

BUILDING BETTER: OUR VISION 2020

Encouraging collaboration across the social housing sector to realise the true benefits of modern methods of Construction



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BUILDING BETTER

Supported by the
National Housing Federation

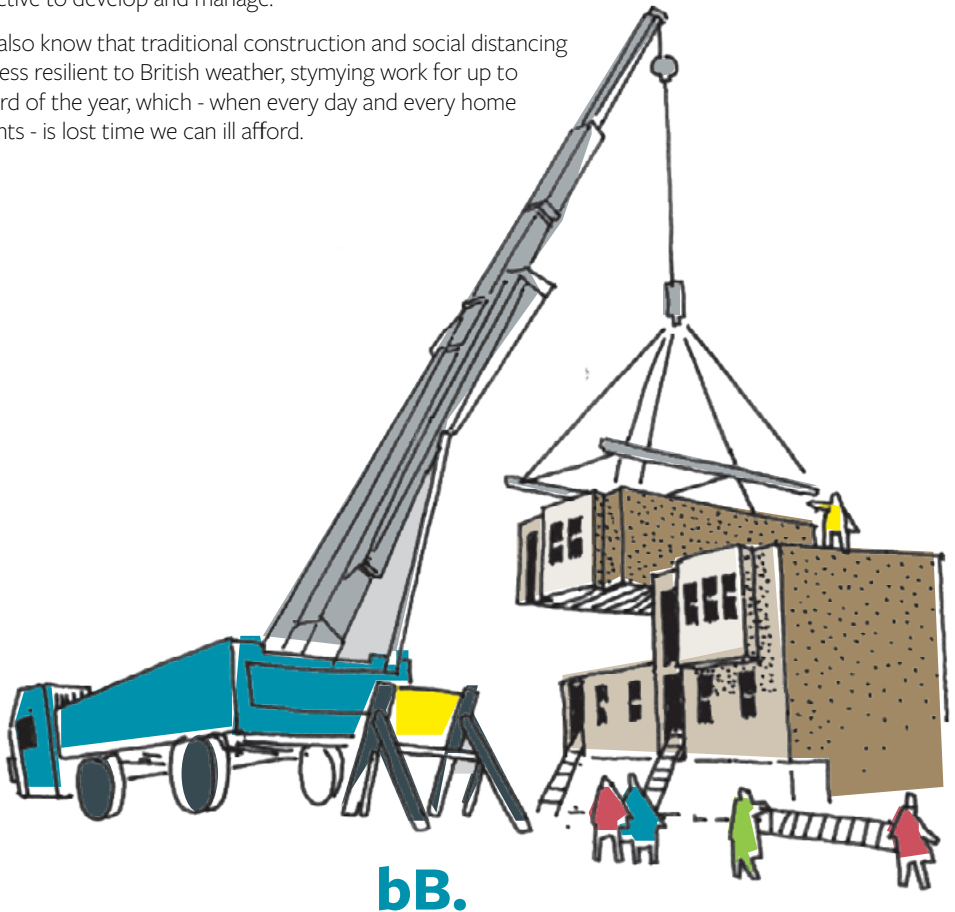
Building Better

The purpose of Building Better is to encourage collaboration across the social housing sector in order to realise the true benefits of Modern Methods of Construction (MMC) - quality, sustainability and better value.

There is a skills crisis facing the construction sector and post-COVID there is even greater need to invest in the UK manufacturing industry. The UK is facing an unprecedented recession and from previous recessions we know that, with the right stimulus, being countercyclical is the way to increase the development of homes. The unique situation the country is in post-pandemic allows us this once-in-a-lifetime opportunity to use offsite construction to completely change the landscape of development.

We know that there are far fewer defects in manufactured homes, that they can be built and delivered in weeks not months, that they are greener at every stage of production and use than traditionally-constructed homes, and that - if we get the scale right - can prove more cost effective to develop and manage.

We also know that traditional construction and social distancing are less resilient to British weather, stymying work for up to a third of the year, which - when every day and every home counts - is lost time we can ill afford.



