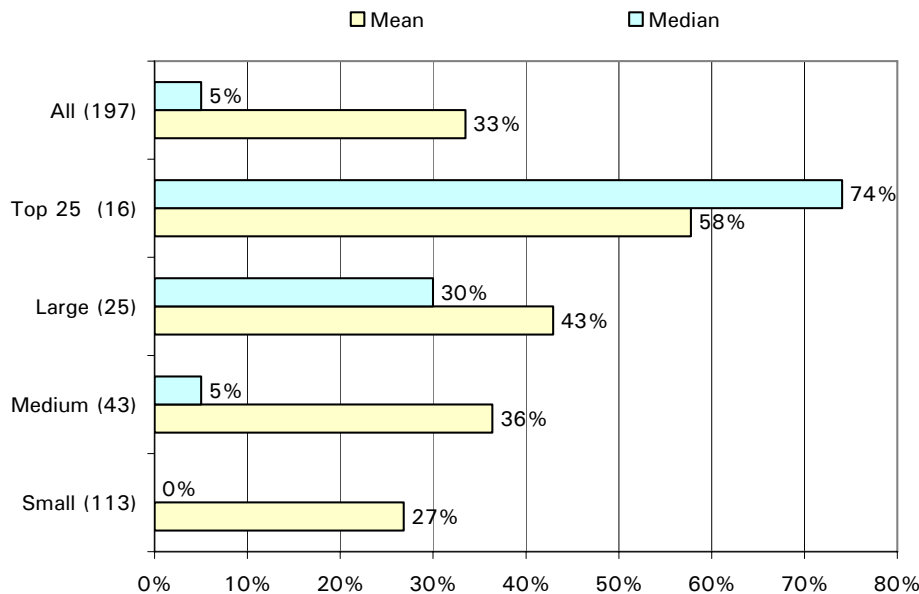
D.3.11 As illustrated in Chart 3.5 the mean proportion of units sold 'off plan'⁷ by respondents in the last year equated to one third of the residential units built (33 per cent). (Base = 197.) This was typically lower for small

⁶ We had intended to ask those who use more than one provider to indicate what percentage of building control the respondent obtained from each supplier. Unfortunately, this question contained an error and cannot be used.

⁷ Property sold to a buyer before work has started or before building work has been completed.

and medium homebuilders (27 per cent and 36 per cent respectively) and larger for large or Top 25 homebuilders (43 per cent and 58 per cent respectively).

Chart 3.4: Proportion of residential units sold 'off plan' last year

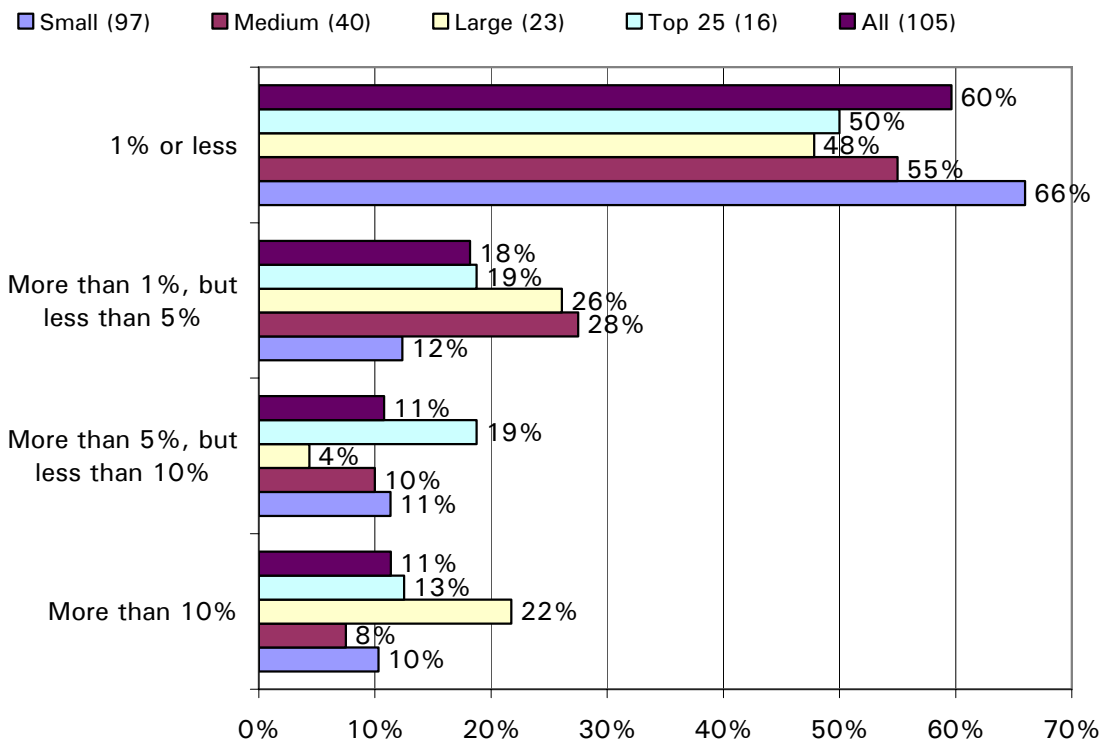


D.3.12 Twenty-four per cent of respondents said that their business had recommended particular solicitors, conveyancers or other legal advisors to home owners. (Base = 203.) This ranged from just nine per cent of small homebuilders, to 88 per cent of Top 25 homebuilders.

D.3.13 With the exception of price and any other variable financial figures, nearly half (45 per cent) of the respondents have negotiated their contract terms/conditions/missives (base = 201.) This was true for two-thirds (65 per cent, base 17) of Top 25 homebuilders.

D.3.14 More than half (60 per cent) of the respondents had varied contract terms/missives for one per cent or less of their individual residential unit sales. Eighteen per cent had varied them for more than one per cent but less than five per cent of sales. Eleven per cent said they had varied their contract terms/missives for between 5-10 per cent of sales and another 11 per cent for more than ten per cent of sales.

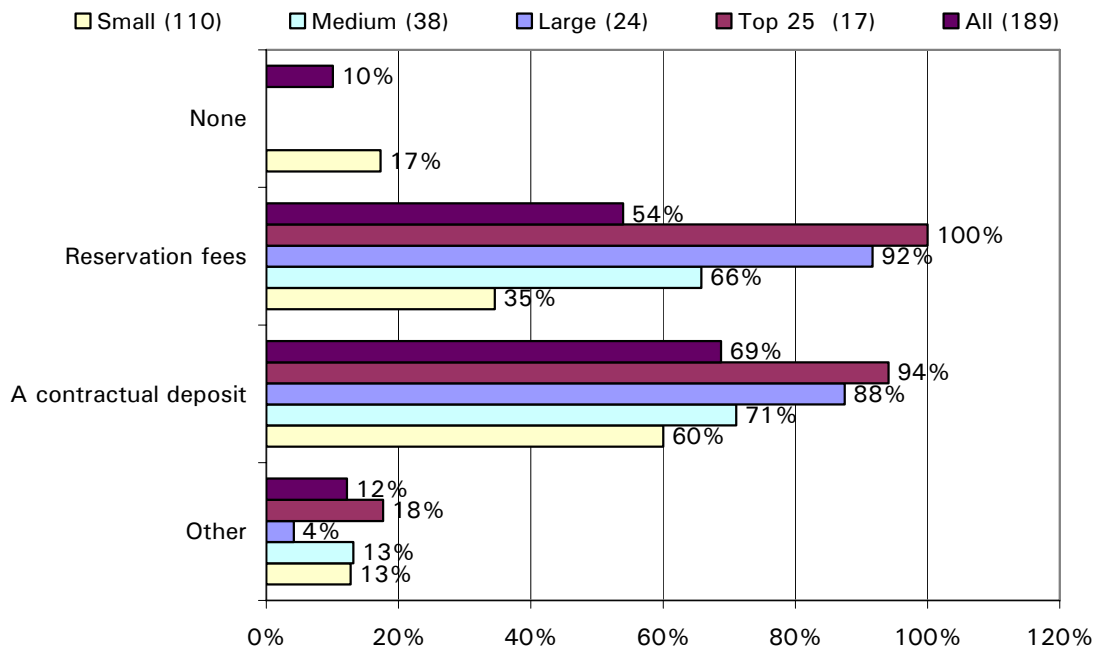
Chart 3.5: The extent to which homebuilders varied their contract/terms/missives



D.3.15 Forty-two per cent of respondents said that their prices were best explained as fixed and 58 per cent said they were best described as open to negotiation (base 193). The proportion saying that their prices were negotiable ranged from 52 per cent of small businesses to 76 per cent of the Top 25 homebuilders.

