

## HOUSING BOARD

29<sup>th</sup> August 2019

### MODERN METHODS OF CONSTRUCTION

#### **Purpose of Report**

This report introduces the topic of Modern Methods of Construction (MMC) to the Board for discussion, and to provide an steer on the potential future activity of the Board.

#### **Thematic Priority**

This report relates to the following Strategic Economic Plan priorities:

- Secure investment in infrastructure where it will do most to support growth

#### **Freedom of Information**

The paper will be available under the Combined Authority Publication Scheme

#### **Recommendations**

Members are asked to:

1. Note the issues relating to existing MMC activity in the SCR and comment on proposed future work and activities to further explore and promote MMC for housing within the City Region to meet strategic objectives.

## **1. Introduction**

- 1.1** The Government and Homes England are strongly promoting and encouraging Modern Methods of Construction (MMC) as a key way to accelerate housing delivery and produce better-quality homes, as well to address the emerging construction skills shortage across the country.
- 1.2** However, there has been few MMC schemes adopted to date in the SCR, and nationally, due to a range of issues, but primarily due to unit costs per home still being higher than existing traditional build. The attached presentation introduces the concept of MMC and explores SCR's potential involvement moving forward.

## **2. Proposal and justification**

- 2.1** Modern Methods of Construction (MMC) can take the form of;
  - Volumetric            Factory-produced three-dimensional units
  - Hybrid                 A combination of volumetric and panel units
  - Panellised             Factory-produced flat panel units assembled on site
  - Sub-Assembly        Replaces parts of the structure normally fabricated on site

- 2.2** On the 3<sup>rd</sup> July 2019 the SCR held an MMC event attended by 6 Housing Associations and 8 Local Authorities. The event gave attendees an update on the local MMC market and provided an opportunity to share organisations' progress and ambitions for the adoption of MMC, and to discuss the possible next steps towards working more collaboratively to promote the sector.
- 2.3** On the 31<sup>st</sup> July 2019, the Advanced Manufacturing Research Centre (AMRC) held a roundtable workshop on collaborative innovation and strategic Research and Development (R&D) in the offsite volumetric housing sector. The event was led by Mark Farmer, author of state-of-the-nation industry review Modernise or Die; Ray O'Rourke, chief executive of Laing O'Rourke, and Clive Betts MP, chairman of the Parliamentary Select Committee on Modern Methods for Construction (MMC) and they will be driving the outcomes from the workshop. It was proposed to convene a working group to drive pre-competitive R&D and innovation.
- 2.4** There are four major MMC manufacturers within a 50-mile radius of SCR and MMC will likely be included as a key housing and economic opportunity in the refreshed SCR Strategic Economic Plan and the new Local Industrial Strategy. It is considered that there is a significant strategic opportunity to support and capitalise on this emerging market.
- 2.5** The attached presentation (Appendix 1) provides further details about MMC schemes and activity in the SCR, and the barriers to further roll-out of MMC within the SCR. Key questions for the Board to consider are:

1. Would a drive on MMC benefit SCR and what are the benefits/ dis-benefits?
2. How could SCR drive MMC demand?
3. How would an SCR MMC collaboration work?

### **3. Consideration of alternative approaches**

- 3.1** Do Nothing: Don't investigate MMC further and let the market grow and develop organically. It's clear that MMC has a momentum, with central government support and main developer interest. However, SCR could miss an opportunity to capitalise on a growing industry which could offer prospects and opportunity for local people and a head start on delivering better quality, more affordable homes.

### **4. Implications**

#### **4.1 Financial**

None arising directly from this report.

#### **4.2 Legal**

None arising directly from this report

#### **4.3 Risk Management**

None arising directly from this report.

#### **4.4 Equality, Diversity and Social Inclusion**

None arising directly from this report. MMC has the potential to provide housing at a lower unit development cost, subject to economies of scale, which could help provide lower cost high quality financially accessible to more people.

### **5. Communications**

- 5.1** Opportunities for promoting initiatives that may arise from the MMC discussion or future planned activities will be considered.

## 6. Appendices/Annexes

### 6.1 Appendix 1 – Modern Methods of Construction Summary Presentation

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Background papers used in the preparation of this report are available for inspection at: 11 Broad Street West, Sheffield S1 2BQ

Other sources and references: