HBA Newsletter

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Nutrient Neutrality – Update

Winchester Local Plan delayed

On 10 August Winchester Council approved a year's delay to its Local Development Scheme, changing the timetable from submission for examination (originally November this year) to Qu.3, 2024, with adoption in Qu.3, 2025. One of the reasons cited for this was nutrient neutrality.

The council noted "*that the number and the technical nature of the representations have meant that it has taken longer to analyse and identify changes to the draft policies originally allowed for in the current LDS".*

Extending the timetable for preparing the Local Plan means that the end date of the Local Plan will be amended to 2020 – 2040.

The District falls within three riverine catchments in relation to nutrient neutrality. This includes the East Hampshire catchment and the Test and the Itchen catchments.

In March 2022 Natural England's revised guidance added a further 42 LPAs in respect to nutrient neutrality for habitat sites. **It introduced phosphorus neutrality** in relation to the Itchen catchment as a requirement for overnight accommodation so any new overnight accommodation in the Itchen catchment must mitigate the impacts of phosphorus as well as total nitrogen.

The Solent had recognised problems from nitrate enrichment (high levels of nitrogen from human activity and agricultural sources in the catchment had caused excessive growth of green algae and it was essential that the IIA, being prepared alongside and informing the content of the Local Plan, calculated and referred to a solution to the demands of nutrients (nitrogen and phosphates) as a result of housing development in the Local Plan.

Developers and site promoters had been asked to identify how they intended to address nutrients for the allocated sites in the Regulation 18 Local Plan.

Funding bids had been submitted by PfSH to the government to help fund potential solutions and a decision was awaited. However for the purposes of Plan-making, the LPA was unable to identify a deliverable solution for nutrient neutrality to deliver the housing in the Local Plan.

This was a key area of work that still needed to be resolved over the coming months to meet the requirements of the Habitat Regulations Assessment. As a result of this, the timetable was revised.

Winchester temporarily suspended work on its local plan in 2020, following the publication of the government's Planning White Paper.

Its core strategy was adopted in March 2013, so is over ten years old.

Comment: the lack of nutrient mitigation options is becoming a repeated difficulty/outcome for many local planning authorities.

https://democracy.winchester.gov.uk/documents/s26060/CAB3419%20Local%20Development%20Scheme.pdf

Norfolk – making new homes more expensive

On 5 August the Eastern Daily Press reported that "*Fears have been raised that certain Norfolk communities could be swamped with hundreds of new homes - because developers are blocked from building housing in other parts of the county because of nutrient neutrality issues.*"

It noted that last year's direction from Natural England meant councils could not currently approve housing schemes in areas within the catchment of the Broads and River Wensum until mitigation schemes were put in place.

Councils had formed a joint venture with Anglian Water to deliver mitigation through the purchase of credits, but it has yet to award any.

The director of place for Broadland and South Norfolk Councils said, "…the joint venture is well established now, and we are looking to secure our first deal in the next few weeks."

The leaders of South Norfolk Council and Breckland District Council recently wrote to Rishi Sunak about the nutrient neutrality issue. The letter states, "As a result of the mitigation packages being implemented by a range of councils, **new homes are typically £4,000 to £10,000 more expensive** for first-time buyers and other local people who desperately need good, affordable housing." They called on him to shift the "burden of cleaning our rivers" away from councils and back to organisations such as Natural England, the Environment Agency and water companies.

Together with eight other senior council leaders they called on the prime minister to intervene to end the 17-month planning limbo. 41,000 homes across Norfolk had been put on hold because of the issue and local builders' merchants had laid off staff.

They warned mitigation packages put in place in other parts of the country had raised new house prices by up to £10,000. The paper noted that this was having far-reaching consequences for Norfolk.

Political barriers to development and simplifying plan-making

The planning system should be simpler, faster and more effective but this will not remove political barriers to development

Building magazine's "Opinion" piece by the Managing Director of the Strategic Land Group (Issues No, 8, August) notes that the Levelling Up and Regeneration Bill (a poorly disguised planning bill(is close to completing its passage through Parliament and the government is consulting on how the new process will work to deliver speed and simplicity, thereby helping it to focus on planning rather than process.