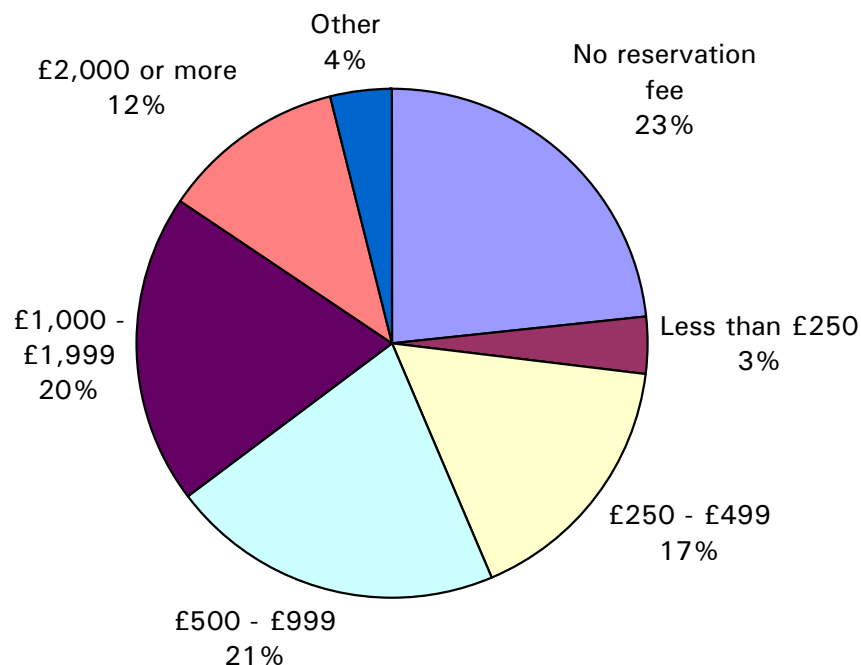
D.3.16 Just over half of the respondents said that homebuyers must pay a reservation fee before paying the final balance (54 per cent) and two-thirds (69 per cent) said a contractual deposit was necessary. As illustrated in Chart 3.7, these results vary depending on the size of the homebuilder. In particular, 17 per cent of small homebuilders were the only businesses not to charge any monies before payment of the final balance.

Chart 3.6: The proportion of homebuilders who charge monies before the final balance payment



D.3.17 The question asking the value of the reservation fee typically charged to home buyers was inconclusive and fees were charged across the range of values listed (see chart 3.8), although few homebuilders charged less than £250 (just three per cent). Many small homebuilders (35 per cent) said they do not charge reservation fees.

Chart 3.7: The typical reservation fee charged to homebuyers



Base: 179

D.3.18 As Table 3.3 illustrates, the value of deposits charged also varied greatly by size of respondent: only one per cent of respondents charged 15 per cent of the total sale or more and few large and Top 25 homebuilders charged less than five per cent of the sale price.

Table 3.3: Value of the typical contractual deposit charged

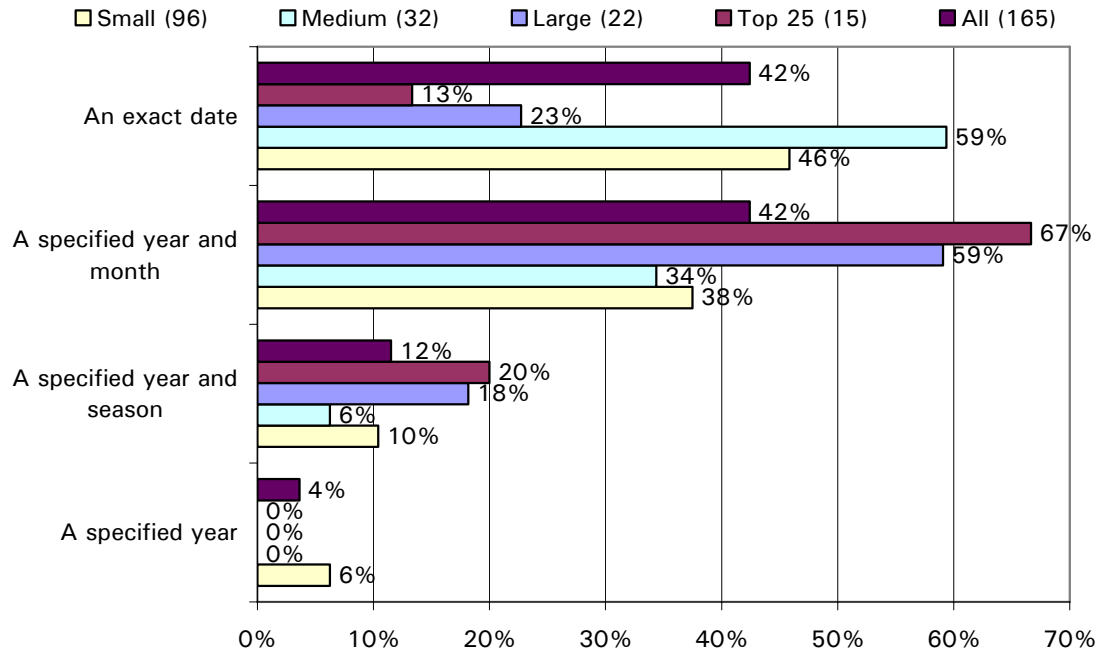
	<i>Small</i>	<i>Medium</i>	<i>Large</i>	<i>Top 25</i>	<i>All</i>
No deposit	25%	14%	4%	-	17%
Less than 5%	20%	11%	4%	6%	15%
5-9%	15%	19%	50%	59%	25%
10-14%	38%	54%	42%	35%	41%
15% or more	1%	-	-	-	1%
Other	2%	3%	-	-	2%
Base	101	37	24	17	179

- Indicates less than one per cent

D.3.19 At the exchange of contracts, most respondents provided their homebuyers with a moving in date that specified either the year and

month (42 per cent) or the exact date (42 per cent). Notably, 46 per cent of small homebuilders and 59 per cent of medium homebuilders said they would provide an exact date, compared to only 23 per cent of large homebuilders and 13 per cent of Top 25 homebuilders.

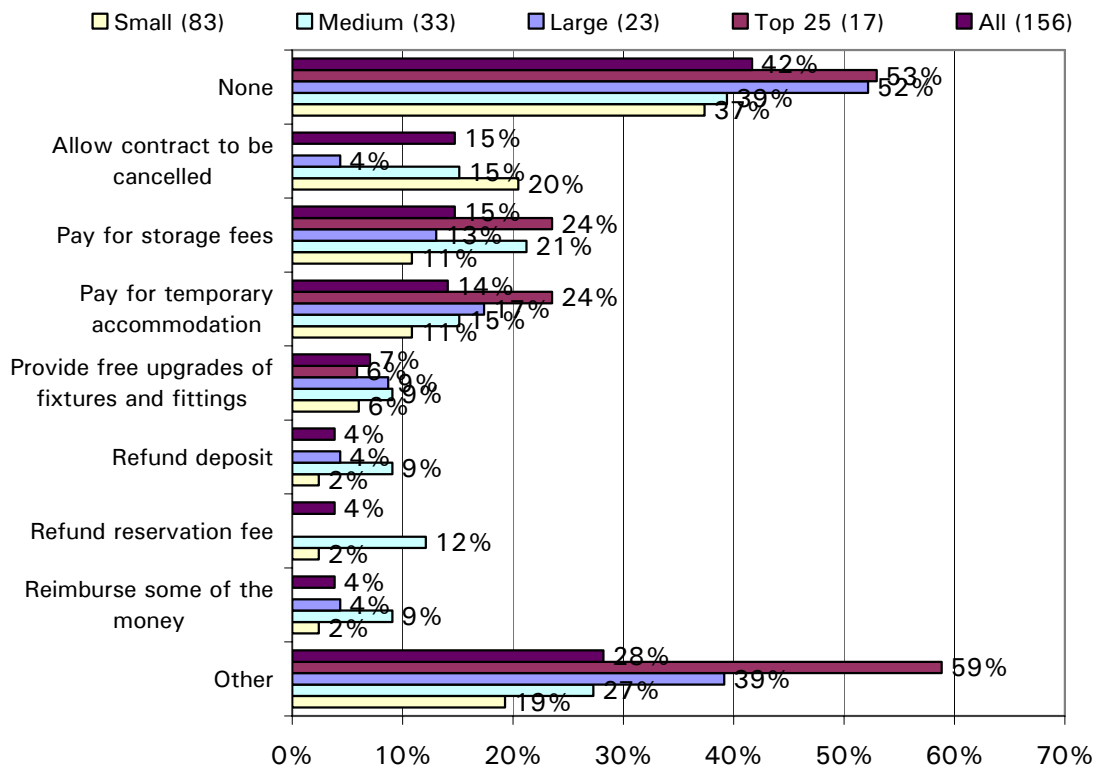
Chart 3.8: Type of moving in dates provided



D.3.20 On average⁸, respondents said they had met four in five (83 per cent) of their moving dates (Base 179). If the build of a homebuyer's property was not completed within six weeks of the moving-in date given at the exchange of contract 42 per cent of respondents said they would not do anything for the homebuyer. Fourteen per cent of homebuilders would pay for temporary accommodation, 15 per cent would pay for storage fees or allow the contract to be cancelled. More than a quarter of respondents (28 per cent) said they would do something 'other' than the range of options offered in our question.

