

SOCIAL RENT HOUSING AT PACE: THE MMC PLAYBOOK

A Playbook for local authorities

May 2024



**HOUSING
FESTIVAL**



FOREWARD

“I’m passionate about homes, I’m passionate about improving the way that we design and build them and I’m passionate about the need to build more social housing to help meet our housing needs. I grew up in a Council House, a house that my mam still lives in. I know how important social housing is as part of the mix of tenures required to solve our housing crisis - it’s why I made my TV Programme Council House Scandal in 2019 about the history of social housing and its why it generated over 270,000 signatures on a petition to support the building of 100,000 new council homes every year for the next 30 years.

That’s why this Social Rent Housing Local Authority Playbook is so important. It brings together ideas and practical solutions on how we can build quality social housing at scale and pace, using new techniques and approaches. It draws on a wealth of experience and good practice from over sixty organisations, including many that are delivering great social housing. It is a call to arms for us to do things differently and to do things better so we can deliver the social housing that we so desperately need. If you share my passion for social housing and for innovation, then the Playbook is essential reading”.



George Clarke is an architect, TV presenter and founder of the charity [MOBIE](#) (Ministry of Building Innovation and Education) that exists to improve the quality of home building and to inspire and train young people to shape the homes of the future.

CONTENTS

Welcome to the Playbook

<u>The playbook approach</u>	4
<u>Executive summary</u>	5
<u>Acknowledgements</u>	7

Why an Ecosystem Solution

<u>Our Temporary Accommodation emergency</u>	10
<u>Why we have a structural deficit in our social rent housing supply</u>	11
<u>The Playbook ecosystem solution</u>	12
<u>The opportunity for a human-centric approach</u>	13
<u>Is new build the only (or best) option to increase social rent housing stock?</u>	14
<u>Starting small for system activation</u>	16

The Ecosystem Solution

 1. Building homes in a new way	
<u>Why build homes in a new way?</u>	18
<u>Making sense of Modern Methods of Construction</u>	19
<u>How to incubate a new supply chain</u>	21
<u>Cost and value for money of MMC for affordable housing</u>	22
<u>Procuring MMC homes</u>	23
 2. Unlocking unlikely land	
<u>Why unlock unlikely land?</u>	25
<u>Land aggregation</u>	26
<u>The role of the planning system as an enabler</u>	27
<u>Meaningful community engagement</u>	28
 3. Recalibrating the economics	
<u>Why recalibrate the economics?</u>	30
<u>Unlocking new sources of capital finance</u>	31
<u>Local authority-enabled place-based impact investment</u>	32
<u>Rethinking value</u>	33
<u>An outcomes-led approach</u>	34

Getting Started

<u>Next steps and questions</u>	36
---------------------------------	----

Appendices

<u>Appendices</u>	38
<u>Contents</u>	39

WELCOME TO THE PLAYBOOK



THE PLAYBOOK APPROACH

A playbook identifies an end goal and outlines a strategy to take advantage of the assets in play to achieve it. It captures both what has been successful before and new actions worth trialling. A playbook also articulates a unifying narrative and the preparation required to enable a group of individuals (or organisations) to deliver effectively together. In this instance, to build the quality social rent homes we need at scale and pace.

As public servants and leaders of industry we have between us the motivation and tools to transform the ways we work to release a new wave of social rent housing. Such purposeful and transformative action is dependent upon a clear goal and an explicit plan. This Playbook is a strategic tool for local authorities facing the human and economic cost of the current housing crisis who need to release a “winning” response.

Our starting point is a human-centric perspective that recognises that to address housing provision is to also address systemic poverty and build social cohesion. We have an opportunity to boost productivity, create desirable jobs, cut carbon, strengthen communities and invest in the health and wellbeing of the nation. The Playbook is a plan to help us get there.

Read more about the playbook metaphor on [page 40](#).

How to read the MMC Playbook

The Playbook:

- Draws on insights, ideas and case studies from over sixty organisations
- Includes more than forty links to appendices packed with further resources and reading

See [page 39](#) for the appendices content.

Get involved

Feeling inspired or ready to roll up your sleeves? Connect with us at hello@housingfestival.org.uk and sign up for Playbook related updates. We also encourage you to reach out to contributing organisations and are happy to make introductions. Please do stay in touch so we can highlight collective progress and share lessons learnt.

EXECUTIVE SUMMARY

The Temporary Accommodation (TA) and refugee housing crises are at breaking point. In England, we now have 112,660 households living in TA costing the taxpayer more than £1.7bn a year (£4.6million a day), a 100% increase since 2016. The cost of not building the homes we need has now become too great, both economically and socially, and we must act.

These numbers, brought to life by the appalling stories of housing insecurity and adversity, are the shameful consequence of our broken housing system and severe shortfall of safe and secure social rent homes. Throughout the Playbook we will refer to this shortfall as the “structural deficit” in the UK housing supply.

As it is local government that suffers the economic consequences of the unmet housing need, it is local government that must now step in and take the lead.

According to research commissioned by Crisis and the National Housing Federation, we need an additional 90,000 social rent homes a year over the next ten years to meet the need in England*. This Playbook challenges us to start on the delivery of 100,000 new build, social rent homes over the next ten years (just over a tenth of the total required).

*This figure has been widely accepted as the need with Clive Betts MP using 90,000 pa in the 2020 cross party review of affordable housing.

It recognises that the current housing delivery approach (including new build, retrofit and conversion) cannot meet this challenge alone and additional innovative approaches are both needed, and will bring wider systemic benefits.

This isn't primarily about the number of homes. The real challenge is to embrace collective leadership and commit to embark on a journey to develop, test and refine a new social rent housing delivery model.

Our premise is that the barrier to solving the housing crisis is not technology, land or money. While it's true we're not building enough homes, the real problem is we're not building the right kind of homes for the right people. We desperately need to build more social rent housing.

However, as the cost of development and land has increased, the viability of social rent has continued to decline, meaning fewer organisations are willing and able to respond to the growing need.

The market has tried to address this issue, but the challenges of viability and scale have proved considerable, and government intervention has been ineffective. To illustrate, in 1980 we built over 90,000 social rent homes, but in 2020 we built just 7,500. It is time for a local government-led national strategic plan to increase delivery that can be supported by national government.

Continued →



Photo courtesy of [Resonance](#)

The Playbook captures a plan to enable local authorities to start once again to deliver social rent homes at pace and scale, utilising land they have, leveraging money that is available and incubating an additional supply chain of housebuilders waiting in the wings.

It presents an ecosystem solution with three essential components:

Build homes in a new way

The opportunity for the public sector to incubate a new supply chain of factory-manufactured housing to accelerate delivery.

Unlock unlikely land

The opportunity for the public sector to unlock a “new” supply of land (such as small, brownfield sites in public sector ownership) and address the associated viability and planning challenges.