However, he argues that, whilst these proposals are largely to be welcomed, problems with plan-making went beyond the purely technical aspects.

Research by the Land Promoters and Developers Federation showed that councils with more development constraints (such as Green Belt) were more likely to have out-of-date plans.

Such constraints provided protection from unplanned development, allowing some councils to avoid delivering new homes by simply failing to prepare a local plan.

Protection from unplanned development by having an up-to-date plan would have little attraction – for many councils not preparing a local plan could be the politically pragmatic course of action.

Those where political control had recently changed were also more likely to have an out-of-date plan.

Process – reaction to government's proposals: meanwhile *Planning Resource* notes that the government's aim is for plans to be "simpler to understand and use", prepared more quickly and updated more frequently to reflect local needs.

However, it reports concerns by practitioners including:

- the absence of sanctions if a local authority doesn't meet the proposed 30-month target for local plan preparation
- silence on any test of meeting development needs
- how issues which go beyond a local authority's boundary will be addressed during gateway assessments – particularly how the alignment test (replacing the duty to co-operate) will work
- the 'effective' element of the tests of soundness, in particular the extent to which deliverability over the plan period must be demonstrated through evidence
- the need for three gateway assessments, particularly the final one immediately before the examination
- that the advice during the gateway assessments and in the examination may not be consistent, with different inspectors giving different views about the appropriate content of a plan.

Local Plan Update

North Devon & Torridge: on 31 July Torridge Council decided to proceed with a full review of its Joint Local Plan with North Devon, despite their joint planning committee advising against this. The current Plan was adopted in 2018.

An Officer's report to Torridge Council drew attention to the "range of emerging opportunities that have the potential to be transformative.

"Focussed on the "green economy" the range of investment, programmes, projects and proposals come with significant benefits to business and employment opportunities whilst importantly delivering on the Council's commitments to respond to the consequences of climate change."

Whilst noting a number of significant points of change since the current Plan’s adoption, including an altered positive position with regard to the five-year housing land supply, the continuing absence of revised national planning policy, it said that the work completed on reviewing the Local Plan to date, including the completion of a Planning Advisory Service Plan Review Toolkit showed that the Local Plan remained fit for purpose and was still in general conformity with current national planning policy.

In response to Torridge’s decision North Devon Council said it “sincerely hopes the two authorities can agree a joint way forward, as doing so will save local taxpayers money in both authority areas and will fit with the fact that we have other joint strategies in place and in preparation.

“We are reviewing the Torridge District Council decision and considering what position that now leaves the strategic planning for the area.”

The Torridge Councillor, who is also Vice Chair of the Joint Planning Policy Committee, said north Devon was presented with a range of once-in-a-lifetime opportunities that had the potential to be transformational to the area’s economy.” The local plan must positively support this transformation, he said.

Uttlesford: one of the local authorities which had its planning powers removed under the government’s special measures programme because of poor performance.

The special measures have allowed developers to submit applications directly to the Planning Inspectorate, which has just refused an application by Weston Homes for 40 homes in BMV agricultural land, where development was restricted in the 2005 local plan.

The main issues were its countryside location, its accessibility for non-motorised suers/highway safety, impact on the area’s character and appearance and the effect of noise on future occupiers.

There were two main reasons for refusal, including "unacceptable harm to the established character and appearance of the surrounding area and to the significance of Smiths Green Lane, a protected lane and non-designated heritage asset,” specifically its effects during hours of darkness and removal of vegetation.

In its favour the Inspector gave significant weight to the provision of 16 affordable dwellings” and noted that the council could not demonstrate a five-year housing land supply (4.89 years).

Planned **biodiversity enhancements** “could be appropriately secured by condition” but “this benefit would be neutral given the amount of currently undeveloped greenfield land and vegetation that would be lost."

The Inspector was not persuaded that safe and suitable access for non-motorised users could be ensured whilst preventing significant harm to local character and biodiversity arising from surface and lighting proposals, thereby conflicting with the local plan and the NPPF.