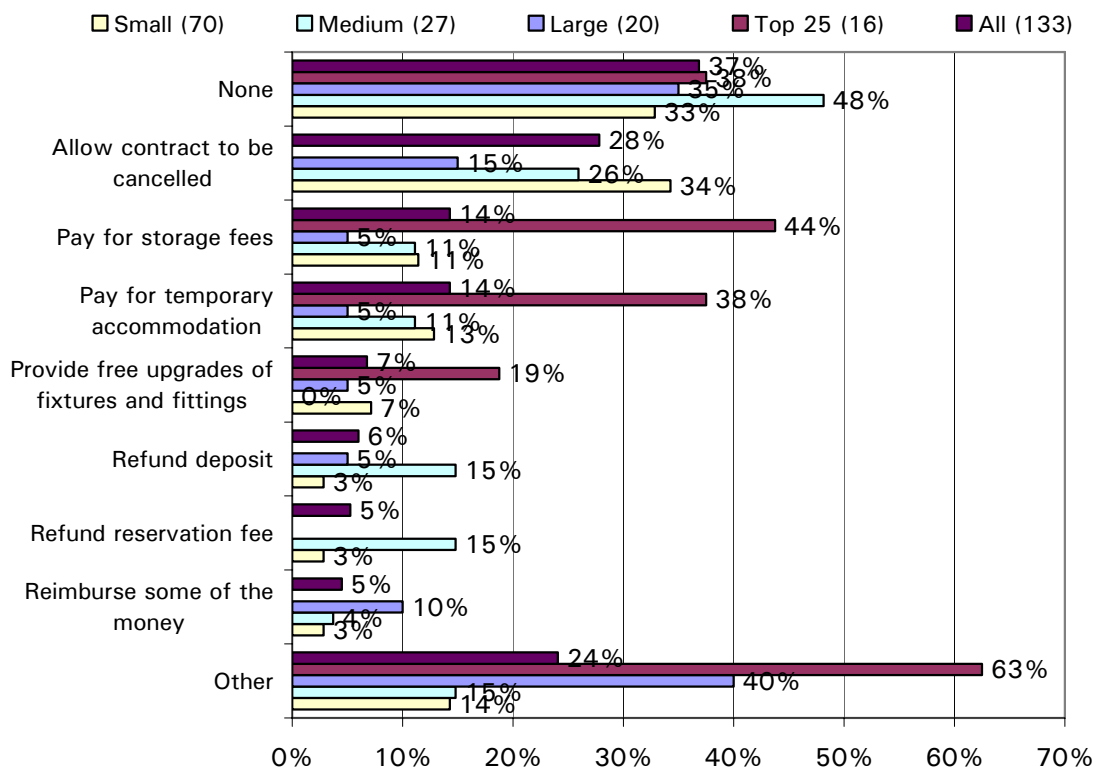
⁸ Mean average

Chart 3.9: Typical action taken by homebuilders if home not ready within six weeks of moving in date



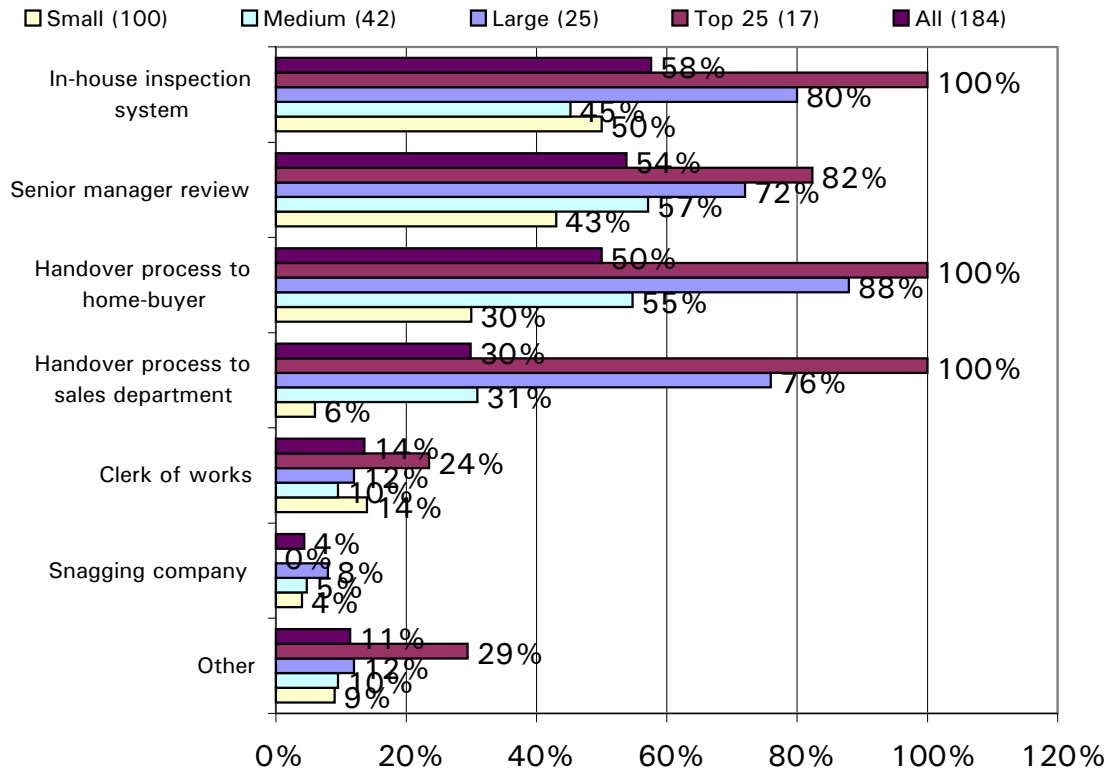
D.3.21 If the build of a homebuyer's property was not completed within three months of the moving-in date given at the exchange of contract, 37 per cent of homebuilders said they would not do anything for the homebuyer. Twenty-eight per cent would allow the contract to be cancelled and 24 per cent would do something other than the options in our question. Fourteen per cent would offer to pay for temporary accommodation or storage fees.

Chart 3.10: Typical action taken by homebuilders if home not ready within three months of moving in date