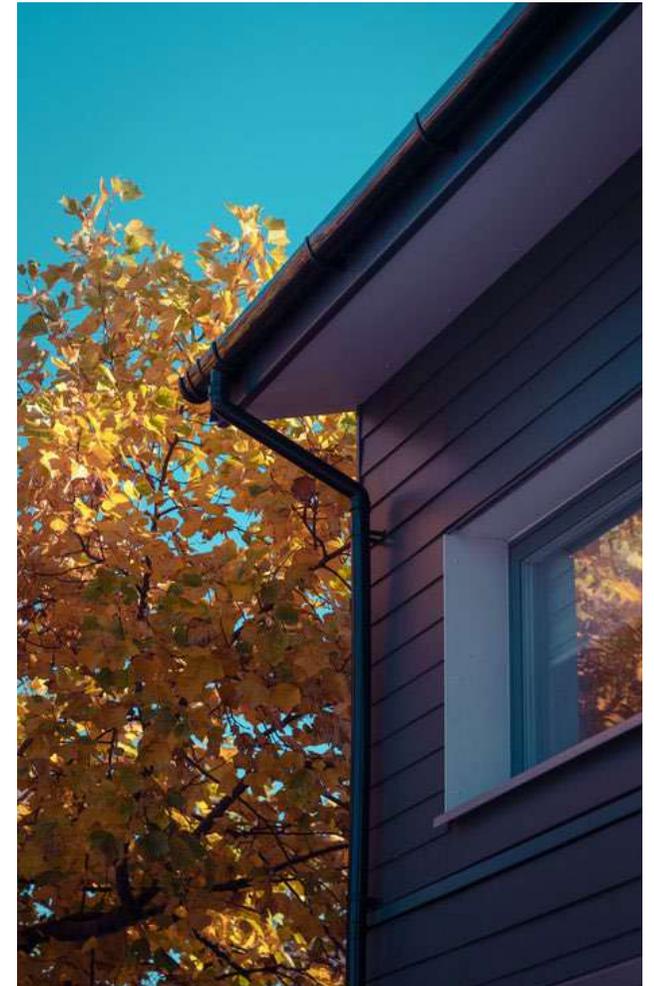
Recalibrate the economics

The opportunity for the public sector and capital investors to rethink value and unlock alternative sources of capital for social rent housing.

The plan also highlights the critical opportunity for a human-centric, outcome-led approach that embeds values into the design and delivery of new homes to benefit residents, communities and wider society.

The vision and ambition are set, but we intend for the playbook to become a ‘living document’ that will evolve. We recognise that it cannot address the multiplicity of elements that make up the entire ‘housing crisis,’ but the ecosystem solution can significantly contribute to eliminating the structural deficit. It will also help to incubate a much-needed additional house-building supply chain with a different business model that is contingent on the delivery of homes separately to land value. This is a space where local and national government can partner to both save public money and provide better outcomes for the most vulnerable in our towns and cities.

Many local authorities have already begun this journey and we’re pleased to include their case studies and success stories. As you engage with the Playbook, we encourage you to reach out to them and other contributing organisations to inform your learning. No single organisation’s product, process or passion can fix the problem. Change will come through creativity, collective wisdom and the will to roll up our sleeves, get involved and work together to do things differently.



ACKNOWLEDGMENTS

Production of this Playbook has been a collaborative exercise, drawing on the wisdom and insight of more than sixty public, private, academic and third sector organisations and stakeholders.

We'd like to express our heartfelt thanks to each contributing organisation for their expertise and case studies. In particular, we'd like to thank AtkinsRéalis for sponsoring and undertaking the desktop publishing, and Tracey Smith and her colleagues at DLUHC for their guidance and support throughout the process. We also thank Grant Aaron of Connected Places Catapult, Mike De'Ath of HTA Design and Peter Ellis for their valuable comments, and the individuals who attended the roundtable sessions.

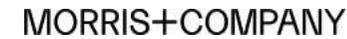
Our thanks to the following individuals for their involvement in our roundtable discussions:

Anthony Probert, Adur and Worthing Councils
 Ian Mason, AEW
 Ellie Jenkins, Akerlof
 Jamie Hillier, Akerlof
 Zoe Metcalfe, AtkinsRéalis
 Ron Lang, AtkinsRéalis
 Charlotte Taylor-Drake, Avison Young
 Ron Beattie, Beattie Passive
 Mary Carter, Better TA Network (London)
 Anna Shiel, Big Society Capital

Anna Kilmczak, Brighter Places
 Ed Rowberry, Bristol Bath Regional Capital
 Peter Westbury, Bristol City Council
 Rev. Nic Harris, Bristol Diocese
 Sam Bruce, Centre for Social Justice
 Helen Emmings, Changing Futures
 Simon Arnold, City of Bristol College
 Mary D'Arcy, Common Projects
 Matthew Brown, Cornwall Council
 Carly Thomas, Dacorum Borough Council
 Matt Elliott, Devon Council
 Emma Callan, DLUHC
 Dan Thornton, DLUHC
 Tracey Smith, DLUHC
 Madhuri Vadgama, DLUHC
 Rafe Bertram, Good Homes Alliance
 Alistair Wickens, Goscombe
 Anna Blandford, Haringey Council
 Jack Goulde, Haringey Council
 Mike De'Ath, HTA Design
 Rory Bergin, HTA Design
 Dr Jennifer Charlson, Infrastructure Projects Authority
 Signe Gosmann, Justlife Foundation
 Pete Gladwell, Legal & General
 Rebecca Stockman, LivShare

Paul Britton, Local Government Association
 Daniel Paterson, Make UK
 Romill Bettany, Modulous
 Miranda MacLaren, Morris+Company
 Ian Burden, NHS projects
 Jenny Ford, North Somerset Council
 Mike Ormesher, Off-Site Homes Alliance (OSHA)
 Gaynor Tennant, Offsite Alliance
 Sarah Chilcott, then of the Planning Portal
 Tony Woods, Procurment for Housing
 Daniel Brewer, Resonance
 Claire Stafford, Royal Town Planning Institute
 Madeleine Pauker, Royal Town Planning Institute
 Sam Monger, RSA
 Peter Farrow, Shelter
 David Hutchison, Social Finance
 Jon Severs, South Gloucestershire Council
 Mary Bennell, then of the South West Procurement Alliance
 Penny Searson, South West Procurement Alliance
 Adam Sanford, Southern Construction Framework
 Sarah Forster, The Good Economy
 Michael Fox, The Urbanists
 Susie Dye, Trust For London
 Amy Cooper, Turley
 Namrata Mehta, UN Habitat
 Alex Cobb, West of England Combined Authority

CONTRIBUTORS



WHY AN ECOSYSTEM SOLUTION



OUR TEMPORARY ACCOMMODATION EMERGENCY

As a direct consequence of our deficit in social rent housing, many local authorities are experiencing a Temporary Accommodation (TA) crisis.

The burgeoning demand for TA has become an area of critical need for local authorities across the country. The latest statistics show there were 112,660 households in TA at the end of December in England (a 12.1% annual increase), including 145,800 homeless children¹. Between October and December 2023, nearly 320,00 households faced homelessness, the highest number on record.

Local authorities have a statutory duty to secure suitable accommodation for applicants facing homelessness, whom they reasonably believe (and then subsequently find) to be in priority need and eligible for assistance. While this provision should be short-term, in the past ten years the number of households in this category has outpaced the number of households secured settled housing. This has led to a 96% increase in households living in interim TA. Additionally, TA is far from temporary. Shelter reports that 61% of households live in TA for longer than a year².

The deficit in the supply of quality social rent housing has led to a sharp increase in public spending on TA and fuelled profit for private companies who provide expensive spot purchase nightly accommodation at taxpayers' expense.

The growing cost burden associated with TA, and what Shelter describes as “managed homelessness” more generally, has been cited as a contributing factor in the issue of section 114 notices by some local authorities, and others are warning they too are increasingly close to bankruptcy. It is therefore imperative to increase the supply of social rent housing.

Further reading

Read more about the UK's TA emergency on [page 42](#).

British Red Cross estimates that more than 50,000 refugees could be made homeless by the end of 2023. Read more about how this contributes to our TA emergency on [page 42](#).