Newcastle Under Lyme – green belt

Newcastle under Lyme has published its first Draft Local Plan 2020-24 for consultation.

Strategic Allocations: it is putting forward three possible strategic allocations for employment sites in the Green Belt. It also proposes meeting over half of its housing need on green belt land, including 900-homes on a former golf course. It stresses these sites are not currently proposed for allocation, but it is seeking views on site options.

The draft plan proposes a minimum of 7,160 homes over the plan period (2020 to 2040), or 358 homes a year.

3,421 homes have already been completed or have permission and it is looking to allocate sites for the remaining 3,739 homes and identifies 42, which could provide up to 4,757 homes. 3,725 homes could be built on land currently within the green belt.

The council said, “wherever possible we do have a preference for redundant, brownfield sites that can be used again, rather than building somewhere for the first time.”

The consultation began on 19 June and runs until Monday (14 August).

https://consult.newcastle-staffs.gov.uk/kse/event/37506/section/s168614081890249#s168614081890249

Recent High Court Judgements – funding medical care for urban extensions

On 31 July the High Court handed down the Judgement in a case brought by Worcestershire Acute Hospitals NHS Trust against Malvern Hills, Wychavon and Worcester Councils. The Judge dismissed the Trust’s challenge to a planning consent for a 2,200-home development, one of six major urban extensions to Worcester, as set out in the South Worcestershire Development Plan.
The Trust argued that its provision of medical care to people moving to the area during the first year of occupation would be partially unfunded and asked the council to impose a S. 106 planning obligation on developer, Welbeck Strategic Land LLP, requiring it to contribute c. £1.84 million towards bridging the gap.

The council’s planning officers could not find that there was any such funding gap or that it was ‘necessary’ to require a financial contribution from the developer. Any such requirement would be non-compliant with the Community Infrastructure Levy Regulations.

Furthermore, the Trust’s request could only be met at the expense of other housing and education infrastructure, or affordable housing considered necessary to make the development acceptable in planning terms.

Viability concerns had already led to the affordable housing requirement being reduced from 40 % to 20 %. The Trust’s request could render the scheme undeliverable.

The Trust then launched a Judicial Review challenge against Malvern, Worcester and Wychavon Councils.

However, the Judge dismissed the claim, observed that it was for the Trust to demonstrate the existence and size of any funding gap.

In giving “clear and ample” reasons for their conclusion that it had failed to do so, officers rightly had in mind the necessity test enshrined Regulation 122(2) of the CIL Regulations.

“…It should be obvious to the trust and its advisers that it has not explained the extent to which NHS funding allowed for population growth addresses the issue regarding the first year of occupancy on a new development site.

“TheTrust cannot genuinely claim to have suffered any prejudice on this issue. Furthermore, the officers’ reasoning does not give rise to any substantial doubt as to whether the council’s decision was free from any error of public law.

“It follows that the councils were entitled to conclude that they were not satisfied that the trust’s request was ‘necessary’ for the purposes of Regulation 122(2) of the CIL Regulations. On that basis, they could not lawfully have required the developer to pay the contribution requested in order to make the proposed development acceptable in planning terms.”

The Trust had “never challenged the assessment by the councils that the section 106 requirements they approved, and the provision of affordable housing were necessary to make the proposed development acceptable and were, in any event, a higher priority than the trust’s request.

“Likewise, the Trust does not bring any challenge to the councils’ decision that the section 106 contributions for essential infrastructure and the 20 % level of affordable housing should not be reduced in order to accommodate the trust’s request."

“These unchallenged, unassailable conclusions could not give rise to any legal obligation on the part of the councils to re-open the viability appraisals or to seek further information.”

https://www.bailii.org/cgi-bin/format.cgi?doc=/ew/cases/EWHC/Admin/2023/1995.html&query=(CO/4577/2022)

Proposed increase in planning fees – industry reaction

As reported in the last issue of HBA Newsletter, DLUHC has confirmed that fees for major planning applications will rise by 35 %, and all other applications by 25 %, from next April.