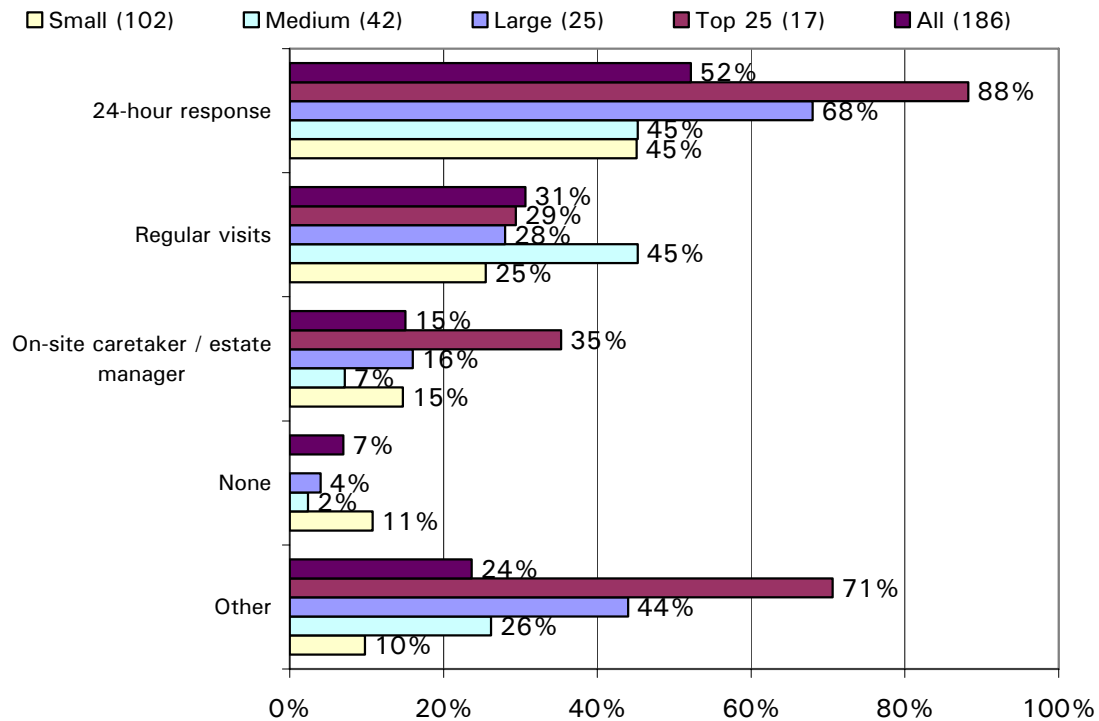
D.3.22 Perhaps unsurprisingly, just six per cent of small homebuilders and 31 per cent of medium sized homebuilders use a quality assurance 'handover' to a sales department compared to 76 per cent of large businesses and all of the Top 25 businesses who responded. Overall, the majority of respondents (72 per cent) use a specific site manager, around half use an in-house inspection system (58 per cent), a senior manager review (54 per cent) or a handover to the new homebuyer (50 per cent). One in three uses a handover to their sales department (30 per cent), one in seven (14 per cent) use a clerk of works and just four per cent use a snagging company.

Chart 3.11: Use of quality assurance systems



D.3.23 Around half of the respondents use a 24-hour response as part of their after sales customer care (52 per cent), a third use regular visits (31 per cent) and around one in seven have an on-site caretaker or estate manager (15 per cent) (Base = 186).

Chart 3.12: After sales customer care



D.3.24 The mean number of complaints received by respondents last year was 257. This ranged from an average of three complaints per year from small homebuilders, to an average of 2,754 complaints from Top 25 home homebuilders. Notes found on the completed surveys indicate that whilst some homebuilders recorded very few complaints, other respondents have included all the calls to their customer service helpline or have counted all 'customer care contacts'. This undoubtedly exaggerates the number of complaints (Base = 189). If this data were more reliable and justified further analysis, these complaints would be considered as a rate per number of homes built per annum. On average, two-thirds (66 per cent) of these 'complaints' were resolved within one month of the complaint being made (Base = 140).

D.3.25 The remaining questions on planning and competition issues were only asked of respondents who build new homes in England. Any respondents who do not build in England were advised that they had completed the questionnaire and to return it using the freepost envelope.

Three quarters of all respondents said that they were willing to be contacted by the Office of Fair Trading again, if we had any further questions or queries about the answers provided (75 per cent, base = 147).

Competition and planning issues

D.3.26 Respondents were asked to indicate which of a number of factors had created barriers to expansion in areas in which they currently operate or expansion of output into new areas. As Charts 3.14 and 3.15 illustrate, the greatest barriers were seen to be difficulties in obtaining planning permission, delays created by the planning process and difficulties gaining access to or acquiring land.

Chart 3.13: Barriers to expansion within current areas of work

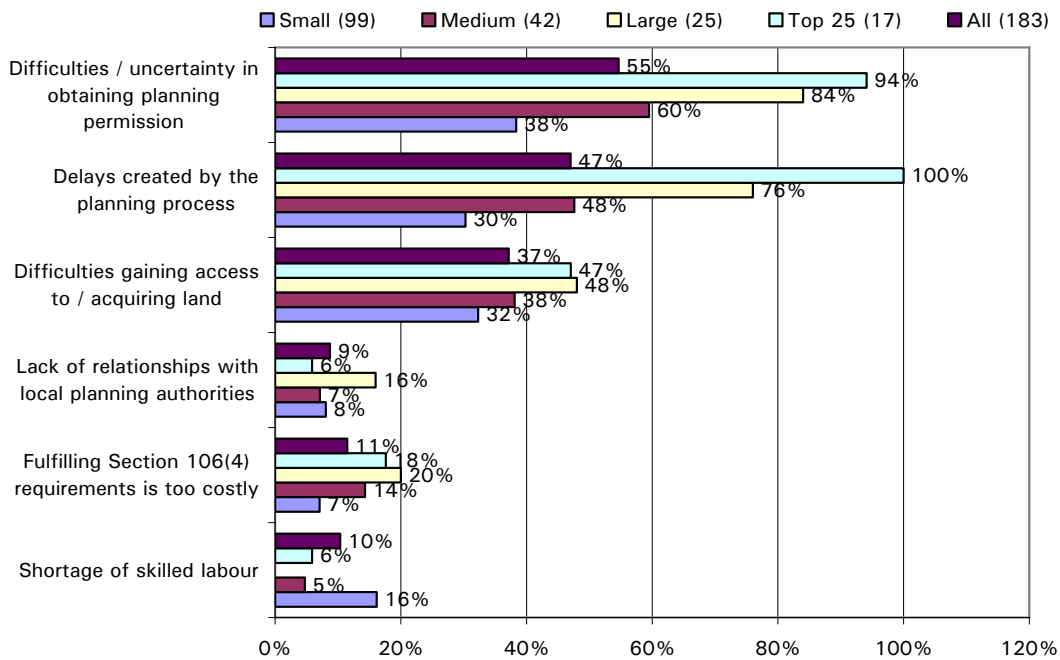
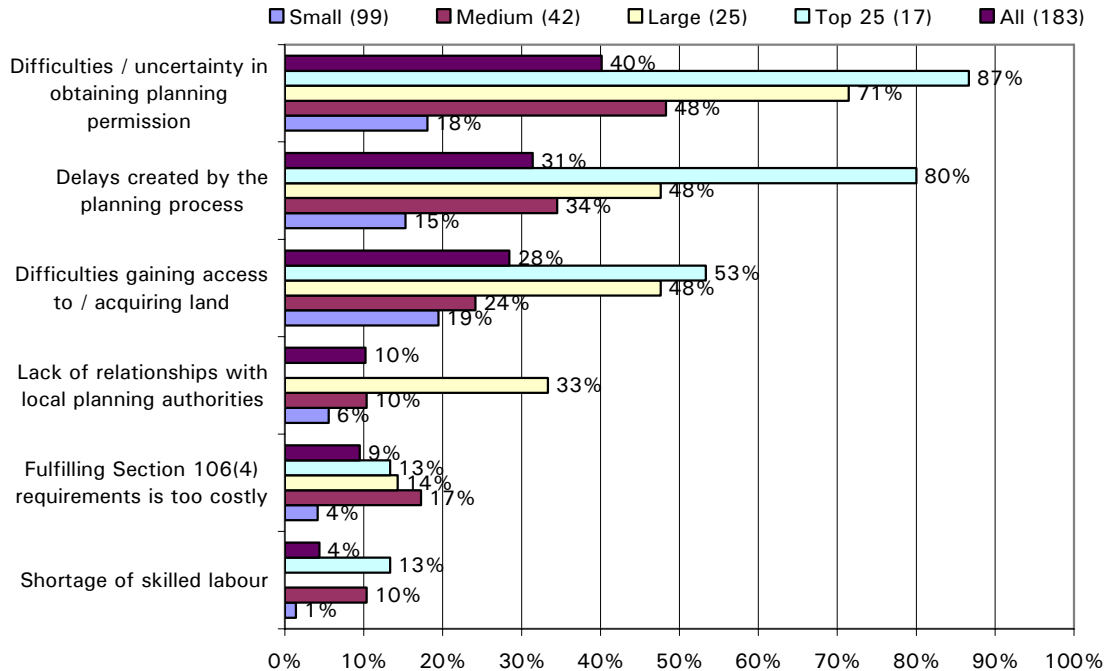


Chart 3.14: Barriers to expansion in new areas of work



D.3.27 Just over half (55 per cent) of the respondents who build new houses in England said that difficulties or uncertainty when obtaining planning permission was a barrier to expanding their business in areas where they currently operate and 40 per cent said that that this was a barrier to their expansion into new areas. It would appear that the small businesses responding to our survey found difficulties when obtaining planning permission to be less of a problem (just 38 per cent and 18 per cent respectively).