“Living in temporary accommodation affects people very badly in terms of physical health and mental health. It is traumatising, or re-traumatising. And it creates a whole segment of society that struggles to move on in life.”

**Signe Gosmann
Justlife Foundation**



Photo courtesy of [Justlife](#) from the APPG on TA Call for Evidence

¹ Riding, J., 2024. [Record high numbers of homeless households and children in temporary accommodation](#), Inside Housing (Online: 01.05.24, accessed 02.05.24).

² Garvie et al., 2023. [Still Living in Limbo: Why the use of temporary accommodation must end](#). (Online: Shelter).

WHY WE HAVE A STRUCTURAL DEFICIT IN OUR SOCIAL RENT HOUSING SUPPLY

According to research commissioned by Crisis and the National Housing Federation, we need to build 90,000 social rent homes a year in England to address the chronic shortage across the country and alleviate decades of undersupply³. Instead, in 2021/22 the 7,528 new homes built were outpaced by the demolition and sale (including sale through Right-To-Buy) of social housing stock resulting in a net loss of 14,100 social rent homes⁴.

In effect, we've turned the tap of social rent homes down to a trickle, having also taken out the plug. This has led to a structural deficit in UK social rent housing.

Eliminating the structural deficit requires a new model

The current system of housebuilding will not build high-quality, zero-carbon social rent homes because they are not financially viable within the current development model. While some say a national government injection of £12.5 billion a year would fix the problem through the current supply chain, in our view this is a fallacy. We believe this level of grant funding is not only politically untenable, but in the current system there is a risk that it would only increase the competition for land, inflating land values and passing the investment of public subsidy on to landowners. Instead, a joined-up ecosystem solution is needed, and this will be the focus of the Playbook.

Why is there a shortage of social rent homes?

Since the late 19th century, local authorities and housing associations have built and managed social rent homes to provide truly affordable, decent homes to those unable to buy or rent from the private market. In the 35 years after the Second World War, an average of 126,000 social rent homes were built every year. Over the past 10 years, an average of 8,400 social rent homes have been built each year⁴, a drop of over 70% compared to the previous decade. With an average of 24,900 social rent homes sold or demolished each year in the same period (a net loss of 16,500 homes), the overall stock of social rent housing is in decline⁵.

As of March 2023, it was estimated that there were 3.8 million social rent homes, compared to 5.5 million in 1979⁶.

With a chronic lack of social rent housing, more households rely on the private rental sector for housing, increasing the demand in an already oversaturated sector. With private rents increasingly unaffordable and a lack of social rental alternatives, a growing number of households are being forced to turn to local authorities for assistance. Providing TA for homeless households cost local authorities £1.74 billion in 22/23, a 62% increase in the past 5 years⁷.

Read more about why we have a structural deficit on [page 43](#).



Photo courtesy of [Resonance](#)

³ Bramley, G., 2018. [Housing supply requirements across Great Britain: for low-income households and homeless people](#) (Online - London: Crisis and National Housing Federation - accessed Jan 2024).

⁴ [Shelter \(2023\): 14,000 social homes lost last year, as over a million households sit on waiting lists: Press release.](#)

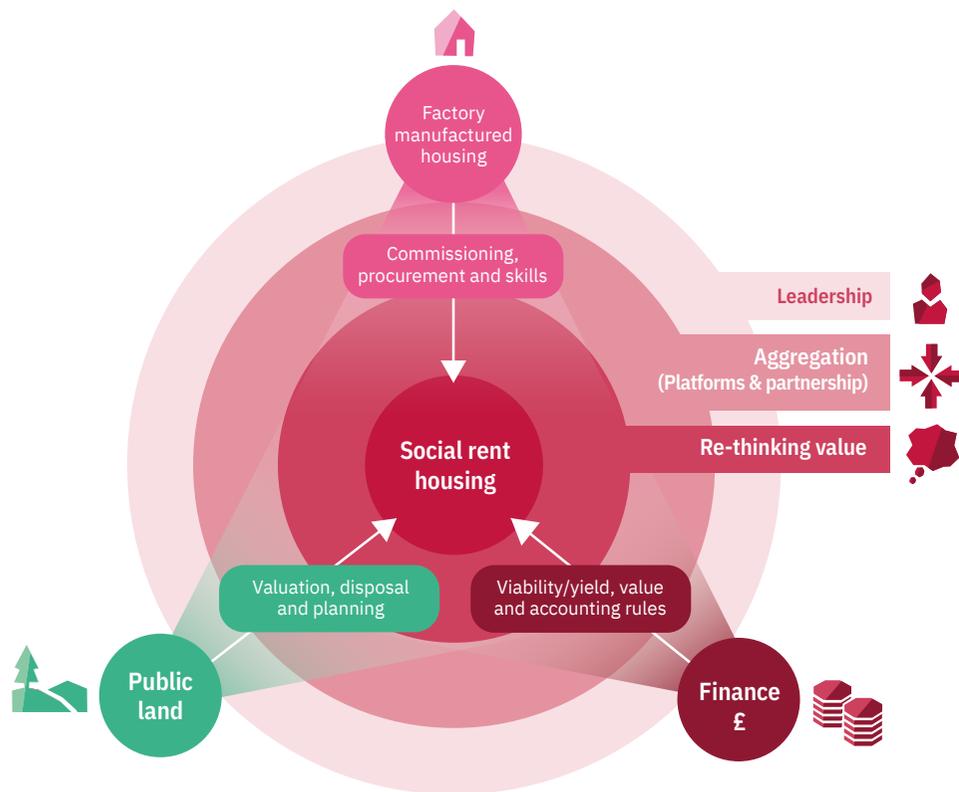
⁵ [DLUHC: Live Tables on Affordable Housing Supply \[Table 1000\]](#) (Online: accessed Nov 2023).

⁶ [Social rented housing \(England\): Past trends and prospects \(2024\): Parliamentary briefing.](#)

⁷ [LGA \(2023\). £1.74 billion spent supporting 104,000 households in temporary accommodation.](#)

THE PLAYBOOK ECOSYSTEM SOLUTION

The Playbook ecosystem solution has three essential components:



Read more about key levers of systemic change and why we think they underpin transformation of the UK's housing system on [page 41](#).

1. Building homes in a new way

The opportunity for the public sector to incubate a new supply chain of factory-manufactured housing to accelerate delivery.

2. Unlocking unlikely land

The opportunity for the public sector to unlock a “new” supply of land (such as small, brownfield sites in public sector ownership) and address the associated viability and planning challenges.

3. Recalibrating the economics

The opportunity for the public sector and capital investors to rethink value and unlock alternative sources of capital for social rent housing.

THE OPPORTUNITY FOR A HUMAN-CENTRIC APPROACH

One of the benefits of an ecosystem solution is that it provides us with an opportunity to adopt a human-centric approach and intentionally embed new guiding principles and values into every phase of delivery. To address housing provision is also to address systemic poverty and build social cohesion. To tackle this and mitigate the risk of

social disintegration* requires public sector intervention where the current system is failing most - to provide quality homes for the most vulnerable. A human-centric approach invites us to consider how the design, handover, and in some cases wraparound support of new housing impacts residents, communities and the outlook for wider society.

Below are some examples of human-centric approaches. Read about what residents say about the impact of high-quality, low-carbon (social) homes on residents on [page 117](#).

Embedding quality of life outcomes through design

“As we build new social housing, under increasing financial pressure and scrutiny, we must be clear why good design is an investment in the mental and physical health of the nation.”