According to the Department’s Impact Assessment, the planning application service costs about £675 million a year to run but fee income is around £393 million, which “is financially unsustainable for local planning authorities [so] local authorities have to fund the shortfall from their general budgets, leaving other areas with reduced funding”.

In February the Department had suggested that “additional income arising from the proposed fee increase should be ringfenced for spending within the local authority planning department” (supported by 88 % of the consultation respondents) but has now said that ring-fencing would “impose a restriction” on councils which were best placed to make funding decisions.

The BPF wrote to the parliamentary Joint Committee on Statutory Instruments asking it to insert ring-fencing but conceded that it was unlikely to succeed.

The Association of Directors of Environment, Economy, Planning and Transport (ADEPT) and the Local Government Association (LGA) are pressing the government to allow local authorities to set their own fees, rather than them being set by central government.

Savills said it would be helpful to find new ways to measure the performance of planning departments to incentivise them to fund and deliver a better service.

The Planning Officers Society said it would take time to see the benefits of the new resources in an improved planning service. “There is a general shortage of planners and particularly experienced ones that local authorities need.”

Mandatory Information from leaseholders and current landlords

On 10 August DLUHC issued guidance explaining the information required to complete the leaseholder deed of certificate, and what information landlords must provide in the landlord’s certificate.

The leaseholder deed of certificate (MS Word Document, 61.2 KB) sets out information that a landlord, RMC, RTM or named manager needs for the purposes of applying the leaseholder protections to help them to:

a. determine the qualifying status
b. calculate the remediation cap.

https://www.gov.uk/guidance/mandatory-information-required-from-leaseholders-and-building-owners

Fire Safety Remediation Survey

On 8 August the Regulator of Social Housing wrote to all registered providers in England with a new data request to complete from week commencing 21 August.

Working with the Department for Levelling Up, Housing and Communities, it is seeking assurance from all registered providers that for all buildings 11 metres plus (including those over 18 metres) for which they are responsible, that they have:

- met their obligations under the Fire Safety (Regulatory) Order 2005 for assessing fire safety risks associated with the relevant parts of those buildings.
- That where there are risks, they understand what they are and how they should be addressed, particularly in relation to cladding and.
- Where they have identified life safety fire risks, they have a plan in place to remediate those buildings in a timely manner.

The survey template ‘FRS Guidance 2023 V01’ can be found in the Documents section of the NROSH+ website.

https://www.gov.uk/government/publications/letter-to-registered-providers-fire-safety-remediation-survey

Aldermore Bank and NFB: Finance and funding survey

NFB in conjunction with its associate member, Aldermore Bank would like to understand member and industries finance and funding needs. We have put together a short survey, which should take no more than a couple of minutes to complete but give us a good picture of what industry needs, where we should be targeting support and how best support the construction sector.

This knowledge will also help NFB Policy identify ways to better support members and lobby the Government for appropriate assistance in funding, regulation, and policy

Find the survey here:
https://www.surveymonkey.co.uk/r/MP3CB39

HBA Housebuilders survey

This House Builders Association (HBA) survey is a rolling survey, which helps us identify what industries main challenges are, so we can inform decision makers, such as politicians, what they are getting right and what they need to improve.

With the Government likely to draw planning into the ‘Levelling Up whitepaper,’ it is an ideal opportunity for you to complete this survey and help us lobby for the changes SME housebuilders need.

Find the survey here:
https://www.builders.org.uk/policy/survey-page/hba-housebuilders-survey/

The Economy

Consumer Price Inflation, July

On 15 August Office for National Statistics published CPI data for July.

- The Consumer Prices Index including owner occupiers' housing costs (**CPIH**) rose by 6.4% in the 12 months, down from 7.3% in June.

- On a monthly basis, CPIH fell by 0.3% compared to a rise of 0.6% in July last year.
- The Consumer Prices Index (**CPI**) rose by 6.8% in the 12 months to July, down from 7.9% in June.
- On a monthly basis, CPI fell by 0.4% in July, compared with a rise of 0.6% in July 2022.