D.3.28 Just under half of respondents (47 per cent) said that delays caused by the planning process were a barrier to increasing output in areas in which they currently operate and nearly a third (31 per cent) said this prevented them expanding into new areas.

D.3.29 Nearly four in 10 respondents (37 per cent) said that difficulties gaining access to, or acquiring land acted as a barrier to their expansion in the areas they currently work in and nearly three in ten (28 per cent) said

that they considered this a barrier to expanding into new areas. Results for the rest of this question are outlined in Table 3.4.

Table 3.4: Proportion of homebuilders identifying factors as barriers to expansion

	<i>Increasing output in areas where currently operate</i>	<i>Expanding output into new areas</i>
	<i>Per cent</i>	<i>Per cent</i>
Difficulties / uncertainty in obtaining planning permission	55%	40%
Difficulties gaining access to / acquiring land	37%	28%
Delays created by the planning process	47%	31%
Fulfilling Section 106(4) requirements is too costly	11%	9%
Shortage of skilled labour	10%	4%
Lack of relationships with local planning authorities	9%	10%
Delays in provision of infrastructure	6%	4%
Difficulties accessing capital / financial resources	5%	4%
Lack of relationships with land owners	4%	6%
Lack of planning experts / experience	3%	1%
Difficulties accessing / acquiring suppliers and / or raw materials	2%	1%
Lack of construction expertise / experience	1%	1%
No barriers to expansion	-	3%
Lack of relationships with local building contractors	-	-
Other	3%	3%
Base	183	137

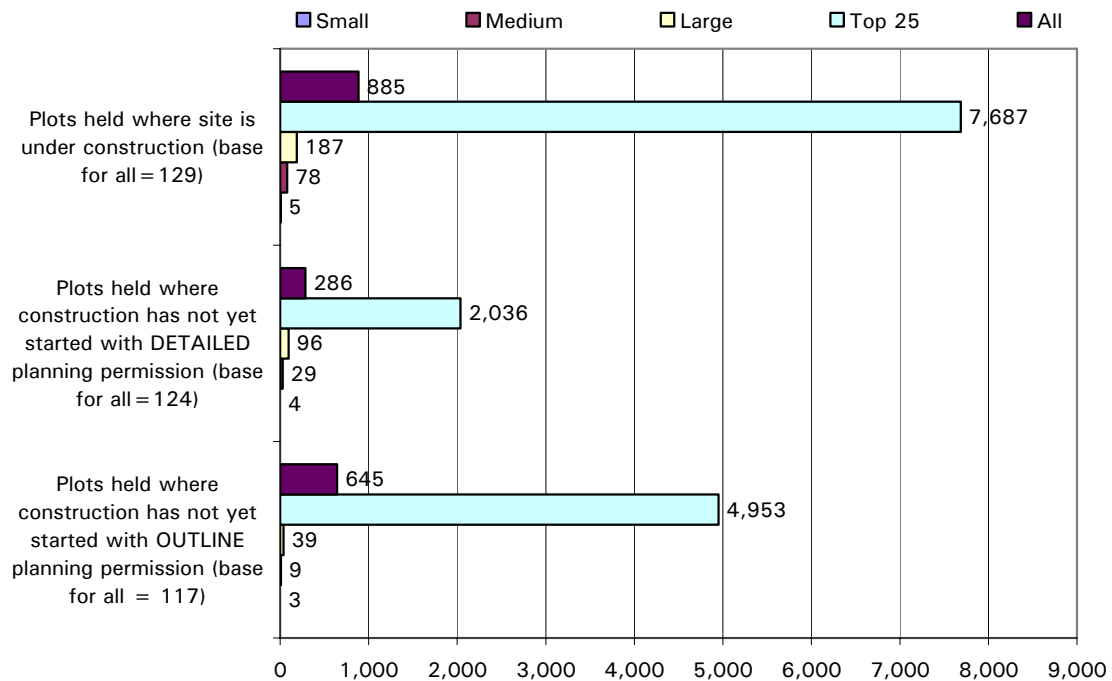
- Less than one per cent

D.3.30 The mean number of plots with outline planning permission on which construction has not yet started held by businesses responding to our survey was three for small businesses, nine for medium sized businesses, 39 for large homebuilders, 4,953 for those in the Top 25 homebuilders and 645 for all respondents.

D.3.31 The mean number of plots with detailed planning permission on which construction has not yet started held by businesses responding to our survey was four for small businesses, 29 for medium sized businesses, 96 for large homebuilders, 2,036 for those in the Top 25 homebuilders and 286 for all respondents.

D.3.32 The mean number of 'land bank' plots awaiting construction on sites where the site is under construction was five for small businesses, 78 for medium sized businesses, 187 for large businesses and 7,687 for those in the Top 25 homebuilders. The mean number of such plots for all homebuilders responding to our survey was 885.

Chart 3.15: The mean number of plots⁹ held by a homebuilder

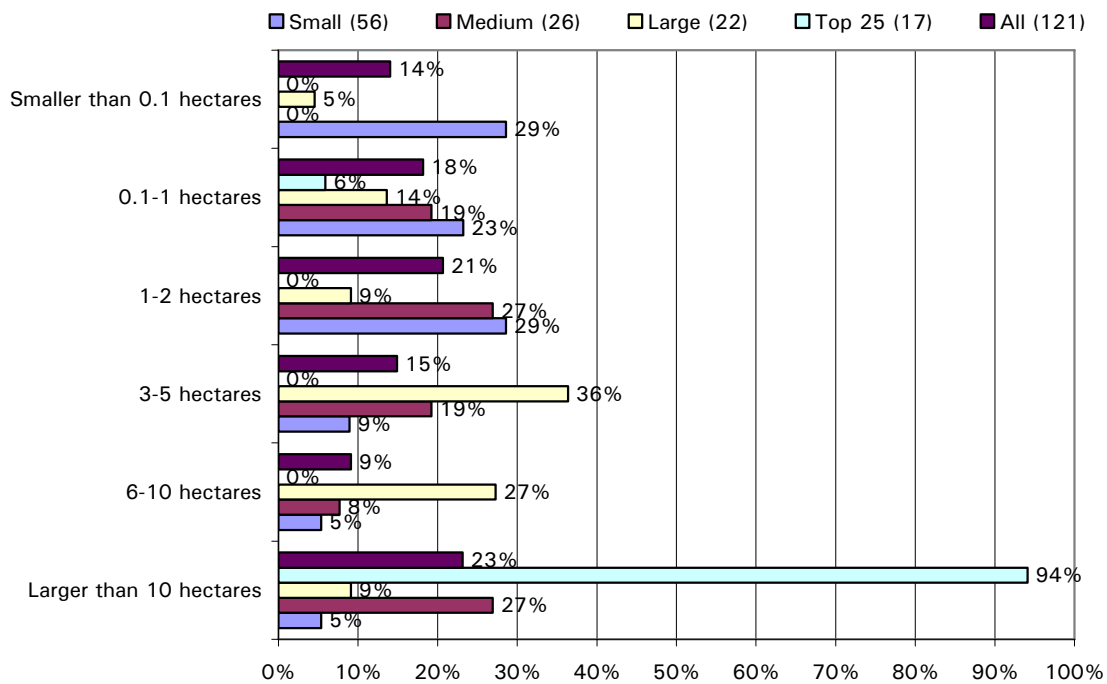


D.3.33 The mean total area of land banked without planning permission was 89 acres allocated for housing development and 504 unallocated acres (base = 37 and 36 respectively). For small homebuilders this ranged from between 0-5 acres of land allocated for housing development and between 1-150 unallocated acres. Please note the exceptionally small number of responses to this question means this result is very unreliable, however, information on the area of land banked has also been assessed on a case by case basis by the market study team as part of their qualitative analysis.

⁹ A plot being the land on which a housing unit is to be built.

- D.3.34 The mean total area of land on which respondents have an option to purchase (provided certain conditions are met) was 1,174 acres (base = 49). Values ranged from between 0-52 acres for small homebuilders.
- D.3.35 The mean total area of land that respondents hold under conditional contract was 84 acres (base = 41). Values ranged from 0-4 acres for small businesses. This result is based on just 41 cases and is not statistically reliable.
- D.3.36 The majority of small homebuilders (81 per cent) said they would not develop a site larger than five acres (base = 56). It is not a statistically reliable result owing to small cell counts, however, in contrast 54 per cent of medium sized businesses responding to our survey and who answered this question said they would develop land on more than five acres (base = 26) as did 72 per cent of large homebuilders (base = 22). Nearly all of the Top 25 homebuilders who responded would consider developing sites larger than 25 acres (base = 17).