Miranda MacLaren
Morris+Company

Over twelve months, architects Miranda MacLaren and Polina Pencheva from [Morris+Company](#) listened to homeless families living in emergency accommodation to better understand what “good” design looks like.

Read more about their findings on [page 45](#).

Conducting Post Occupancy Evaluations will be important in evidencing how good design translates into improved quality of life outcomes.

Trauma-informed social rent housing

When we create environments that support residents’ wellbeing, the need for crisis interventions and emergency services will decrease over time, benefitting everyone in the long term.

[Changing Futures Bristol](#), a city-wide multi-agency partnership dedicated to improving local services for adults and young people who face multiple disadvantage, advocate for a trauma-informed approach to the provision of housing.

By applying trauma-informed practices which emphasise safety, choice, empowerment, inclusivity, trustworthiness and transparency to the design of social rent housing, we can acknowledge and work with the traumatic experiences of residents.

Read more from Changing Futures Bristol about the nature and benefits of trauma-informed social housing on [page 44](#).

Exploring co-production

When we embed quality of life outcomes and make our practices trauma-informed, co-production will be at the heart of all designed products and processes.

Read more about Changing Futures Bristol’s “My Team Around Me” approach on [page 44](#).

Read about The Quality of Life Foundation’s new Code of Practice for community engagement on [page 97](#).

”Through collaborative practice and placing the tenant at the forefront of decision making, systems and environments (including new social homes) can become trauma-informed.”

Changing Futures Bristol

*Research by the World Economic Forum has ranked ‘the erosion of social cohesion’ as the fifth-most severe global risk faced in the short term.
[Read more in their Global Risk report \(2023\)](#)

IS NEW BUILD THE ONLY (OR BEST) OPTION TO INCREASE SOCIAL RENT HOUSING STOCK?

The ecosystem solution is primarily focused on new build, because building social rent homes is the best way to eliminate the structural deficit in the long-term as it increases the net supply of homes. However, currently, this is a slow and painful process, often constrained by maxed-out Public Works Loan Board borrowing and stretched in-house development teams. It is also challenged by narrow applications of viability, planning uncertainty and construction risks (including inflation, labour shortages, insolvency and poor workmanship). This highlights why we need a new delivery model. It also begs the question, “Is new build the only (or best) option to increase housing stock?”

The [fourth report on local authority housebuilding](#) in 2024 showed that the number of local authorities directly engaging in housing provision had increased to 79%, up from 65% in 2017. Affordable housing delivery is a key priority for many councils trying to meet local needs and address shortfalls in other housing delivery programmes.

To meet the increasing demand for social rent housing, local authorities must balance short-, medium- and long-term investment and solutions. Alongside a programme to build new homes they may consider acquisition, third party lets or retrofit options.

Table 1 details the pros and cons of short-, medium- and long-term options, and links to case studies that highlight innovation and best practice.

Continued →



Render of [the GAP house](#) courtesy of [BDP](#)

Further reading

Copping Joyce’s report [‘The Temporary Accommodation Dilemma: Strategies for Local Authorities’](#) discusses pros and cons of options available to Local Authorities to tackle the TA crisis.

“We’ve got an unprecedented number of people that need our help. We’re fighting to meet the demand.”

Anthony Probert
Adur and Worthing Councils, Playbook roundtable

WHY AN ECOSYSTEM SOLUTION

Method	Description	Pros	Cons	HRA Needed?	Could it deliver a high percentage of social rent homes?
Acquisition	Completed new build or existing properties are purchased off the open market by local authorities (LAs). Read more about how housing acquisition is being facilitated by SimplyPhi's new technology on page 48 .	<ul style="list-style-type: none"> • Speed • New build properties qualify for Homes England (HE) grant • Non new build can utilise Right To Buy (RTB) receipts • No planning risk 	<ul style="list-style-type: none"> • No additional net supply* • Creates competition and risks driving up private rents • Availability and cost of homes is market dependent • Requires significant upfront capital, so there are borrowing headroom implications 	Y	Y
Third party lets (existing houses)	A third party raises capital, purchases existing houses and leases them back to LAs. Read more about third party lets in practice in this case study by Resonance on page 47 .	<ul style="list-style-type: none"> • Speed • No upfront capital cost for LAs • No planning risk 	<ul style="list-style-type: none"> • No additional net supply • Creates competition and risks driving up private rents • There are finance lease implications associated with lease standards (e.g. IFRS 16) which impact General Fund headroom • Rent not guaranteed to be at Local Housing Allowance (LHA) level and would rise annually 	N	Y, the percentage would depend on the arrangement and length of lease
Third party lets (new build/demountable houses)	A third party leases vacant land from an LA (or RP) for low/peppercorn rent, on which they build homes to rent back to the LA/RP. Read more about this in practice, in this case study by Goscombe on page 52 .	<ul style="list-style-type: none"> • No LA/RP capital required • New homes resulting in additional supply • This unlocks an otherwise underutilised supply of land • (Public) land used for public benefit • If the new homes are demountable, they can (optionally) be repositioned on a new site at the end of the lease term, which unlocks meanwhile land for housing • If an RP is involved, new homes could be provided as Exempt Accommodation, with support for residents 	<ul style="list-style-type: none"> • Might not be viable to get to social rent/LHA levels, so this solution might be limited to new homes for TA (higher rental levels) • There are finance lease implications associated with lease standards (e.g. IFRS 16) which impact General Fund headroom - unless this can be done off balance sheet (currently under investigation) • Planning risk to be apportioned 	N	Y, the percentage would depend on the arrangement and length of lease
Conversion and retrofit	Existing buildings are repurposed or retrofitted. Read more about a partnership approach in Bristol to unlock new TA on page 51 .	<ul style="list-style-type: none"> • Element of additionality • Moderate speed • Can be cost effective • Low embodied carbon • Reduced planning risk 	<ul style="list-style-type: none"> • The costs of retrofitting a non-residential building for permanent homes may be prohibitive • Risk of lower quality accommodation as buildings are typically not designed for residential use 	Y, unless owned by others and leased by LA	Y, if retrofit can be done to a high enough standard
New build	LA has a development pipeline to commission new homes.	<ul style="list-style-type: none"> • Additional supply of homes • Increases the stock of 'Council Housing' • LA has control over the quality • Public land used for public benefit • Flexibility over the tenure of the new homes 	<ul style="list-style-type: none"> • Slow • High capital • Demanding in terms of resource • Land supply required • Planning risk on the LA • Constrained supply chain 	Y	Y

Table 1 - The pros and cons of short-, medium- and long-term options

* "Additionally - key if we are to avoid slicing the same small pie" Mike De'Ath, HTA Design

STARTING SMALL FOR SYSTEM ACTIVATION

Jumping from our current delivery of around 8,400 homes to the delivery of 90,000 homes a year⁸ is such a step change, that the enormity of the task ahead may put us off starting altogether. We therefore recommend committing to start small for system activation and spark change by collectively delivering 100,000 social rent homes within the next ten years, through the ecosystem solution.

If we can commit to embark on a national delivery programme of this kind, we would not only deliver more than 10% of the 90,000 target, but also create momentum for new ways to deliver social rent housing and eliminate the structural deficit.

An indicative assessment of how numbers could grow by enacting this plan suggests that by the tenth year, this programme alone could be delivering almost a quarter of the overall 90,000 social homes required a year. The assessment also suggests that at a local authority level these annual targets are both doable and can be surpassed.

The Playbook intentionally focuses on the delivery of additional social rent homes. It is however recognised that mixed and balanced communities are lifeblood of thriving neighbourhoods, so the total number of new homes delivered should exceed the numbers of social rent homes described.

However, we want to emphasise that this isn't just about numbers of houses. To see real change, we will need collective leadership and a commitment to embark on an iterative journey to develop, test and refine a new social rent housing delivery model that looks at where local authorities now must (and can!) act to affect real change using the ecosystem solution.

Read more about activation of the supply chain and how targets will be translated into reality on [page 49](#).

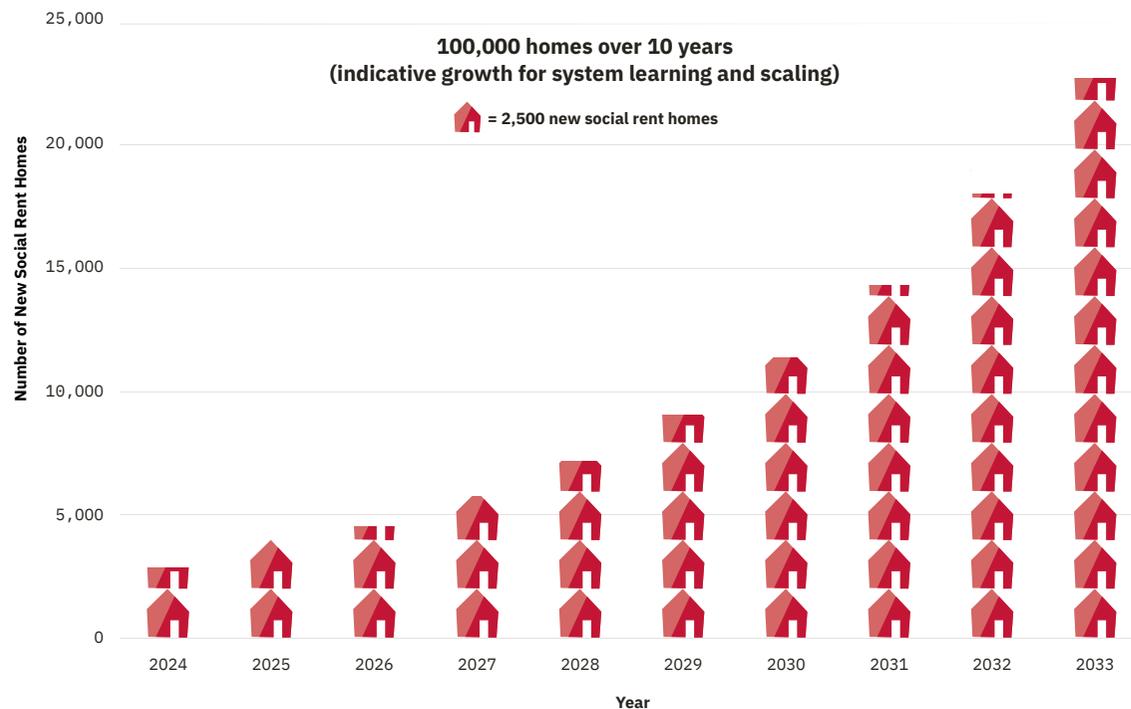


Figure 1 - Illustrative growth model. Read more on [page 50](#).

⁸ Swindells, K., 2023. [Inside Housing calls for the next government to Build Social](#). Inside Housing (Online: 21.08.23, accessed 23.08.23).

THE ECOSYSTEM SOLUTION

1. Building homes in a new way

The opportunity for the public sector to incubate a new supply chain of factory-manufactured housing to accelerate delivery.



WHY BUILD HOMES IN A NEW WAY?

The first component of the ecosystem solution is building homes in a new way. This will require incubating a new supply chain of factory-manufactured (MMC) homes.

The rationale for this is twofold:

Firstly, this new supply chain provides a pivotal opportunity to support the transition to a more industrialised construction sector unlocking numerous societal benefits (see the case for change in the construction industry opposite). By building homes in a new way, local authorities can therefore deliver new homes while also supporting the UK to develop world-class industrialised construction capabilities.

Secondly, factory-manufacture relies upon a fundamentally different business model to the current supply chain (which ordinarily generates profit by maximising land value through successful planning applications and controlling supply). For MMC suppliers, the business model relies on production output - in this instance supplying homes at scale - irrespective of land-value uplift and tenure.

The emphasis on desirable output, makes housing manufacturers key allies for housing commissioners seeking delivery at scale and pace.

The role of LAs in incubating a new supply chain

It is critical for local authorities to commission homes in a new way to aggregate demand to support a manufacturing-led approach. If requirements and specifications continue to vary from client to client and project to project, it will remain necessary to employ highly variable, unpredictable production models.

An industrialised construction sector brings with it new roles, new organisations and new ways of working. Engaging with this new sector in this formational stage is an opportunity for the public sector to influence the culture, values and direction of travel of this emergent industry and reap the benefits of building homes in a new way.



TopHat's manufacturing line photo courtesy of [TopHat](#)

The case for change in the construction industry

The industrialisation of housing delivery offers an opportunity to address many of the sector's challenges including poor safety practices, inefficient use of resources, high levels of rework and more - all of which add cost and erode quality. Read more about this from global engineering, management and development consulting firm Mott MacDonald on [page 53](#).

By contrast, a meaningful shift towards the maximisation of repeatable systems, processes and relationships will drive continuous improvement in both housing quality and project performance. It will also create sustainable jobs and forge the sector's path to Net Zero. Read more about this from Ron Lang, Regional Director of AtkinsRéalis on [page 57](#).

What is industrialisation?

Industrialisation is the process of transforming a sector from one primarily based on manual labour and craftsmanship to one characterised by mechanised production, advanced technology, standardised processes, and increased efficiency.

MAKING SENSE OF MODERN METHODS OF CONSTRUCTION (MMC)

The core philosophy of MMC is to transition traditional, bespoke, labour-intensive onsite construction to a controlled, repeatable, and manufacturing-led approach.

This shift will address the case for change in construction and, as mentioned previously, unlock several benefits, including enhanced quality and project performance, sustainable job creation and support for carbon reduction. Ultimately, it will deliver homes faster, better and greener.

The term MMC is sometimes used as an umbrella term to describe contemporary innovation in construction, including technologies (such as digital tools and techniques) and efficient processes (including offsite manufacture) to deliver better outcomes. It has, however, become necessary to adopt a tighter, more formal definition of MMC, specifically targeting the delivery of factory-manufactured homes, for example to target Homes England grant. To this end, in 2019 national government published a Modern Methods of Construction (MMC) Definition Framework.

Read more from Gaynor Tennant from Offsite Alliance on the MMC Definition Framework (categories 1-7) and current terminology on [page 54](#).

This technology-led categorisation is valuable for improving consistency of meaning enabling us, for example, to clarify that by “unlocking a new supply chain of factory-manufactured housing,” we are promoting the adoption of modular volumetric (CAT 1) and panellised (CAT 2) homes, as well as new homes chiefly utilising pre-manufactured structural members (CAT 3) and component systems (CAT 5).

We acknowledge that for some organisations working in this space, neither the umbrella term nor the 7-category definition of MMC are particularly helpful - with some advocating for losing the term altogether!

Importantly, the ecosystem solution relies on moving beyond “the what” of MMC to “the why” and “the how.” It urges us to focus on the purpose of MMC and the

opportunity it presents to deliver a continual improvement in construction technology and practice to realise better environmental, economic, health and social outcomes. See Figure 2 for a high-level diagram capturing our interpretation of the relationships between a number of key concepts. This high-level model is not definitive and there are other models available or being developed.



