

Cynulliad Cenedlaethol Cymru | National Assembly for Wales
Y Pwyllgor Newid Hinsawdd, Amgylchedd a Materion Gwledig
Climate Change, Environment and Rural Affairs Committee
Ymchwiliad i Dlodi Tanwydd | Inquiry into Fuel Poverty
FP 10
Ymateb gan : National House Building Council (NHBC)
Evidence from : Cyngor Cenedlaethol Adeiladwyr Tai

About NHBC

- **NHBC currently sets construction Standards for approximately 80% of all new homes** built in the UK, and there are 1.5 million homeowners covered by our Buildmark warranty.
- **NHBC is an independent insurance company**, established in 1936, in the new build housing market, providing a 10-year Buildmark warranty to homebuyers across the UK. Over 1.5 million UK homeowners currently benefit from this insurance protection.
- **NHBC gives homeowners confidence in the construction quality of new homes** by assessing, inspecting and directly insuring new homes registered with us; using our unrivalled expertise, data, and training to drive improvements in construction quality; and maintaining our financial strength, scale, and independence.
- **NHBC is a non-profit distributing organisation**, with no shareholders, authorised and regulated by the Prudential Regulation Authority (PRA) and the Financial Conduct Authority (FCA).
- **NHBC does not build or sell homes**, it is not a regulator and does not represent any part of the industry. Individual builders are ultimately responsible for the quality of the homes they build and sell to consumers.
- **NHBC cares passionately about new build quality** and reinvests profit into the sector to support and guide builders on how to deliver high quality homes. NHBC also runs the house-building industry's most prestigious awards programme – Pride in the Job, the only UK wide initiative

dedicated to recognising site managers who achieve the highest standards in house building.

- **NHBC Standards cover circa 80% of all new homes.** NHBC offers a vast range of comprehensive services to the industry to help them build high quality homes, and to ensure consumers have a positive experience living in their new build home protected by NHBC's 10-year Buildmark warranty.
- **NHBC provides guidance and training to industry.** NHBC delivers approximately 10,000 delegate days of training to the house-building industry per year and through the NHBC Foundation, regularly produces high quality research to help industry meet the challenges of the day.

What steps the Welsh Government should take to ensure that new-build homes, as well as existing homes, are highly energy efficient to prevent them causing fuel poverty in the future?

- To ensure energy efficiency is realised in practice in new build homes, NHBC works closely with those carrying out building work to ensure they understand what measures they must take to comply with both the national Building Regulations and regulations set by planners, to meet minimum renewable energy targets.
- NHBC offers services and practical design solutions to builders to ensure new homes meet their energy and sustainability objectives, as well as regulatory requirements with the following products:
 1. *Energy performance certificates* – Every year, NHBC's energy team produces over 20,000 energy ratings for new-build houses, conversions and commercial projects.
 2. *Energy reports* – It is increasingly necessary to demonstrate energy efficiency above and beyond the normal requirements of Building Regulation Part L – either to comply with planning conditions, for example the London Plan or the Code for Sustainable Homes.
 3. *Consultancy advice* – Getting advice early in the process can ensure that

it is a priority and help reduce the cost of energy solutions.

4. Section 6 Certification – As an Approved Certifier of Design for Energy (Domestic) we can work to develop designs and certify that they comply with the energy requirements of Section 6.
- Via the NHBC Foundation, NHBC produces high-quality research reports and practical guidance to help the house-building industry address the considerable challenges of delivering 21st-century new homes.
 - Research conducted by the Foundation last year on the advantages of new homes outlined the reduced costs to those living in the home as a key benefit of increased energy efficiency.
 - Figure 1 below taken from NHBC Foundation research shows a comparison between a renovated Victorian home of the same size and window area of a new build.
 - (Building Regulations vary throughout the UK and so the costs will be slightly different in Scotland, Wales and Northern Ireland.)