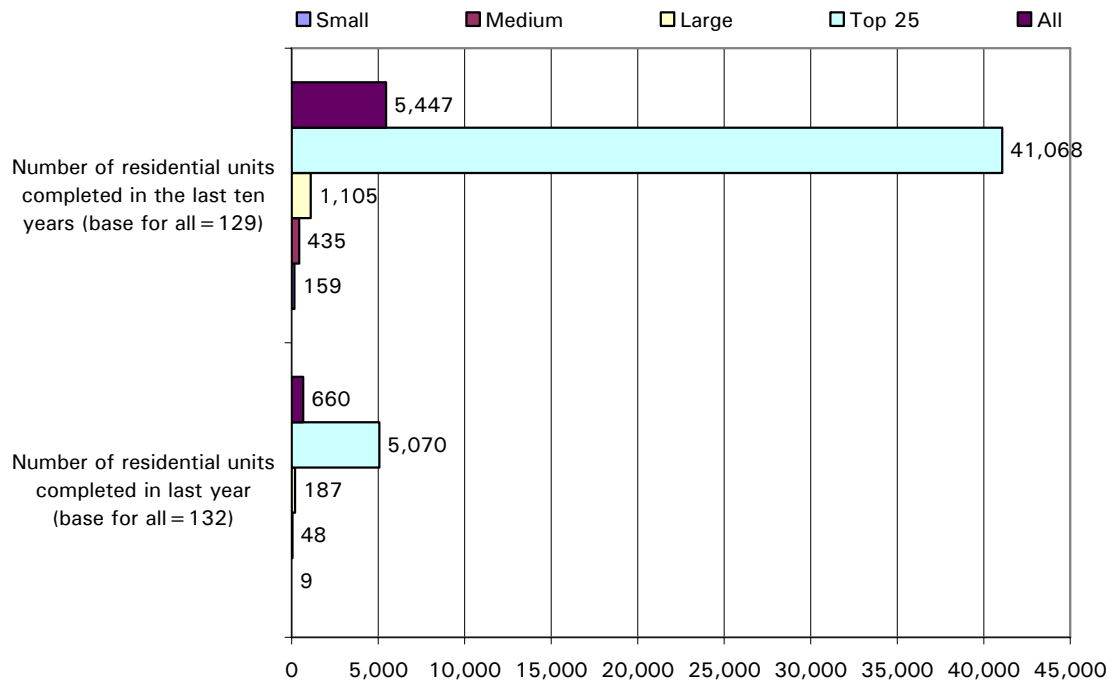
Chart 3.16: Maximum size of development homebuilder would develop



D.3.37 The mean number of residential units built by a homebuilder in the last year was nine for small homebuilders, 48 for medium sized homebuilders, 187 for large businesses and 5,070 for Top 25 homebuilders. The number of homes built in the last year averaged 660 although values for small homebuilders ranged between 0-100.

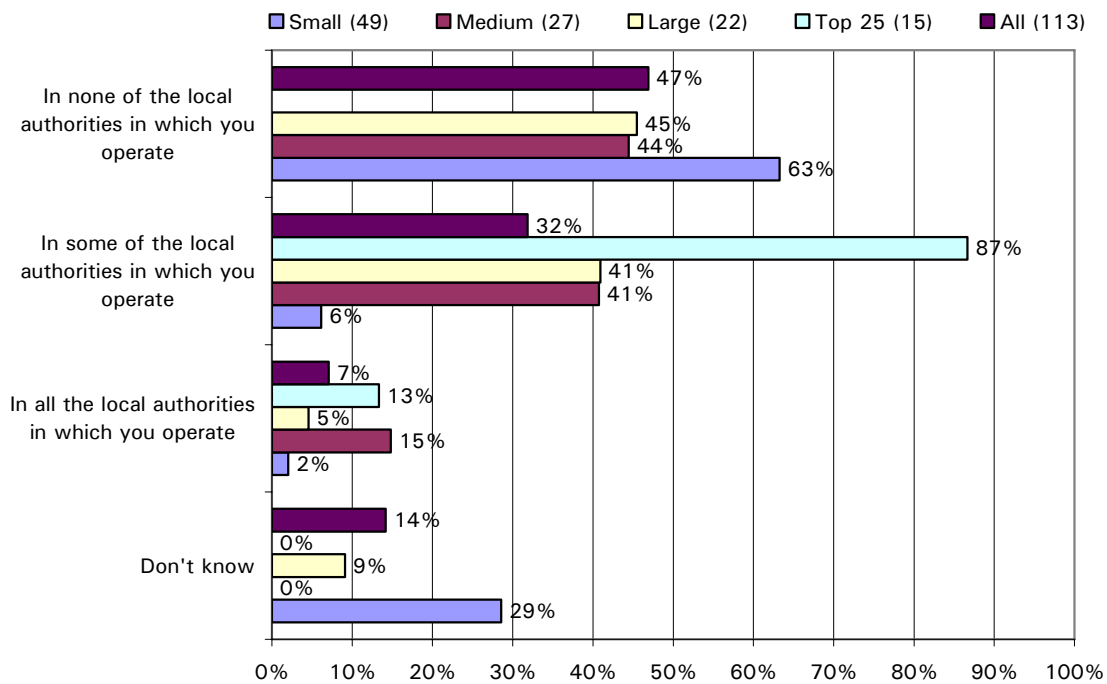
D.3.38 The mean number of residential units built by a homebuilder in the last ten years was 159 for small homebuilders, 435 for medium sized homebuilders, 1,105 for large businesses and 41,068 for Top 25 homebuilders.

Chart 3.17: The mean number of residential units completed by a homebuilder



D.3.39 More than half of the small homebuilders (63 per cent) had not been involved in drawing up the Local Development Framework (LDF) in any of the areas in which they operate and a further 29 per cent said they did not know if they had been involved in the LDF. Nearly half of the medium and large sized businesses had been involved in drawing up the LDF in some of the areas in which they operate (41 per cent) as had the majority (87 per cent) of Top 25 homebuilders. Overall, 47 per cent had not been involved, 32 per cent had been involved in some of the local authorities in which they operate, seven per cent had been involved in all the local authorities in which they operate and 14 per cent did not know if they had been involved in drawing up the LDF.

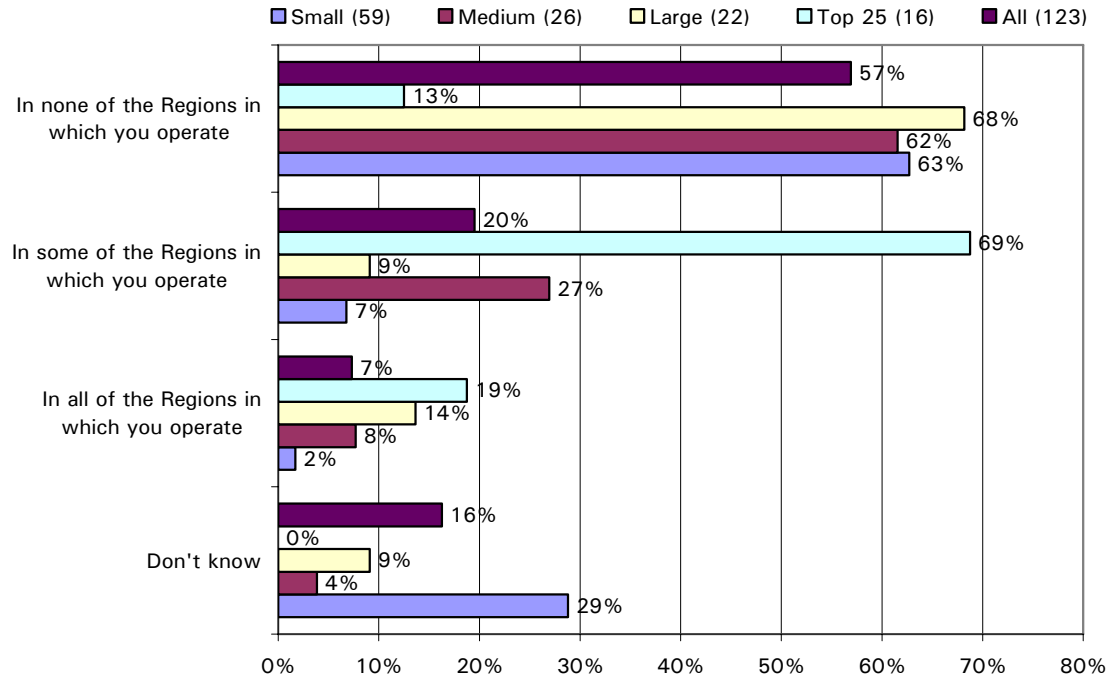
Chart 3.18: Involvement in drawing up the Local Development Framework



D.3.40 Nearly a third of Top 25 homebuilders had been involved in LDF in Local Authorities (LA) at a time when their business did not own land or options on land in that LA (29 per cent, base = 17). This was also true of 14 per cent of large businesses (base = 22), one in five medium sized businesses (base = 30) and just six per cent of small companies (base = 65). Overall 13 per cent had been involved in LDF in LAs when the business did not own land or options in that area (base = 134).

