

Housebuilding giant Barratt kicks off search for next chairman

The City veteran John Allan is preparing to step down as chairman of Barratt Developments, Britain's second-biggest housebuilder by market value.

Sky News has learnt that Barratt has instructed headhunters at Russell Reynolds Associates to identify a successor to Mr Allan, who also chairs Tesco.

The process, which is unlikely to be concluded until next year, comes at a sensitive time for the UK housebuilding sector, with many of its biggest companies critical of a £3bn building safety levy forced through by ministers two months ago.

David Thomas, Barratt's chief executive, has been particularly outspoken, telling Michael Gove, the housing secretary, that the additional tax burden was unfair and disproportionate.

"This does not reflect well on the government's regard for UK business, creates an uncertain fiscal environment which leaves no incentive for companies to base themselves in the UK or be listed on the FTSE," Mr Thomas wrote last month.

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"It will harm inward business investment in the UK."

Barratt has set aside hundreds of millions of pounds to pay its share of the new levy, which allied with other factors has recently exerted downward pressure on the company's shares.

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During the last 12 months, its stock has fallen by more than a third, although with a market capitalisation of £5.1bn, it

remains bigger than Taylor Wimpey, the third-largest company by market value.

Persimmon, which has seen a similar decline over the last year, is capitalised at nearly £7bn.

Mr Allan has served as Barratt's chairman since November 2014, having joined its board three months earlier, meaning he still has more than a year before he is 'timed out' under corporate governance guidelines.

One source said the company's annual meeting next year appeared to be a logical time for Mr Allan to hand over the reins.

Mr Allan has held a string of major corporate roles, including the presidency of the CBI, the UK's biggest business lobbying group, and chairmanships at Dixons Retail and Worldpay.

He has also served on the boards of National Grid, Royal Mail and 3i Group.

Recently, he became a notable advocate from the upper echelons of British business in calling for a windfall tax on energy company profits as ministers grapple with the cost of living crisis.

"There's an overwhelming case for a windfall tax on profits for those energy producers, fed back to those most in need of help with energy prices," Mr Allan told the BBC prior to the government's announcement of a £5bn levy last month.

This weekend, it was unclear whether any of Barratt's existing board members were likely to be in contention to succeed Mr Allan.

Its non-executive directors include Dame Sharon White, the John Lewis Partnership chair, and Katie Bickerstaffe, the new co-chief executive of Marks & Spencer.

The search for Mr Allan's successor is being led by Jock Lennox, Barratt's senior independent director.

One of the new Barratt chairman's most pressing tasks is likely to be identifying a medium-term replacement for Mr Thomas, who has himself been in the role for almost seven years.

Barratt declined to comment.