Reminder of Context
We Have a Burning Platform
The *Modernise or Die* Challenge Addressed to Clients, Industry & Government
We need to train and retain more home grown talent

Through creating more attractive long term career opportunities

Which will prepare us to be able to do more with less resource in the future

To help do this we need to create a new type of demand for better outcomes

We need to then use that demand to underpin the evolution of new skills and training which will make us to be more productive & attract a new generation of workers
Our industry has proved unable to respond to positive stimuli for change in the past.

It has not been able to mobilise any collective ability to reform itself.

The issue now is whether it will react to a burning platform as a negative stimulus for change.

How much will be push and how much will be pull?
IF NECESSITY IS THE MOTHER OF INVENTION, DISCONTENT IS THE FATHER OF PROGRESS.
Discontent from Within….
But Discontent with Construction Performance is Now Coming from Elsewhere......
Post Grenfell Analysis Will Likely Point To Systemic Failure In Whole Design, Procurement & Construction Process

- Poor Handover & Operational Readiness Protocols
- Main Contractors holding Responsibility but no longer in control
- ‘Value Engineering’ Equals Functionality Reduction
- D&B Procurement Versus ‘Architect Led’
- Deskilling in professions & trades
- Lowest Price Procurement
- Performance Based Specification
- Conflicts of interest in product testing & warranty market
- Level of On Site Supervision
- Falsification of Records / Covering up Mistakes
- ‘Engineered’ Versus Prescriptive Building Regulations
- Premature Completion Certification

Conflicts of interest in product testing & warranty market

22 November 2017
HOMEBUILDING IS NOW IN THE EYE OF A GROWING PUBLIC SPOTLIGHT ELEVATED FROM THE REST OF CONSTRUCTION
For the Homebuilding Sector There are Some Very Real Public Pressures That Need to be Addressed
For the Homebuilding Sector There are Some Very Real Public Pressures That Need to be Addressed

More homes, fewer complaints

Report from the Commission of inquiry into the quality and workmanship of new housing in England

July 2016
An Understanding of the Root Causes of Delivery Failure Needs to Define the Solution

Design, Procurement and Construction Delivery Success

Digital Enablement

- Move towards manufacture led & hybrid construction
  - Site Labour Intensity
- Move towards more integrated procurement models
  - No. of vertical Interfaces
  - No. of works Interfaces
(Horizontal Integration)
The Current Government’s ‘Industrial Strategy’ Thinking Creates a Huge Opportunity

The pillars

1. Investing in science, research and innovation – we must become a more innovative economy and do more to commercialise our world leading science base to drive growth across the UK.

2. Developing skills – we must help people and businesses to thrive by ensuring everyone has the basic skills needed in a modern economy; building a new system of technical education to benefit the half of young people who do not go to university; boosting STEM (science, technology, engineering and maths) skills, digital skills and numeracy; and by raising skill levels in lagging areas.

3. Upgrading infrastructure – we must upgrade our standards of performance on digital, energy, transport, water and flood defence infrastructure, and better align central government infrastructure investment with local growth priorities.

4. Supporting businesses to start and grow – we must ensure that businesses across the UK can access the finance and management skills they need to grow; and we must create the right conditions for companies to invest for the long term.

5. Improving procurement – we must use strategic government procurement to drive innovation and enable the development of UK supply chains.

6. Encouraging trade and inward investment – government policy can help boost productivity and growth across our economy, including by increasing competition and helping to bring new ways of doing things to the UK.

7. Delivering affordable energy and clean growth – we need to keep costs down for businesses, and secure the economic benefits of the transition to a low-carbon economy.

8. Cultivating world-leading sectors – we must build on our areas of competitive advantage, and help new sectors to flourish, in many cases challenging existing institutions and incumbents.

9. Driving growth across the whole country – we will create a framework to build on the particular strengths of different places and address factors that hold places back – whether it is investing in key infrastructure projects to encourage growth, increasing skill levels, or backed by local innovation strengths.

10. Creating the right institutions to bring together sectors and places – we will consider the best structures to support people, industries and places. In some places and sectors there may be missing institutions which we could create, or existing ones we could strengthen, be they local civic or educational institutions, trade associations or financial networks.
The Emerging Construction ‘Sector Deal’ Narrative is a Critical Milestone

...delivered through three key enablers

- More houses
- More rail capacity
- Improved car journeys
- Cheaper energy
- Better public services

Demand Aggregation
New Procurement Models
Standardisation
In UK Encouraging Wider Institutional & Policy Reforms Led by Both Government & Industry Have Been Taking Place in the Last 12 Months
And Industry Itself is Moving, Slowly but Surely...
29. We welcome the Government’s support of Modern Methods of Construction, but believe that it needs to take a more active role to improve the wider sustainability of the MMC supply chain and to encourage the market to grow. This could include the work of the HCA and its support of rental developments. (Paragraph 115)

30. We support the increased use of Modern Methods of Construction and note the understandable caution exercised by lenders. In order to address this, homes built using MMC should have a single, recognised quality assurance mark, sponsored by the Government, to give lenders, consumers and builders the confidence to use new methods. (Paragraph 119)

31. We welcome the recognition from the Government in the housing White Paper that accessing finance is a major obstacle to custom and self-building, and its commitment to continue working with lenders to address this. We ask that the Department provide the Committee with an update on this issue in twelve months’ time. (Paragraph 122)
Where ‘Modernise or Die’ Meets the New Build Mortgage / Valuation Market

Boosting productivity and innovation: modernising the housebuilding sector

3.37. The housebuilding industry is less productive than the wider economy, partly because it has been slow to modernise and make use of more efficient and faster ways of building. By increasing innovation and making greater use of modern methods of construction we can change this. Industry reports suggest homes constructed offsite can be built up to 30% more quickly than traditional methods and with a potential 25% reduction in costs. They are high quality, reliable, more productive and can be highly energy efficient. They are high quality, reliable, more productive and can be highly energy efficient. They can require fewer people on site, helping to mitigate the skills shortage. Some firms are increasing their use of these methods, but we need to go further.

3.38. The industry has the potential to expand significantly, but a lack of demand from house-builders means that large firms tend to focus on manufacturing sites, student accommodation and schools. Firms have told us that the most significant barrier to growth is the lack of a pipeline. A forward view of future orders and more information about the land available for development would allow them to secure investment to scale up production. International evidence suggests that as production increases the cost per unit falls. Scaling up production would allow industry to explore and deliver efficiencies, driving down costs. In turn this will encourage more builders to use these methods as it becomes economically sensible for them to do so.

3.39. To underpin the growth of this sector we must ensure that homes built offsite can access finance on the same basis as traditionally built homes. The Buildoffsite Property Assurance Scheme, which provides assurance to lenders on methods of construction, has existed for some time but is limited take-up among lenders, partly because of a lack of data to support them in making decisions.

3.40. We will:

- stimulate the growth of this sector through our Accelerated Construction programme and the Home Builders’ Fund. This will create new opportunities for the use of modern methods of construction to encourage investors into the sector and give current suppliers confidence to expand into the housing market. It will also support the delivery of high quality, energy efficient homes through these approaches.
- support a joint working group with lenders, valuers and the industry to ensure that mortgages are readily available across a range of tested methods of construction. This will include encouraging industry and lenders to develop a stronger set of core data to measure the use and performance of different technologies to encourage good decision-making.
- consider how the operation of the planning system is working for modern methods of construction (MMC) developments:
- work with local areas who are supportive of this type of manufacturing to deliver growth, provide jobs, and build local housing more quickly, and
- alongside the Home Building Fund, consider the opportunities for offsite firms to access innovation and growth funding and support for them to grow.
Modernise or Die is a challenge which has echoed around the construction sector & hopefully raised awareness of unprecedented looming problems

New drivers for change are starting to impact that we have not seen before – skills crisis & discontent combining with the technology opportunity

Emerging central & regional government policy is starting to strategically initiate the industry on its modernisation journey

The homebuilding market has more reason than most to embrace change, whether through being pushed or pulled!