Yr Hafan, Cardiff photo courtesy of Beattie Passive

Yr Hafan is an example of using CAT 1 MMC technology for purpose-built TA, delivering numerous environmental and social outcomes. Read about this case study project on [page 55](#).

THE ECOSYSTEM SOLUTION: 🏠 1. Building homes in a new way

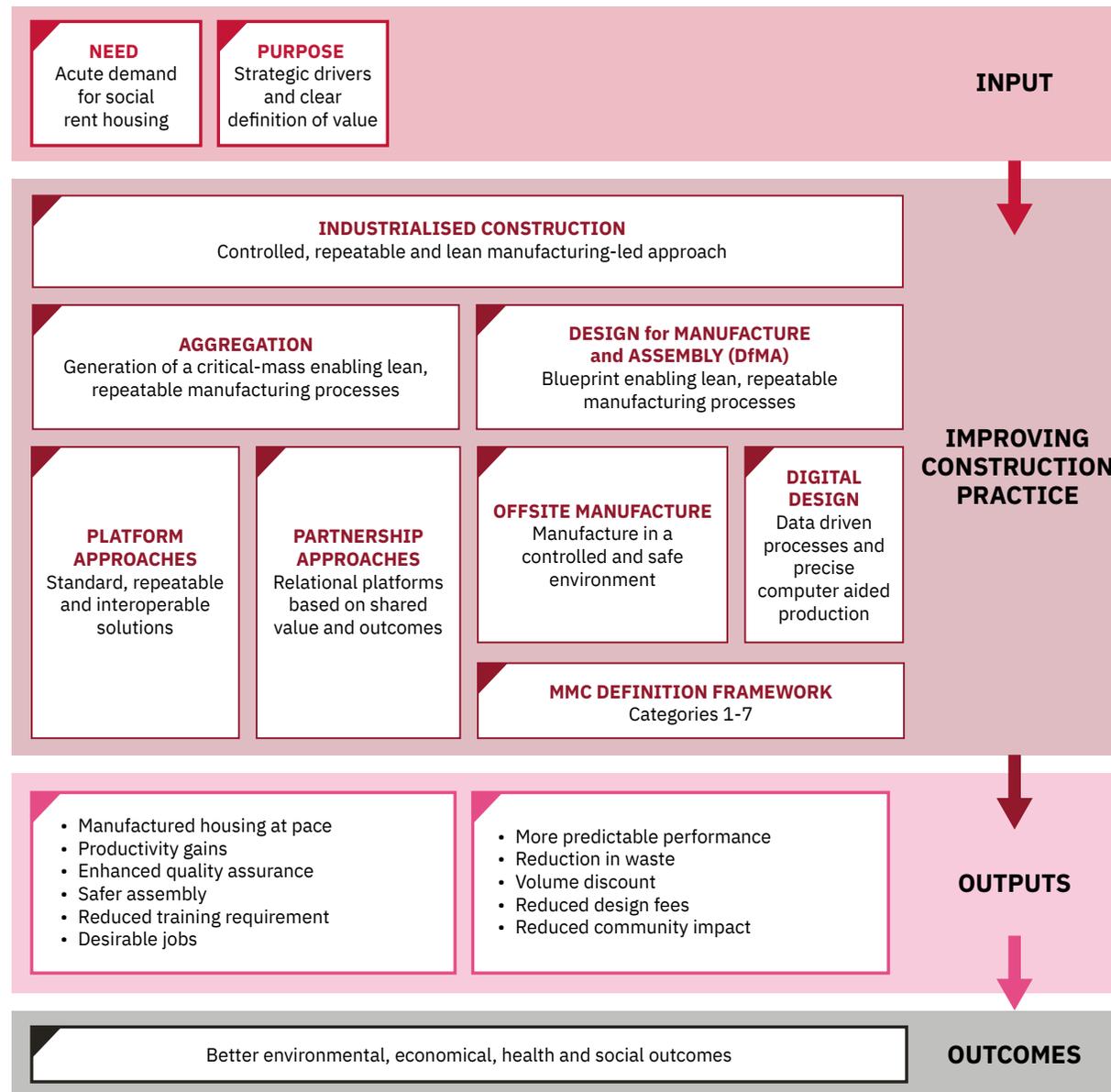


Figure 2 - A high-level diagram capturing our interpretation of the relationships between a number of key MMC concepts.

HOW TO INCUBATE A NEW SUPPLY CHAIN

High-profile failures of MMC have demonstrated the critical need for housing manufacturers to establish predictable and steady order pipelines. Only then can factories generate manufacturing efficiencies, boost productivity and invest in new facilities, equipment, research & development (R&D) and skills to meet the foreseeable demand.

Aggregating demand is critical to help the new MMC suppliers achieve the reliable order pipelines they need to become healthy and resilient businesses so they can dependably supply high-quality homes and deliver wider environmental, economic and societal benefits.

Platform thinking and partnership-working are key to aggregating demand in the way we commission new housing.

Platform-thinking

Platform-thinking is common in manufacturing to harness economies of scale and scope. It's a strategic approach that balances commonality, distinction and flexibility in a final product or product-range to support viable manufacture, affordable products and customer choice. Platform-thinking also underpins the interoperability of different products, enabling suppliers to specialise and consumers to mix and match.

Partnership-working

One way to aggregate demand is to partner with other organisations commissioning similar or common housing products. This may mean developing a shared specification, or simply agreeing that an existing housing solution is suitable for a particular need and undertaking a joint procurement exercise.

Examples in practice

Read more about Building Better's approach and experience of the benefits of partnership-working to unlock MMC homes on [page 69](#).

Read more about the benefits of alliancing by the Offsite Homes Alliance on [page 71](#).

Read more about the importance of creating pipelines for construction manufacturers from architectural practice HTA on [page 59](#).

Read an introduction to platform-thinking in construction by specialist MMC consultancy Akerlof on [page 61](#).

Read more about steps local authorities can take to adopt platform approaches on [page 63](#).

Read more about platform approaches in practice through Haringey Council's housing delivery approach on [page 65](#).

Read more about an innovative joint-procurement programme that unlocked affordable housing in Wiltshire and Dorset on [page 67](#).



BoKlok on the Brook, Bristol by BoKlok UK, photo courtesy of Housing Festival

“Trying to shoehorn manufactured methods into the existing project-obsessed business model in construction doesn't work. We have to think about the very operating model of construction.”

Rory Bergin
HTA Design LLP, Playbook roundtable

COST AND VALUE FOR MONEY OF MMC FOR AFFORDABLE HOUSING

The up-front capital cost of procuring an MMC home is typically higher than procuring a traditionally built home on a £/m² basis. As a result, there have been instances over the last few years of MMC systems and components being disregarded by residential developers for being 'too expensive' and thus not aligned with the development appraisal which underpins site viability.

Like-for-like comparison is at best difficult to achieve and at worst entirely baseless.

Read more about property and cost consultancy William Ward Associates' (WWA) comparative review of costs of several MMC and traditionally built housing projects on [page 74](#).

Avoiding baseless comparisons

If done in a vacuum (without a mind to wider market dynamics and crucially the resultant outcome), a value for money (VfM) assessment that concludes that traditional homes are cheaper than MMC homes (on a £/m² basis), will recommend the traditional solution - even when the market is incapable (or won't) deliver that option. It is therefore a baseless comparison.

