

NHBC
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STEWARDSHIP AND RESPONSIBILITY:
A POLICY FRAMEWORK FOR PRIVATE HOUSING IN SCOTLAND

Thank you very much for sending me a copy of the above document which I read with interest. Although large areas of the document refer to common repair and maintenance items I do believe that NHBC would be interested in making a contribution to the document as it relates to quality standards of private housing the 21st century.

SCOTTISH DIRECTOR
Raising house-building standards for home buyers

National House-Building Council is a company no. 320784 limited by guarantee, registered in England. NHBC registered office: Buildmark House, Chiltern Avenue, Amersham, Bucks HP6 5AP.



INVESTOR IN PEOPLE

NHBC

NHBC Comments on the Housing Improvement Task Force Final Report, Stewardship and Responsibility: A Policy Framework For Private Housing in Scotland.

Introducing NHBC

NHBC's primary purpose is to raise standards in the new homes industry and provide consumer protection for new homeowners. As the leading warranty and insurance provider for new homes in the UK, NHBC was established 65 years ago as a non-profit distributing company, limited by guarantee.

An Independent Authority

NHBC's experience, knowledge and unrivalled understanding of the UK house-building industry, means it is a respected voice and can exert a positive influence to raise standards and protect consumers.

NHBC is independent of the house-building industry but works closely with it. Our governing Council of 74 includes the major stakeholders with an interest in raising house-building standards for homebuyers. These include the Local Government Association, the Royal Institute of Chartered Surveyors (RICS), the Royal Institute of British Architects (RIBA), and the Council of Mortgage lenders (CIVIL), the Consumers Association and house builders.

1.6 million homeowners are currently protected by NHBC Buildmark cover (Approximately 500,000 in Scotland)

NHBC registers about 85% of new homes built in the UK

NHBC has 18,000 registered builders who agree to comply with NHBC Rules and Standards (Approximately 1,500 Scottish Builders and Developers)

NHBC is now the single largest provider of Building Control and inspects approximately half of the new homes built in England and Wales for compliance with Building Regulations

NHBC provides a range of complementary services to the industry and is currently the largest provider of construction management training, Health and Safety and Home Energy Rating services in the UK

NHBC's Introductory Comments

NHBC welcomes the main purpose of the Report to improve the quality of Scotland's private housing stock and to ensure the homeowner is aware of the need to invest in the repair and maintenance of his property.

NHBC believe our Buildmark Insurance Cover offers significant protection to newly built houses and conversions, easing the burden of repair placed on the homeowner. Further more our comprehensive Building Standards are acknowledged as having contributed to raising the quality of construction of new houses.

NHBC has responded to the draft Housing Bill and to the Parliamentary Select Committee for the ODPM regarding their inquiry into the introduction of home information packs in England and Wales to increase consumer protection and improve the home-buying process, and is supportive of these proposals.

NHBC agree that the quality of information made available to home purchasers can be improved and the concept of a purchaser's information pack and house condition report for each home, is a step forward. It creates the potential for improving knowledge about the condition of homes and the information available to both vendors and purchasers.

Chapter 3 Improving the Operation of the Housing Market Improving the Information Available to House Purchasers

NHBC agrees that the purchasers' information pack should contain copies of any current NHBC or equivalent warranty, the benefit of which transfers to the buyer. It is NHBC's opinion this will increase consumer awareness of the important role warranty schemes play and encourage more accurate and comprehensive dissemination of warranty documentation.

NHBC agrees that the "single survey" should contain a house condition report, which sets out the physical condition and the energy efficiency of the property.

However where a new home (including one being created by converting or extending an existing property) is being considered, NHBC suggest that the necessity to produce a house condition report be relaxed if the condition report contains evidence that the home is registered with NHBC.

In the new homes market, unlike the second hand sector, homeowners are well protected if an NHBC warranty is in place. Additional surveys costing several hundreds of pounds where homebuyers are well protected, simply adds an additional layer of costs and delays.

In our view the current proposals limit the potential for warranty companies to offer enhanced consumer protection. They may also create further problems for consumers by creating a confusing duplication of inspection bodies, defect criteria and parallel means of redress within the warranty period, which in NHBC's case, provides comprehensive no-fault protection for the house purchaser.

In our view there would be considerable advantages to consumers if the exemption from a home condition report were extended to the length of the warranty period, on condition that the seller chooses an alternative option of a re-inspection by the warranty company.

A considerable advantage of NHBC warranty schemes' protection is that unlike rights enforced through consumer legislation, it does not require recourse through the courts with all the ensuing delays and costs. For such homes an additional home condition survey would be an unnecessary additional cost.

In addition to proposing that the exemption period for the home condition report is extended, NHBC also proposes that warranty schemes be allowed to carry out a re-inspection of homes that are sold within the warranty period, at the sellers request. The seller would be required to choose between a home condition report inspection, or a re-inspection from the warranty company which would then attest to the fact that the home's condition continues to meet the requirements for exemption.

Such a revalidation of the warranty would offer the additional advantage that the warranty company may take the opportunity to offer enhanced consumer protection through, extensions of cover to homeowners, based on a fresh perspective on the risk of a property with a known condition and history.

In NHBC's view both the desire to give sellers and buyers more information regarding the condition of a property and the need for appropriate consumer protection to rectify defects, are best addressed through a warranty company's re-inspection. This would reinforce all the advantages of such schemes for both sellers and buyers.

Where structural alterations have been carried out post-construction, a home condition report could be required.

NHBC would welcome the opportunity to discuss this further with the Executive

Other Possible Changes to the House Buying and Selling Process

The comments made under paragraphs 205-loss of deposit, and 206 extent of cover, need clarification as on initial reading they are not accurate as they relate to NHBC Buildmark Cover, and the principle of Caveat Emptor.

If there is a dispute between a homeowner and a builder within the first two years of the house being constructed NHBC offer a free resolution service, a fact that could be referred to within the section of this chapter that relates to complaints.

Improving Confidence in the Building Industry

NHBC operate a regulatory framework over our 18,000 Registered Members and have systems in place to monitor their financial status, technical capability, and ongoing performance.

NHBC's national inspectorate carries out 750,000 inspections on new homes during construction each year and operates the world's leading electronic inspection system.

All our systems are supported by sophisticated IT infrastructure, and NHBC would be willing to work with the Executive should consideration be given to introducing a wider registration scheme for the building industry in Scotland.

NHBC's Buildmark 1997

Pre completion

- Insurance for a lost deposit or completion of the home if the builder is insolvent.
- Policy limit of £10, 000 or 10% of the purchase price of the home (whichever is more.)

The first two years after completion

- The builder is responsible for rectification of any defects or damage to the home due to a breach of NHBC's technical standards.
- Free dispute resolution service provided.
- Insurance cover to meet the builder's obligations in the event of insolvency or failure to carry out works required following resolution.
- Policy limit based on the purchase price of the home, plus inflation.

Years 3-10

Cover for

- Major damage due to a defect in the loadbearing structure. The structure includes the foundations of the dwelling and garage (if any) and loadbearing parts of the floors, walls and roof, together with retaining walls necessary for its structural stability.
 - Any defect in the below ground drainage system.
 - Defects in flues causing a danger to health and safety.
 - Subject to a £500 excess, damage caused by a defect in: - External render and tile hanging
- Tile and slate covering to pitched roofs
- Failure of floor decking and screeds to support normal loads
- Policy limit based on the purchase price of the home, plus inflation.

Additional cover

NHBC still provides cover in years 3-10 for all the parts of the home covered by the 1997 policy, subject to a minimum claim value (currently £615). In addition NHBC currently provides additional consumer protection, for example in respect of failure of double and triple glazing panes, ceilings and non-load bearing partition walls, and also for land contamination where we have carried out Building Control (England and Wales)

Conclusion

NHBC welcomes the content of the Stewardship and Responsibility document Our goal is to ensure that the arrangements for introducing the single survey concept is both practical and efficient and will enhance consumer protection for new homeowners.

It is in this context that we would ask the Executive to consider our proposals for a warranty scheme re-inspection and additional consumer protection as an alternative to house condition report for homes sold subsequent to first private sale and within the warranty period.