D.3.41 The majority of small (63 per cent), medium (62 per cent) and large companies (68 per cent) had not been involved in drawing up the Regional Spatial Strategy (RSS). However, in contrast, the majority of Top 25 companies (69 per cent) had been involved in some of the regions in which they operate.

Chart 3.19: Involvement in drawing up Regional Spatial Strategies



D.3.42 Only around a quarter of small homebuilders (27 per cent, base 64) said they had housing developments held up by delays in obtaining infrastructure compared to 63-64 per cent of medium and large homebuilders (base 30 and 22 respectively) and the majority of Top 25 homebuilders (88 per cent, base 17). Around half (49 per cent) of all respondents had experienced delays in their development due to delays in infrastructure (base 133).

D.3.43 The most common problems were often water/sewerage, gas and electric or roads and highways¹⁰ and the proportion reporting these to be a problem was much higher when the business was larger. For example, just 31 per cent of 90 small homebuilders said that gas and electric cause delays to them, compared to 64 per cent of medium homebuilders

¹⁰ These were the first three options in a list from which respondents were asked to identify the infrastructure elements that cause the most delay. It is possible that if not limited to three options other elements further down the list would have higher scores.

(base 39), 68 per cent of large homebuilders (base 39) and all 16 Top 25 homebuilders who answered this question.

D.3.44 The mean optimum number of residential units to be sold on a typical site in a year by a homebuilder in was 12 for small homebuilders, 25 for medium sized homebuilders, 44 for large businesses and 49 for Top 25 homebuilders (bases 43, 19, 20 and 13). The optimum number of homes sold on a site ranged from 0-100 for small homebuilders up to 96 for one of the Top 25 homebuilders and averaged 26 overall (base = 95).



If your business consists of more than one subsidiary, please provide answers to this questionnaire for the entire group, including all home building subsidiaries.

Please also note that where the term 'last year' is used, you should understand this to be *your business's most recent financial year*.

Where this questionnaire refers to 'home-buyers' it should be understood to mean private individuals buying a new home.

Section 1: General information

Q1.1 Business name:

Q1.2 Please could you confirm your address details:

Building number and name (if applicable)

Street number and name

Town/City

Postcode

Q1.3 Contact name:

Q1.4 Contact telephone number:

Q1.5 Contact email address:

Q1.6 Please provide the names of any subsidiary businesses:

Q1.7 What was your business's home building turnover for last year?

£

Q1.8 Which of the following regions does your business build new homes in?

- North East (Tees Valley, Durham, Northumberland and Tyne & Wear)*
- North West (Cumbria, Cheshire, Greater Manchester, Lancashire & Merseyside)*
- Yorkshire and the Humber (East Riding & N. Lincolnshire, North/South/West Yorks)*
- East Midlands (Derbyshire, Notts, Leicestershire, Rutland, N.hamptonshire & Lincs)*
- West Midlands (Herefordshire, Worcestershire, Warks, Salop & Staffs West. Mids)*
- East (E. Anglia, Beds, Herts, Essex)*
- London*
- South East (Berks, Bucks and Oxon, Surrey, Sussex, Hamps, Isle of Wight, Kent)*
- South West (Gloucs, Wilts, Dorset, Somerset, Cornwall, Isles of Scilly, Devon)*
- Wales*
- Scotland*
- Northern Ireland*

Q1.9 Please indicate which trade associations your business is a member of:

- The House Builders Association (HBA)*
- The Home Builders Federation (HBF)* Please answer Q 1.10-1.11
- Homes for Scotland* Please answer Q 1.12-1.13
- The Federation of Master Builders (FMB)*
- The National Federation of Builders*
- The Constructors Confederation*
- The British Property Federation*
- The Confederation of British Industry*

Other (please specify):

If you are a member of the Home Builders Federation please answer Questions 1.10-1.11
If you are a member of Homes for Scotland please answer Questions 1.12-1.13
Otherwise, please go to Section 2

Q1.10 Do you follow the HBF Customer Service Code of Conduct?

Yes

Go to Q2.1

No

Please answer the next question

Q1.11 Why do you not follow the HBF Customer Service Code of Conduct?

Not heard of it

It's not flexible enough

It's too confusing

Use own code of conduct

Other (please specify):

Go to Q2.1

Q1.12 Do you follow the Homes for Scotland code of conduct?

Yes

Go to Q2.1

No

Please answer the next question

Q1.13 Why do you not follow Homes for Scotland code of conduct?

Not heard of it

It's not flexible enough

It's too confusing

Use own code of conduct

Other (please specify):

Section 2: Warranties

Q2.1 Please indicate which of the following providers you have obtained building warranties from in the last year:

The National House Building Council (NHBC)

Zurich Municipal

LABC

Premier Guarantee

BLP

Other (please specify):

Q2.2 If you use more than one provider, please also indicate what percentage of warranties you obtained from each supplier

The National House Building Council (NHBC) .	<input type="text"/>	%
Zurich Municipal.....	<input type="text"/>	%
LABC.....	<input type="text"/>	%
Premier Guarantee.....	<input type="text"/>	%
BLP	<input type="text"/>	%
Total	100%	

Q2.3 What are the main reason you use this/these warranty providers?

	NHBC	Zurich	LABC	Premier Guar.	BLP	Other
Previous experience of the service provided	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
This provider is cheapest	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Home-buyers request this provider	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The provider's market share	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The provider's reputation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
This provider provides the best protection	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Other (please specify):

Q2.4 How many claims deemed valid by the warranty provider, did your business receive under warranty last year?

Section 3: Building control

If you do not build homes in England, please go to Section 4

Q3.1 Please indicate which of the following providers you have obtained Building Control from in the last year:

The National House Building Council (NHBC) .	<input type="text"/>
Zurich Municipal.....	<input type="text"/>
Other approved inspectors.....	<input type="text"/>
LABC.....	<input type="text"/>
Total	<input type="text"/>

Q3.2 If you use more than one provider, please also indicate what percentage of warranties you obtained from each supplier:

The National House Building Council (NHBC) .	<input type="text"/>	%
Zurich Municipal.....	<input type="text"/>	%
Other approved inspectors	<input type="text"/>	%
LABC.....	<input type="text"/>	%
Total	100%	

If you use the same provider for warranties and Approved Inspector building control, please answer Q3.3, otherwise, please go to Q4.1

Q3.3 What advantages are there in using the same supplier for warranties and Approved Inspector building control?

Section 4: Consumer Issues

Q4.1 Thinking about individual residential units built last year, approximately what proportion of your new build homes are 'off-plan'(2)? %

(2) Property sold to a buyer before work has started or before building work has been completed

Q4.2 Does your business ever recommend particular solicitors, conveyancers or other legal advisors to home-buyers?

Yes
 No

Q4.3 With the exception of price and any other variable financial figure, do you ever negotiate on your contract terms/conditions/missives?

Yes
 No

Q4.4 Thinking about the individual residential units which your business completed building last year: for what proportion of these were your contract conditions/terms/missives varied or amended?

1% or less
 More than 1%, but less than 5%
 More than 5%, but less than 10%
 More than 10%

Q4.5 Please indicate which of the two following options best explains your prices:

Fixed

Open to negotiation

Q4.6 Please indicate what monies the home-buyer must pay before paying the final balance:

None

Reservation fees

A contractual deposit

Other (please specify):

Q4.7 How much is the typical reservation fee you charge home-buyers?

