

showhouse

House of Lords pushes offsite construction

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The House of Lords has warned the government that it won't meet its housing targets unless it pushes offsite construction. Following a lengthy inquiry, the House of Lords released a report, *Offsite Manufacture for Construction: Building for Change*, detailing its recommendations.

“The take up of off-site manufacture has varied and in certain parts of the sector has been somewhat limited,” the report said. “This is perfectly understandable given the regulatory, financial and commercial environment in which the sector is placed. To change this, action is needed not just by the sector, but by the government as well.”

Giving evidence, Suzannah Nichol, chief executive of an organisation called Build UK, said, “The question is: why is it not happening at scale and faster? There are two overarching answers.

“It has to be commercially viable; no business is going to do something if the business case cannot be made for it. Secondly, the risks are still unknown, not understood, or considered to be too great to take that leap of faith from what you know to what you do not.

It is quite a big step for a business doing a big project. If you get it wrong, you are a bit too deep in and have already made some fundamental decisions.”

Among its recommendations, the study advocates an accreditation scheme for houses built using off-site construction, so buyers won't have a problem getting a mortgage. It also suggested that Homes England put pressure on housing associations and local authorities to stipulate the use of off-site manufacture when procuring new housing developments.

Perceptions of the types of jobs available in the construction sector are based on the skills needed for on-site construction, however the report said that the government must ensure that young people entering the workplace are equipped with the digital skills needed for modern methods of construction, including off-site manufacture.

Giving evidence, Simon Rawlinson, partner with the consulting business Arcadis, said, “I will make an observation about the supply chain and in particular about the off-site modular aspect of the industry. In that industry, there are probably no more than six or seven large-scale suppliers in the UK, so from a scale perspective those business have quite a nice business model without exposing themselves to a great amount of investment risk. They are quite profitable, so the incentive for the supply side to expand at the rate, which UK plc is in effect asking them to do, is not there.

At present, the upfront finance required to set up off-site manufacture appears greater than the finance required for conventional construction. The government should work with the construction sector and the financial services sector to develop sources of funding to fill those gaps, the report said.

“Many of the barriers to the greater uptake of off-site manufacture for construction facing the construction sector, such as a lack of collaboration and attitudes to risk, are cultural and can only be dealt with by the sector,” the it said, adding that the [Construction Sector Deal](#) is an important step forward for off-site manufacture and the wider construction sector.

The government should also promote the adoption of recognised standards, and a portion of government funding for research and development in the construction sector should focus on detailed performance data for the lifetime of buildings and infrastructure. “Not only will this provide an important evidence base for improving future designs, it will also enable a comparison for whole-life cost can be made between manufactured and traditionally built buildings and infrastructure,” the report said.

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