- **Core CPIH** (excluding energy, food, alcohol and tobacco) rose by 6.4% in the 12 months to July, the same rate as the 12 months to June; the CPIH goods annual rate slowed from 8.5% to 6.1%, while the CPIH services annual rate was 6.5%, up from 6.3% in June.
- **Core CPI** (excluding energy, food, alcohol and tobacco) rose by 6.9% in the 12 months to July, unchanged from June; the CPI goods annual rate slowed from 8.5% to 6.1%, while the CPI services annual rate rose slightly from 7.2% to 7.4%.

GDP Monthly Estimate, June

On 11 August Office for national Statistics published its monthly estimate for June.

Monthly

- real gross domestic (GDP) was estimated to have grown by 0.5%, following a fall of 0.1% in May and growth of 0.2% in April, both unrevised from the previous publication.

Quarterly

- GDP grew 0.2% in the three months to June.

Production output grew by 1.8% after a fall of 0.6% in May, unrevised from the previous publication; this sector was the main contributor to the growth in monthly GDP in June.

The **construction** sector grew by 1.6%, following a fall of 0.3% in May, revised down from a fall of 0.2% in the previous publication.

Services output was up 0.2%, after showing no growth in May, unrevised from the previous publication; output in consumer-facing services grew by 0.5%, following an unrevised fall of 0.2% in May.

Labour Market, Qu.2, 2023

On 15 August Office for National Statistics published statistics on the Labour Market for Qu.2.

Employment: the employment rate was 75.7%, 0.1 % lower than Qu.1. The quarterly fall was driven by full-time employees and self-employed workers.

The estimate of payrolled employees for July 2023 showed a monthly increase, up 97,000 on the revised June figure, to 30.2 million. (The July 2023 estimate should be treated as a provisional estimate and is likely to be revised when more data are received next month).

Unemployment: the unemployment rate rose by 0.3 % on the quarter to 4.2%, driven by people unemployed for up to 6 months.

Economic inactivity: the economic inactivity rate fell by 0.1 % on the quarter, to 20.9%, largely driven by those inactive because they were looking after family or home. Meanwhile, those inactive because of long-term sickness rose to a record high.

Flows estimates showed that, between January to March and April to June, there was a large net movement from **economic inactivity into unemployment.**

Pay: annual growth in regular pay (excluding bonuses) was 7.8%, the highest regular annual growth rate seen since comparable records began in 2001.

Annual growth in employees' average total pay (including bonuses) was 8.2%; this total growth rate was affected by the NHS one-off bonus payments made in June.

In real terms (adjusted for inflation using Consumer Prices Index including owner occupier's housing costs (CPIH)), annual growth for total and regular pay rose on the year, by 0.5% for total pay, and by 0.1% for regular pay.

UK Trade, June

On 11 August the Office for national Statistics published UK trade figures.

Monthly

- The value of goods **imports** fell by £2.9 billion (5.8%), with a large fall in imports from non-EU countries partially offset by a rise in imports from the EU.
- The fall in imports from non-EU countries was the largest since April 2020 because of a £2.1 billion (39.6%) fall in fuel imports as a result of lower gas prices in June.
- The value of goods **exports** rose by £0.6 billion (1.8%) because of a rise in exports to non-EU countries, while exports to the EU remained stable.

Quarterly

- The total trade in **goods and services deficit** narrowed slightly by £0.5 billion to £19.0 billion in Quarter 2, because of a larger fall in imports than exports; the total trade deficit has declined steadily since Quarter 1 2022 when it stood at £30.4 billion.

- The **trade in goods deficit** narrowed by £4.6 billion to £51.3 billion in Quarter 2 2023, while the **trade in services surplus** narrowed by £4.1 billion to £32.3 billion.

Producer Price Inflation, June

16 August Office for National Statistics published producer price inflation figures.

- Input prices fell by 3.3% in the year to July, down from 2.9% in the year to June.
- Output (factory gate) prices fell by 0.8% in the year to July, down from 0.3% in the year to June.
- On a monthly basis, input prices fell by 0.4% while output prices rose by 0.1%.
- Inputs of crude oil and petroleum products provided the largest downward contributions to the annual rates of input and output inflation, respectively.
- While annual producer price inflation rates have turned negative, with prices in some sectors falling, the index levels for both input and output prices remained substantially higher than their 2021 levels.