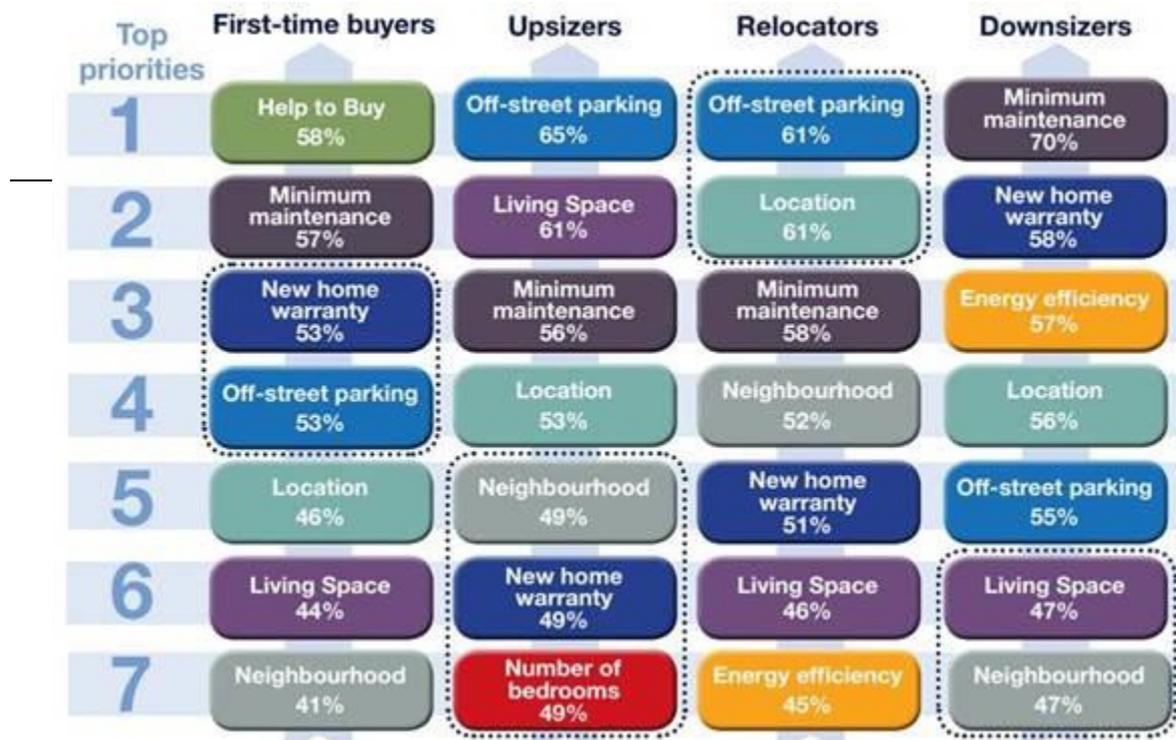
Figure 1 – A comparison of new homes to Victorian builds¹



¹ NHBC Foundation Report – The Advantages of New Homes - November 2016

- A new home built to modern Building Regulations standards will cost approximately half as much to heat as a Victorian home and have the following advantages:
 - reduced bills for heating and hot water
 - reduced electricity bills
 - better standards of insulation, draught-proofing and improved 'airtightness'
 - double glazing
 - efficient controls (programmer, room thermostats and thermostatic radiator valves)
- With their better standards of thermal insulation and energy efficiency, new homes warm up more quickly, draughts are minimised, unwanted heat loss reduced, improved control of comfort, improved ventilation and a reduced risk of condensation and mould.
- NHBC Foundation research shows that energy efficiency is prioritised by different purchasers of new homes.
- Figure 1 shows the findings of an NHBC Foundation research survey sent to 14,000 people asking what they prioritise when looking for a new home.

Figure 2 – Market differentiation by purchaser type, top seven priorities when choosing a new home²



² NHBC Foundation Report – Beyond Location, Location, Location - April 2018 Available online at: <https://www.nhbcfoundation.org/>

Appendix – Further information about NHBC

Figure 3: NHBC's Business model – The Virtuous Circle

- NHBC reinvests in the sector and through its business model, seeks to support best practice in building homes to a high standard.
- NHBC operates in a different way to other building societies. Its practice would be for an insurance company rather than a lender and not necessarily be active in supplying the products they cover.
- NHBC's model involves actively managing risk by segmenting and pricing them.



NHBC Standards

- NHBC actively seeks to work with the housing industry to raise standards and increase the quality and safety of buildings.
- NHBC Standards are published as a manual and contain a guide for builders advising on compliance with Building Regulations, the Technical Requirements, and guidance for the design and construction of homes acceptable to NHBC.
- NHBC's Standards serve as an additional level of protection for homebuyers, as the property has undergone a layer of inspection above the statutory requirement.
- Around 9,000 builders and developers are currently registered with NHBC. This means they are committed to building homes in line with NHBC Standards and have undergone commercial and technical assessments to test their ability to build to these standards.
- The Standards are at the core of NHBC's social purpose to help builders improve the construction quality of new homes for homeowners, and the content is regularly updated in order to keep pace with changing regulations and technical innovation.

NHBC Building Control Services (BCS)

- Building Control is the process of helping builders ensure that Government-set Building Regulations are met on projects of all sizes and complexities.
- NHBC BCS in England and Wales deliver dedicated support and technical advice for builders and their professional advisers.
- With technical experts to call on in-house, BCS is well-placed to help ensure the health, safety and welfare of all building users by providing a consistent interpretation of Building Regulations. It is important to note that Building Control is not a replacement for the builder's own quality control checks and obligations to build in accordance with Building Regulations.