Without thoughtful and purposeful leadership, VfM assessments, intended to protect the interests of taxpayers, can thus all too easily result in non-delivery, often at significant cost to the taxpayer. We need more sophisticated financial models which consider the costs associated with failing to meet our housing needs.

A variation on 'opportunity costing', this would include a calculation of the forgone savings (and forgone revenue) associated with missing an opportunity to meet a need. In the case of social rent housing delivery, this would include, for example, the cost-avoidance associated with TA, elevated private sector housing benefit subsidy and wider public-health costs associated with inadequate housing. Such an analysis should also factor in positive fiscal benefits associated with better outcomes and life chances for healthier, happier and more prosperous tenants living in high-quality, low-carbon social rent homes.

Read more about how Bristol City Council is using their Treasury Strategy and NPV policy to unlock the delivery of 'non-viable' social rent homes on [page 111](#).

Avoiding matchless comparisons

The majority of Cat 1 and 2 MMC homes have an above average environmental specification (e.g. an excellent EPC rating / Future Homes Standard compliance or Passivhaus certification). A higher specification is being delivered for an increased upfront cost. This makes equivalent homes harder to pin-point and interrogate. The risk is like-for-like comparators don't match.

Precision manufacture and controlled assembly, with a low carbon specification, results in very airtight and energy-efficient homes which cost less to run. A whole-life cost assessment is necessary to factor operational energy-related savings into a capital assessment.

The need to calculate VfM over longer period, again, makes the comparison with equivalent traditional homes less straight forward. MMC homes can outperform standard timber frame homes based on a net present value (NPV) assessment over a 45-year cycle.

The scale of projects and volume of repeating units are extremely important in the assessment of cost for MMC housing schemes. Larger order volumes allow manufacturers to spread fixed-overhead costs across multiple homes. A factory running at maximum capacity will drive down overhead recovery per dwelling and provide the best possible opportunity to achieve Capex parity with other methods of construction.

There is a range of time-related financial savings derived from the increased pace of MMC delivery. Savings associated with reduced project programmes, which can be hidden in tender pricing, include faster realisation of income (sales or rental), revenue savings associated with avoiding expensive emergency accommodation costs and reduced preliminaries associated with condensed site works.

The cost of MMC housing technology is also expected to come down as production volumes increase, as it has in other manufacturing sectors.

Read more about time-related cost savings associated with MMC [page 74](#).

PROCURING MMC HOMES

Procurement goes further than a simple value for money assessment. It is the gateway for establishing and sustaining a supply ecosystem that meets commissioners' broader corporate objectives. We need to approach public procurement and commissioning with collective leadership, as it is a strategic lever for creating and shaping markets to deliver better societal outcomes, not just an operational exercise.

Public contract regulations (PCR) govern all public expenditure and set out rules and mechanisms around how LAs can spend money and award contracts, to ensure value for money for taxpayers. The rules depend on the value of the contract with a series of PCR thresholds, which are revised every two years. Local authorities also set their own procurement policies. As a result, there is no "one size fits all" procurement route for MMC.

The size of the project, desired outcomes, a strategic assessment of the delivery model and the relationship sought with the supply chain should inform the procurement approach.

The availability and use of frameworks and dynamic purchasing systems (DPS) have substantially increased as an efficient method for public sector bodies to procure works. They provide buyers with quick and easy access to a pool of pre-qualified suppliers and compliant routes to the market (including for development contracts exceeding PCR thresholds). Importantly, both frameworks and DPS support early engagement between manufacturers/suppliers and development teams.

Joint procurement processes are being used to commission MMC housing, supporting collaboration and demand aggregation.



Alderwood Road, Greenwich, for the Royal Borough of Greenwich, photo courtesy of Lighthouse

For more detail

Read a strategic approach to the procurement of MMC by specialist consultancy Akerlof on [page 76](#).

Read an introduction to MMC procurement frameworks including a list of examples on [page 78](#).

Read Wiltshire Council and Magna Housing's joint procurement with SWPA case study on [page 68](#).

THE ECOSYSTEM SOLUTION

2. Unlocking unlikely land

The opportunity for the public sector to unlock a “new” supply of land (such as small, brownfield sites in public sector ownership) and address the associated viability and planning challenges.



WHY UNLOCK UNLIKELY LAND?

The second component of the ecosystem solution is unlocking unlikely land. To do this, we must learn to build on smaller, trickier sites, currently unattractive to developers and normally overlooked for housing. These small, brownfield sites are an untapped resource distributed across our towns and cities, often in existing communities and close to amenities.

Many of these sites are in public ownership and can be brought forward to address the structural deficit of social rent homes. They are considered poor commercial propositions (unviable) by larger developers, so unless local authorities enable novel routes to unlock them, they will remain underutilised.

Analysis of national and local datasets is important in understanding the nature and scale of the opportunity. EDAROTH, a wholly owned subsidiary of the global engineering consultancy AtkinsRéalis, has undertaken a series of studies to assess the capacity of the UK's brownfield land for social rent housing. Read more on [page 82](#).

At a local level, local authorities can start by understanding what sites they own and how they own them (e.g. within what fund/with what constraints). Advances in GIS-centric mapping technologies now enable the quick identification and analysis of a range of developable sites, with spatial data able to inform decision-making rapidly.



Disused former garage site, Bristol courtesy of Housing Festival

Identifying the sites available is only the first step. We must then dedicate suitable sites as part of the solution to eliminate the structural deficit. This vision must be backed up by local policy, guidance, and resources.

“One of the biggest challenges for local and central government is understanding what land they own and how they own it.”

**Jonathan Bower
Partner and Planning and Infrastructure Team Leader,
Womble Bond Dickinson, Playbook roundtable**

For further insight

Read more about what constitutes a small, brownfield site and the opportunity from place-strategy consultancy Futureground on [page 80](#).

Read a local authority case study based on TerraQuest's site identification software platform on [page 86](#).

Read about the approach to unlocking small sites taken in London by architecture practice RCKa, co-author of Lewisham Council's Small Sites Design Guide on [page 84](#).

LAND AGGREGATION

Land aggregation (packaging sites together) is a crucial lever at our disposal to unlock unlikely land.

Benefits of land aggregation for MMC suppliers

Manufacturers across all sectors set minimum order quantities (MOQs) to define the smallest quantity of units they're willing to sell in a single order. The MOQ depends on the scale of a manufacturer's production facility, their suppliers, and their current pipeline of work. MOQ's are optimised to prevent waste, ensure production activity is sustainable and profitable, and to enable internal investment in new technology or increase labour to meet the order. This is equally true of MMC housing suppliers.

If housing developments with small numbers are brought together in parcels, the total number of units will be above the MOQ of a range of suppliers to create a competitive marketplace.

Packaging sites together doesn't necessitate an identical housing product, delivered to their respective sites on the same day, but does allow a single supplier to bring their production and logistical capacity to bear on a programme of sites, within a defined geographical area and delivery timeframe.

Land aggregation also creates the demand aggregation that MMC suppliers need to incubate their supply chain, invest in their systems and create economies of scale.

Read more about the benefits of land aggregation for MMC suppliers on [page 88](#).

Benefits of land aggregation for housing commissioners

To create sufficient scale to warrant dedicated resource (specifically LA officer time) to unlock sites it is necessary to aggregate individual sites into parcels, and then parcels of sites into delivery programmes. As an example, read about the West of England small site initiative on [page 88](#).