Retail Sales, July

On 18 August the Office for National Statistics published retail sales data for July.

- Sales volumes fell 1.2%, following a rise of 0.6% in June (revised from 0.7%).
- Food stores sales volumes fell by 2.6%, with supermarkets reporting that wet weather reduced clothing sales; food sales also fell back with the increased cost of living and food prices affecting sales volumes.
- Non-food stores sales volumes fell by 1.7%.

Construction Output, June

On 11 August the Office for National Statistics published construction output figures for June.

- Output rose 1.6%, following three consecutive falls, the highest level of construction output since records began in January 2010
- six out of the nine sectors saw a rise. The largest negative contributor was private new housing, which fell 3.3% (£324 million).

The Market

House Price Index, June

On 16 August the Office for National Statistics published the House Price Index for June.

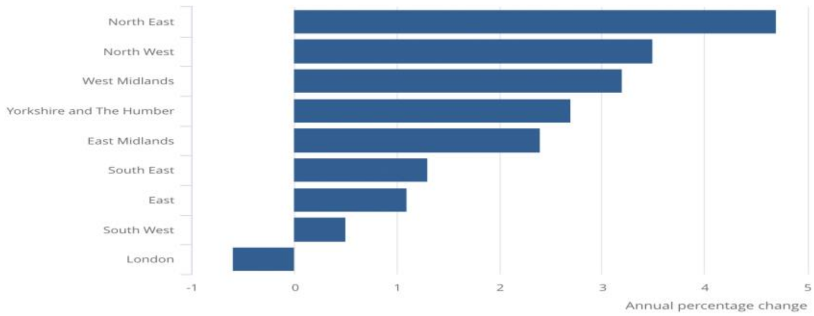
- Average UK house prices rose 1.7% in the 12 months to June (provisional estimate), down from a revised 1.8% in May.

- Average house prices increased over the 12 months to June by 1.9% in England, 0.6% in Wales (0.6%) and 2.7% in Northern Ireland; average Scotland house prices were unchanged (0.0%).
- The North East saw the highest annual percentage change of all English regions in the 12 months to June (4.7%), while London saw the lowest (negative 0.6%).

4. House prices by region in England

Figure 4: The North East is the region with the highest annual house price percentage change

All dwellings annual house price percentage change, by English region, 12 months to June 2023



Source: UK House Price Index from the HM Land Registry and Office for National Statistics

RICS Residential market Survey, July

On 8 August RICS published its Residential market Survey for July.

Nationally **new buyer enquiries** recorded a net balance of -45%, similar to June’s figure of -46%, showing a sharp downturn in buyer demand following the latest rise in mortgage interest rates. At regional/country level, all parts of the UK recorded a negative return for new buyer enquiries.

A net balance of -44% of respondents reported a fall in **agreed sales**, down from -36% and the weakest reading since the early stages of the pandemic. Volumes fell across the UK.

Near-term **sales expectations** had become increasingly subdued, with a net balance of -45% (weaker than respective net balances of -38% and -11% in June and May).

New instructions: the net balance fell to -13% (compared to -3% in June), showing a continued fall in the supply of housing coming onto the market.

The number of **market appraisals** was lower than July 2022 at -37%.

Inventory levels on estate agents books were broadly steady, averaging about 38 properties so supply levels continued to be very tight looking at a longer-term historical comparison.

House prices: the net balance fell to -53%, down from -48% last month (between February and July the net balance moved from -45% to -31%).

Within this, the latest readings were particularly low across Yorkshire & the Humber, the East Midlands and the South East. Northern Ireland was the only part of the UK to post a positive net balance although it fell from +34% to +16%.

Lettings: tenant demand rose over the three months to July (part of the seasonally adjusted quarterly lettings data), with a net balance of +54% of respondents citing an increase - the strongest quarterly pick-up since the start of 2022.

