

A productive year ahead

10th April 2017



At H+H we were pleased with the increased demand we experienced during 2016, despite the uncertainty generated by the EU referendum in June. We are also very confident of continued demand throughout 2017 as the Government makes further commitments toward housebuilding.

The Government's recent Housing White Paper reinforced the impression that SME builders will be crucial to delivering on the country's rising need for housing. The recession caused a severe reduction in SME numbers and the reliance has fallen to the top 10 housebuilders to fulfil the required output levels. The Government aims to encourage a wider range of housebuilders, freeing up land and opportunities for smaller builders.

This commitment is likely to see an increase in new homes compared to 2016, an outcome that rather flies in the face of predictions made before the Brexit vote. This is also reflected in the views of the Danish owners of H+H. Rather than pulling out of investment opportunities within its UK based factories, they have ramped up activity resulting in a million-pound upgrade, beginning in 2017, in our Borough Green plant based in Kent (one of three large facilities owned by H+H in the UK).

In readiness for this project, we have been planning and building stock to cover the demand during the closure and working closely with our partner customers to ensure they are aware of our activities. It is important to note that whilst the factory is being upgraded arrangements have been made to ensure continuity of supply to customers; so it is business as usual at H+H.

This is hugely positive and will see an increase in output levels coming out of the Borough Green facility. Like many manufacturers following the 2008 recession, H+H strived to make our plants work harder – postponing non-essential upgrades and keeping expenditure to a minimum. Running a manufacturing plant this way however isn't sustainable forever, especially when production figures increase and the upcoming upgrades to Borough Green will be undertaken to meet the demands of a strengthening UK market for decades to come.

The Borough Green factory has been in operation since 1992, so upgrading the facility will include replacement and maintenance to more than 85% of the machinery. The result will be the largest autoclave aerated concrete factory in Europe. We are targeting a productivity increase of around 25% to satisfy growing demand.

The upgrade will allow us to continue to manufacture the same, high quality, aircrete blocks using PFA as the main constituent. A by-product of coal fired power generation; PFA makes up 70% of the raw materials in each aircrete block.

There has been some discussion over recent months about the availability of PFA in the UK. With fewer coal fired power stations operating, supplies of fresh PFA have become less readily available.

The reduction in fresh PFA has caused challenges across the entire concrete industry. In Europe, H+H produces its aircrete blocks using sand as the major constituent and while this is an option for us here in the UK if required, we will continue to use PFA, in the short term.

Rather than seeking an alternative material, which could undermine the performance and environmental benefits enjoyed by aircrete in its current form, we have been developing our manufacturing processes to enable the use of stockpiled PFA. This material is abundant in the UK – easily sufficient to supply our needs for many years to come. Due to different performance characteristics compared to fresh PFA, we have adapted our manufacturing process to ensure a consistently high quality product.

With strong demand for aircrete continuing and the PFA supply issue resolved, we look forward to continuing the high quality product our clients demand, in both the near and far-flung future.

Posted by [Calum Forsyth](#) on April 10th in [General](#)

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