To get these benefits and avoid further delays we need to work together so we can build the 300,000 homes a year that this country needs - we need to procure together, develop together, and learn together. Collaboration is the key.

Building Better is made up of pioneering organisations who understand this.



This strategic alliance of housing associations is supported by the National Housing Federation, Mark Farmer's Cast Consultancy and Trowers & Hamlins.

“I am proud that Cast has been able to support Building Better from the start, as it set out on its journey to enable widespread collaboration between housing associations so they can increasingly deliver using MMC. It is tackling two critical issues at the same time – first that we need to utilise MMC at scale to drive the full benefits of manufacturing-led delivery, and second that we need to build knowledge, experience and confidence among those commissioning MMC homes. Through collaboration and risk sharing Building Better can enable its members to achieve more together than they could alone, and any housing association wanting to deliver homes using MMC should consider becoming a member.”

Mark Farmer,
Founder and CEO, Cast Consultancy

NHF Greenhouse project

In 2018, the National Housing Federation created the Greenhouse project, which trialed collaboration in the social housing sector on an unprecedented scale. It brought together innovators, experts and over 300 chief executives from housing associations to develop ideas to tackle one of society's biggest challenges – housing. The Building Better group found that greater collaboration and standardisation are key to overcoming the supply challenge and our solution uses universal design principles and combines housing association pipelines to leverage the benefits offered by offsite manufacturing techniques.

Background to the challenge

- **Skills shortage:** the average age of a bricklayer is over 50. Fewer people are training in construction skills making it harder - and more expensive - to find the right people to deliver sites.
- **Innovation inertia:** the construction sector has remained static for a long time and does not encourage fresh or innovative approaches.
- **Built by numbers:** the buildings being constructed do not consider the human needs of their inhabitants and are built by numbers, not human empathy.
- **Stop, collaborate and listen:** even though the specifications of newly developed houses are 88% the same, we don't collaborate and synthesise our learnings.
- **Not my problem:** the development process is subcontracted, which means individuals are able to pass off risk and responsibility.
- **Broken system:** We pursue cost certainty at the expense of ownership of the process and therefore pass risk on to the contractors, which compromises quality.

We have all the pieces, but nobody can see the puzzle

And now, post-COVID, the world has changed again. There are additional skills and supplies shortages caused by the global pandemic, which could take months or even years to recover, coupled with social measures in place across the UK around 'social distancing', PPE and quarantine. This only exacerbates an already existing situation, pushing it further towards crisis point.

Collaborative approach

The organisations listed above have been working together, sharing thoughts, ideas and strategy. The fundamental challenge with moving ahead with MMC for many housing associations is the question of scale – manufacturers are seeking scale of orders rather than small pilot schemes, but housing associations find it difficult to build a pipeline of that scale without the link to a specific manufacturer and product. At the heart of the project is the recognition that we can do more in collaboration than individually. The members of Building Better are collectively planning to build around 40,000 homes over the next five years, and all have a clear ambition to include MMC as a key part of that delivery.

Next steps – procurement of homes at scale

Building Better members have signed a consortium agreement and are now engaging with manufacturers across the sector. The group has appointed Procurement for Housing as its procurement partner, and is seeking to procure a framework by the end of the year. This will allow its members to call off homes from that manufacturer over the coming years. The framework is the starting point for a long-term relationship with manufacturers as we use feedback from the development, delivery, maintenance and user-experience to improve on designs, processes and quality. We know that this is a new way of developing in the social housing sector and we know that the best way to address a new challenge is together.

How we are solving the problem – speed, quality, value, broad housing market offer

1. Increasing delivery:

Building Better will enable housing associations to deliver more homes. Our target is to complete homes 50% faster than traditional build.

2. Reducing operating cost:

We aim to have zero defects in our homes. We know this will be an iterative process. Version 1 of our homes will set the standard and we aim to reduce defects by 50% when compared with traditionally built homes completed today.

3. Improving customer satisfaction levels:

Customer satisfaction will improve in two ways

- by engaging with residents during the design process, we will be building homes that genuinely meet their needs;
- fewer defects and repairs will mean there is more money to spend on the things that bring additional value to our customers, and that make the experience of living in our homes better e.g. smart technology.