Landlord instructions fell once again, with the latest net balance dropping to -30% from -24%. On the back of this continuing mismatch between rising demand and dwindling supply, a net balance of +63% of respondents expect rental prices to increase over the next quarter, up from +55% in the previous quarter, a new record high for the series.

Halifax House price Index, July

On 7 August the Halifax published its House Price Index for July showing prices fell -0.3% month on month, -0.3% quarter on quarter and -2.4% year on year.

Halifax said "…These figures add to the sense of a housing market which continues to display a degree of resilience in the face of tough economic headwinds.

"In particular, we're seeing activity amongst first-time buyers hold up relatively well, with indications some are now searching for smaller homes, to offset higher borrowing costs.

"Conversely the buy-to-let sector appears to be under some pressure, though elevated interest rates are just one factor impacting landlords' business models, together with considerations of future rental market reforms.

"Prospects for the UK housing market remain closely linked to the performance of the wider economy. Several factors are providing support, notably strong wage growth, running at around +7% annually. And, while the uptick in unemployment is likely to restrain that somewhat, it seems unlikely to reach levels that would trigger a sharp deterioration in conditions…"

Arrears and Possessions Qu.2, 2023

On 10 August UK Finance published arrears and possessions data for Qu.2.

Arrears

- **81,900 homeowner** mortgages were in arrears of 2.5 % or more of the outstanding balance in the second quarter of 2023, 7 % more than the previous quarter.
- Within the total, there were **30,940** homeowner mortgages in the lightest arrears band (between 2.5 and 5 % of the outstanding balance). This was 12 % greater than the previous quarter.

- There were **8,980 buy-to-let** mortgages in arrears of 2.5 % or more of the outstanding balance in the second quarter, 28 % greater than the previous quarter.
- Within the total, there were 4,810 buy-to-let mortgages in the lightest arrears band (between 2.5 and 5 % of the outstanding balance), 41 % greater than in the previous quarter.

- Mortgages in arrears accounted for 0.93 % of all homeowner mortgages outstanding, and 0.44 % of all buy-to-let mortgages outstanding in the second quarter of 2023.

Possessions

- 610 homeowner mortgaged properties were taken into possession in the second quarter of 2023, 19 % fewer than the previous quarter.
- 440 buy-to-let mortgaged properties were taken into possession in the second quarter of 2023, 7 % greater than in the previous quarter.

Persimmon – half year trading update

On 10 August Persimmon issued a trading update for the six months ending 30 June 2023.

Completions: there were 4,249 new home completions in H1 (2022: 6,652),

Investor deals accounted for 0.03 of the sales rate; the company continued to assess approaches from interested parties on a case-by-case basis.

Completions: full year completions should be at least 9,000.

Sales rate: stood at 0.59 for the period (2022: 0.91)

Forward sales: Current forward sales position (including 5 weeks post period end) of £1.6bn; 30% lower year on year (2022: £2.2bn)

Outlets: Selling outlets remained broadly flat in the period (June 2023: 273; December 2022: 272).

Its ambition remained to return to pre-Covid outlet numbers in the medium term, subject to planning constraints.

Land: 3,245 plots were brought into the business across 15 locations.

It had sharpened its approach to planning through local engagement, with 5,102 plots across 33 sites achieving detailed planning consent in the period. This represented 120% of completions, with a focus on seeking permissions on already owned land.

There weas some progress in addressing **nutrient neutrality** through proactive local engagement on mitigation.

Prevailing **build cost** inflation stood at around 5% and was expected to moderate further in the months ahead.

MMC: it continued targeted investment in vertical integration through a new Space4 factory and TopHat, a modular home manufacturer.

Building safety: it had maintained positive progress on its building safety remediation programme with many active tenders and works on-going. 36 of 80 developments completed; £350m provision announced in March remains unchanged.

It continued to engage with the Competition and Markets Authority Housing Market Study (**note**: the statutory deadline for a decision about whether CMA will make a market investigation is 27 August).

Finance: cash on 30 June 2023 stood at £357m, after £192m in dividend payments and £182m of land creditors paid during the period.

A new revolving credit facility was signed in July, increasing to £700m and extending to July 2028, including sustainability-linked metrics.