No reservation fee

Less than £250

£250 - £499

£500 - £999

£1,000 - £1,999

£2,000 or more

Other (please specify):

Q4.8 How much is the typical contractual deposit you charge home-buyers as a percentage of the total sale value?

No deposit

Less than 5%

5-9%

10-14%

15% or more

Other (please specify):

Q4.9 How do you calculate the moving-in dates you provide when contracts are exchanged?

Q4.10 When you supply home-buyers with moving-in dates at the time of the exchange of contracts, what format do these tend to take?

- A specified year (e.g. 2008)
- A specified year and season (e.g. Spring 2008)
- A specified year and month (e.g. March 2008)
- An exact date (e.g. 20th March 2008)

Q4.11 Thinking again about individual residential units built in the last year and considering moving-in dates supplied to home-buyers at the time of the exchange of contracts; approximately what proportion of moving-in dates has your business met?

 %

Q4.12a Which of the following would your company typically do for a new home-buyer if the build of their property wasn't completed within six weeks of the moving-in date given to them at the time of the exchange of contracts?

- Nothing
- Reimburse some of the money paid
- Pay for temporary accomodation
- Pay for storage fees
- Provide free upgrades of fixtures and fittings
- Refund reservation fee
- Refund deposit
- Allow contract to be cancelled without penalty

Other (please specify):

Q4.12b Which of the following would your company typically do for a new home-buyer if the build of their property wasn't completed within three months of the moving-in date given to them at the time of the exchange of contracts?

- Nothing*
- Reimburse some of the money paid*
- Pay for temporary accomodation*
- Pay for storage fees*
- Provide free upgrades of fixtures and fittings*
- Refund reservation fee*
- Refund deposit*
- Allow contract to be cancelled without penalty*

Other (please specify):

Q4.13 What quality assurances systems does your business have in place?

- Clerk of works*
- Snagging Company*
- Specific site manager*
- Handover process to sales department*
- Hand over process to home-buyer*
- In-house inspection system*
- Senior manager review*

Other (please specify):

Q4.14 What after-sales customer service do you have in place?

- 24 hour response*
- On site caretaker/estate manager*
- Regular visits*
- None*

Other (please specify):

Q4.15 How many complaints from home-buyers did your business receive last year?

Q4.16 Please estimate what proportion of these complaints were resolved within ...

one month of the complaint being received ...	<input type="text"/>	%
two months of the complaint being received .	<input type="text"/>	%
three months of the complaint being received	<input type="text"/>	%
more than three months of the complaint being received.....	<input type="text"/>	%
Total		100%

Q4.17 Would you be willing to be contacted by the Office of Fair Trading again, if we have any further questions, or queries about the answers you have provided in this questionnaire?

- Yes
 No

The remaining questions are about planning and competition in England. If you build new houses in England, please complete these questions, providing answers only based on those subsidiaries of your group which operate in England.

If your business does not build new homes in England, then we do not need you to answer the remaining questions. Thank you for completing this questionnaire. Please return the questionnaire by post to our administrator AMS using the pre-paid envelope provided.

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Bellshill, ML4 3LP

Q5.3 In your experience, how significant are the following factors in causing unnecessary delay to the planning application process?

	<i>Very significant</i>	<i>Some what significant</i>	<i>Some what in-significant</i>	<i>Very in-significant</i>	<i>Don't know</i>
Local Planning Authority administrative efficiency	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Intentional delay by the applicant	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Intentional delay by the Local Planning Authority	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The Local Planning Office's staff capacity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Involvement of statutory consultees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Involvement of councillors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
overly burdensome information requirements	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Unclear planning policies (nationally or locally)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Unrealistic negotiating positions for the conditions to attach to the permission (including s106)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Lack of adequate local physical infrastructure	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Involvement of the Planning Inspectorate	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Other issues which cause unnecessary delay to the planning process (please specify):

Section 6: Competition and planning issues

Q6.1 Please indicate which of the following you consider to be the main barrier(s) to expanding your business: (please mark a maximum of three options under each column)

	<i>Increasing output in areas where you currently operate</i>	<i>Expanding output into new areas</i>
Difficulties/uncertainty in obtaining planning permission	<input type="checkbox"/>	<input type="checkbox"/>
Difficulties gaining access to /acquiring land	<input type="checkbox"/>	<input type="checkbox"/>
Difficulties accessing capital/financial resources	<input type="checkbox"/>	<input type="checkbox"/>
Difficulties accessing/acquiring suppliers and /or raw materials	<input type="checkbox"/>	<input type="checkbox"/>
Shortage of skilled labour	<input type="checkbox"/>	<input type="checkbox"/>
Lack of planning experts/experience	<input type="checkbox"/>	<input type="checkbox"/>
Delays created by the planning process	<input type="checkbox"/>	<input type="checkbox"/>
Lack of relationships with land owners	<input type="checkbox"/>	<input type="checkbox"/>
Lack of relationships with local planning authorities	<input type="checkbox"/>	<input type="checkbox"/>
Lack of relationships with local building contractors	<input type="checkbox"/>	<input type="checkbox"/>
Lack of construction expertise/experience	<input type="checkbox"/>	<input type="checkbox"/>
Delays in provision of infrastructure	<input type="checkbox"/>	<input type="checkbox"/>
Fulfilling Section 106(4) requirements is too costly	<input type="checkbox"/>	<input type="checkbox"/>
No barriers to expansion	<input type="checkbox"/>	<input type="checkbox"/>

Other (please specify):

(4) Section 106 of the Town and Country Planning Act 1990 allows a local planning authority (LPA) to enter into a legally-binding agreement or planning obligation, with a land developer over a related issue. The obligation is sometimes termed as a 'Section 106 agreement'. Such agreements can cover almost any relevant issue and can include sums of money. Possible examples of S106 agreements could be:

- * The developer will transfer ownership of an area of woodland to a LPA with a suitable fee to cover its future maintenance;
- * The local authority will restrict the development of an area of land, or permit only specified operations to be carried out on it in the future e.g. amenity use.

Q6.2 How many plots(5) does your business hold within its landbank on sites where construction has not yet started that have...

outline planning permission?

detailed planning permission?

(5) a plot being the land on which a housing unit is to be built

Q6.3 How many plots(5) awaiting construction does your business hold within its landbank on sites where the site itself is under construction?

Q6.4 What is the total area of land that does not have planning permission that your business holds within its landbank (not including land held under option or conditional contract)...

that is allocated for housing development?.... hectares/acres (please circle which used)

that is unallocated?..... hectares/acres (please circle which used)

Q6.5 What is the total area of land that your business has an option to purchase provided certain conditions are met?

hectares/acres (please circle which used)

Q6.6 What is the total area of land which your business has under conditional contract(6)?

hectares/acres (please circle which used)

Q6.7 What is the largest site you would consider developing?

Smaller than 0.1 hectares

0.1 - 1 hectares

1-2 hectares

3-5 hectares

6-10 hectares

Larger than 10 hectares

Q6.8 How many residential units have you completed building in the last year?

Q6.9a How many residential units have you completed building in the last ten years?

Q6.10 Has your business been involved in drawing up the Local Development Framework (7)...

in none of the local authorities in which you operate?

in some of the local authorities in which you operate?

in all of the local authorities in which you operate?

Don't know

(7) A 'Local Development Framework' is a portfolio of documents put together by a Local Planning Authority, setting out the spatial planning strategy for the local authority area.

Q6.11 Has your business ever had involvement with Local Development Frameworks in Local Authorities in England at a time when your business did not own land or options on land in those local authorities?

- Yes
- No
- Don't know

Q6.12 Has your business been involved in drawing up the Regional Spatial Strategy (8)...

- in none of the Regions in which you operate?
- in some of the Regions in which you operate?
- in all of the Regions in which you operate?
- Don't know

(8) A Regional Spatial Strategy is a plan, drawn up by a Regional Planning Body, that provides a spatial framework for the region for a fifteen to twenty year period. It is intended to inform the preparation of local development documents.

Q6.13 Have you had housing developments delayed by delays in obtaining infrastructure?

- Yes
- No

Q6.14 Which infrastructure elements cause you most delays?

(Please mark a maximum of three options)

- Water/Sewage
- Gas and electric
- Roads/Highways
- Public transport
- Telecommunications
- Health care
- Local education facilities (schools, nurseries, etc.)
- Public spaces (including parks)

Other (please specify):

Q6.15 What do you consider to be the optimum number of residential units to be sold on a typical site in one year?

Thank you for completing this questionnaire. Please return it by post to our administrator AMS using the pre-paid envelope provided

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