Excerpt from MHCLG ‘MMC’ report June 2019:

“We support the Government’s ambition to add one million additional homes to the housing stock by 2020 and increase annual output to 300,000 by the mid-2020s; however, these volumes will not be achieved unless there is much wider adoption of MMC, alongside traditional building methods. Adopting higher levels of MMC would diversify the market and help to increase the numbers of new homes delivered”

Our ask of Government

We know what is stopping housing associations from adopting MMC in larger numbers and we are working to address those reasons. Collectively, we will achieve more than operating as individual organisations - in delivering homes, but also around design, resident engagement, asset management, data and learning from the homes that we build.

We have two asks of Government, including Homes England.

1. Explicit endorsement from Government of the benefits of delivering affordable housing using MMC, and in addition the benefits of a cross sector collaborative approach such as Building Better

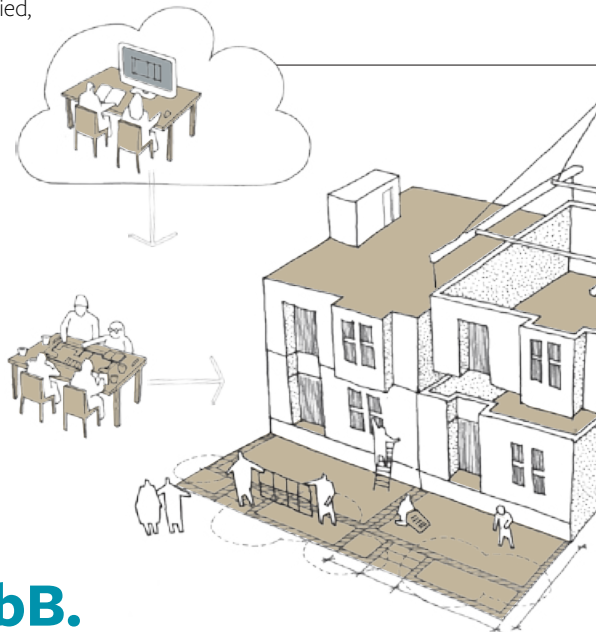
The Government is clear that MMC is a crucial part of being able to achieve 300,000 new homes a year by 2025. We are asking for explicit support to encourage more social housing providers into collaborations such as Building Better. This will encourage faster uptake of MMC through accelerated learning, pipeline opportunities for manufacturers and will show support at the highest level to providers who may still be anxious about a new approach.

2. Incentivisation of developing affordable homes with MMC though additional grant

It is more expensive - for now - to develop with MMC than traditional construction. In the long-term it is more cost effective but when finances are tight too many decisions are made based on immediate funds, not whole lifecycle costs. As the capacity in factories is utilised more effectively through the increasing pipeline from social housing providers, upfront costs will reduce. Therefore additional funding in the short-term to encourage higher take-up from social housing providers is the stimulus needed to allow manufacturers to operate at full capacity. This enables them to become fully economically viable, benefitting the UK through employment, skills and training and GVA.

As the Housing Delivery Taskforce has identified, this incentivisation could supercharge delivery of MMC homes.

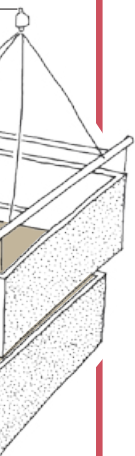
We believe the sector can double its output of MMC homes every year until 2025, from 900 in 2019 to more than 22,000 by 2025. As the process for MMC homes is quicker, simpler and allows rent to be realised sooner, there is also the potential for this figure of more than 22,000 homes to be additional to projected build numbers.



“With a housing shortage that hasn’t gone away, and the economy looking for ways to come back from the Covid crisis, there is a real opportunity for housing associations to step up their development plans. Building Better is ambitious in its aims, building more homes, faster, and of higher quality. The time is also right for Government to back this ambition and work with us to deliver the affordable homes we so desperately need.”


Tim Willcocks

Chair Building Better and Executive Director of Development, RHP



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