Bellway - year end trading update

On 9 August Bellway issued a trading update for the year ended 31 July.

It noted that the recent increase in mortgage rates through June and July had resulted in a weaker trading environment.

In the current financial year, given the level of the order book and prevailing low reservation rates, legal completions were expected to fall materially.

Total housing completions: 10,945 homes (c/w 2022: 11,198).

The Group's programme of accelerating the construction of social homes partially offset weaker private demand, which was impacted by higher mortgage rates and the end of Help-to-Buy.

The overall **reservation rate** reduced by 28.4% to 156 per week (2022 - 218) and the private reservation rate fell by 35.9% to 109 per week (2022 - 170).

The combination of strong volume output and the fall in reservation rates resulted in a lower, though sizeable, **year-end order book**, with a value of £1,193.5 million (2022 - £2,114.3 million), comprising 4,411 homes (2022 - 7,223 homes).

Land: during the year it contracted to purchase 4,715 plots (2022 - 19,089 plots) across 35 sites (2022 - 107 sites).

It also continued to review previously contracted land and decided not to proceed with the purchase of 886 plots across 4 previously approved sites.

Finance: it maintained a strong balance sheet with net cash of £232 million on 31 July 2023 (2022 -£245.3 million). Average net cash was £192.0 million during the year (2022 - £223.9 million).

TopHat Enterprises– year end results

On 8 August *Inside Housing* reported year end results for TopHat Industries and TopHat Communities. Their parent company, TopHat Enterprises, is registered in Jersey, therefore its accounts are not visible.

TopHat Communities, responsible for development operations, posted a pre-tax loss of £5.1m for the year, following a profit of £7.8m the previous year, despite nearly doubling revenue to £13.4m, an increase of 89%.

It said the previous year's profit had come as the result of the reversal of a previous provision for losses on contracts.

TopHat Enterprises runs factory operations for the Goldman Sachs-owned builder. It reported growing losses and lower turnover.

There was a pre-tax loss of £20.4m for the year to October 31, 2022, 4.6% higher than the loss recorded in the previous year. Turnover fell to £10.2m, down from £12.4m in 2021.

It said it was able to double its production over the course of the year and said that the lower revenue was a result of rules around revenue recognition, with some sites only able to be logged upon final sale.

The accounts described TopHat as “a young ambitious company that is still in its growth phase” which was not yet profitable or cash generative due to “investment in future growth and innovation” – the delivery of a second factory in Corby would enable it to become profitable “within the next three years”.

In June it announced a deal with France’s largest housebuilder, Nexity, to “accelerate the development of offsite construction in France”.

Inside Housing noted that, unlike Ilke – which used a land-led delivery model whereby it purchased land, secured planning permission and developed the site – TopHat only sold homes to third parties.

About a third of its output was acquired by housing associations, another third by developers and the final third by build-to-rent providers.

It said, "Early in 2023, the business closed a £70m fundraising round, in which Persimmon, Aviva Capital Partners and existing shareholder Goldman Sachs participated.” (see also Persimmon’s update, reported above).

L&Q – trading update

On 10 August Inside Housing reported on L&Q’s trading update for Qu.2, 2023.

Completions: it completed 701 homes, 46% fewer than the 1,295 in the first quarter of 2022.

It had 24,934 homes in its approved **development pipeline** at the end of the first quarter, down from 28,261 a year ago.

92 additional homes were approved in the period, compared to 206 in Qu.1, 2022.

It expects to begin construction on around 1,100 homes and make around 3,000 handovers in the financial year to March 2024.

Finance: its operating surplus was £68m, 23% lower than the £89m surplus of the previous year.

It is investing £3bn in a programme of repairs and remediation

L&Q said, “[Our latest] trading results continue to reflect our stated objectives to divert a greater level of expenditure towards our residents’ existing homes through our £3bn major works investment programme to address our strategic priorities of health and safety, quality of homes and improving services.”

It had invested £77m over the past 12 months to address damp and mould, fire safety, energy efficiency and wide-ranging estate improvements across its 105,500 properties.

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