Land aggregation also creates an opportunity to streamline the commissioning and delivery process, and can enable single procurement exercises, single contracts (negotiation and award), linked community engagement initiatives and tandem planning and development processes. Learn how this is being enabled by AtkinRealis' land triage model and Urban Land Enterprise Accelerator on [page 87](#). For a further ongoing example, read about the work Mid Devon District Council is doing with ZED PODS and Turley to unlock parcels of council-owned sites for social rent housing on [page 90](#).

Greater integration of the housing commissioning and development process will enhance our ability to deliver homes efficiently. Supply-side aggregation also supports a partnership approach. Read about the benefits of a partnership approach from Building Better on [page 69](#).



Photo courtesy of [Quality of Life Foundation](#)

THE ROLE OF THE PLANNING SYSTEM AS AN ENABLER

The ambition to unlock new social rent housing on small sites (and parcels of sites) will require reform of our planning system and it is therefore important to engage local planning authority (LPA) officers in the challenge, to help co-design and test alternative solutions from the outset. A reimagined, pro-active planning system will help bring forward the types of homes we need, at the scale and pace required.

Delivery of new social rent homes on brownfield sites will help us protect our city's green spaces, keep urban expansion in check and tackle spatial-segregation. Smaller sites sometimes help mitigate against highly politicised development planning, create scope for building community support for new social rent housing and address NIMBYism (Not In My Back Yard).

Often securing planning permission is a costly, time-consuming, and uncertain process. Decisions are made on a site-by-site basis, and it is typically a reactive and defensive process aimed at protecting the places we live and work from inappropriate or poor development. The stretched system isn't delivering sufficient sustainable, desirable or affordable places to live and work, and an influx of applications for small sites could make matters worse, risking delivery at pace.

Many stakeholders are actively progressing planning reform. As this will take time, we encourage leveraging existing consenting regimes to unlock social rent housing, for example:

- Special Development Orders
- Permitted Development Orders and/or
- Local Development Orders/Neighbourhood Development Orders

Read about the case for change and digital innovation in planning by Sarah Chilcott, former Managing Director of the Planning Portal on [page 92](#).

Read more about the above regimes on [page 94](#).

Read about the debunking of the 'cookie cutter' myth on [page 95](#).



Render of the GAP house courtesy of [BDP](#)

MEANINGFUL COMMUNITY ENGAGEMENT FOR MEANINGFUL CONSENT

A plan to bring forward new social rent housing on brownfield land within existing communities needs the support of residents. Consultation and engagement can help residents appreciate the national challenge, express what they value and what they need, and influence the development. It also helps get a community ready to welcome new residents.

People with a stable home and no experience of housing insecurity are often unaware of the extent and impact of the housing crisis, which hinders the collective understanding and integrated action needed to tackle the problem. Read more about housing advocacy from Rev Nicola Harris, Chaplain for Housing, Bristol Diocese on [page 99](#).

What good looks like

Read more about Quality of Life Foundation's Code of Practice for community engagement on [page 97](#).

Read a case study from Southmead, Bristol prepared by Planning and Design Consultancy The Urbanists on [page 98](#).

Learn about [Enquiry by Design](#), a participatory planning tool supporting co-design and place-making.



Photo courtesy of the [Quality of Life Foundation](#)

THE ECOSYSTEM SOLUTION

3. Recalibrating the economics

The opportunity for the public sector and capital investors to rethink value and unlock alternative sources of capital for social rent housing.



WHY RECALIBRATING THE ECONOMICS IS ESSENTIAL

The third component of the ecosystem solution is to recalibrate the economics because the economic model we currently rely on to deliver social rent homes is incapable of addressing the structural deficit.

The UK’s housing system is driven by commercial viability, which locks in substantial profit margins. We have one primary supply chain of house builders who are experts in controlling development risk and protecting profit for their shareholders. If the profit is not within the developer’s expectation, the delivery of homes is stalled.

We cannot continue to expect affordable housing to be delivered as a ‘tax’ on development profit, where we are reliant on this land- and market-led development model to deliver a continuous and scalable supply of social rent homes. We must explore new models to bolster delivery, based on different economic thinking.

Registered Providers (RPs) can’t do it alone

To deliver affordable housing, the government’s market intervention traditionally focussed on supply-side intervention via Section 106 agreements* and grant subsidy to registered social housing providers (RPs). However, as levels of grant subsidy have (in real terms) reduced and RPs have had to increasingly rely on cross subsidy from private sales, the RP delivery model faces similar pressure to major

*Section 106 of the 1990 Town & Country Planning Act (as amended) allows Local Planning Authorities to require developers to enter into Legal Agreements to provide measures to mitigate the impact of their development. These Agreements are known as Section 106 Agreements.

house builders to maximise sales value within their viability. This leads to the same potential stall on delivery.

RPs are facing a perfect storm over their revenue and capital business planning. Higher interest rates and inflation have affected their revenue and borrowing and there is extra cost pressure from regulation around Decent Homes Standard 2, damp and mould, fire safety and decarbonisation. This, coupled with a softening housing market means the appetite and capacity to build, let alone build social rent, has massively contracted.

The RP sector might have traditionally built new homes in a countercyclical response (keeping house building activity going in an economic downturn) and providing necessary social infrastructure. However, in the current economic downturn, due to balance sheet pressure, risk and other regulatory priorities, RPs are slowing down delivery of homes of all tenure.

RPs are a key part of the solution, but new models and alternative sources of finance are needed to achieve the scale and pace necessary to eliminate the structural deficit.

For further insight

Read more about the current development viability challenge on [page 101](#).

Read more why the current financial viability model is broken on [page 102](#).



Ashton Rise, photo courtesy of [Willmott Dixon](#)

“As an RP it feels like we’re in a bit of a storm. We’re being pulled in so many different directions and we see new homes programmes become the victims in all of this.”

Anna Klimczak
Brighter Places, Playbook finance roundtable

UNLOCKING NEW SOURCES OF CAPITAL FINANCE

National government is unlikely to provide the estimated £16.9 billion a year needed to fix the housing crisis⁹, and without a different model, we will fail to start to eliminate the current structural deficit. However, government funding is not the only funding available and other sources could invest the necessary capital to increase the supply of social rent housing.

The UK social and affordable housing market has become an attractive asset class for institutional investment. The high volume of demand for government-backed social housing (as evidenced by local authority waiting lists), is an attractive, low-risk proposition for patient (long-term) capital investment offering stable long-term returns (for example, pension funds).

The growing trend towards impact investing supports investment in social rent and affordable housing provision, as they can deliver tangible environmental and social impacts. Social rent housing is also a space where impact can be rigorously managed, measured and reported, an imperative for impact investors seeking to make a difference through their investments.

Institutional capital could have a growing part to play in social rent delivery in the UK, as the sector is uniquely able to deliver real increases in supply, redressing the current imbalance between supply and demand.

Prerequisites of institutional investment in social rent housing are the availability of capital funds and the willingness of potential funders. However, there are also accounting treatments governing borrowing, interest cover covenants, finance leases and off-balance sheet provisions that need to be worked through in detail with potential funders to enable access to institutional investment.

In practice

Read more about the trajectory of institutional-investment in social rent housing delivery on [page 103](#).

Learn about The Social Housing Initiative, a cross-industry partnership convened by Lloyds Banking Group on [page 110](#).

Read more about the importance of impact management, measurement and reporting from The Good Economy on [page 104](#).

“The structural deficit is probably the best de-risker of anyone’s income stream here.”

Anna Shiel
Chief Investment Officer, Better Society Capital,
Playbook roundtable

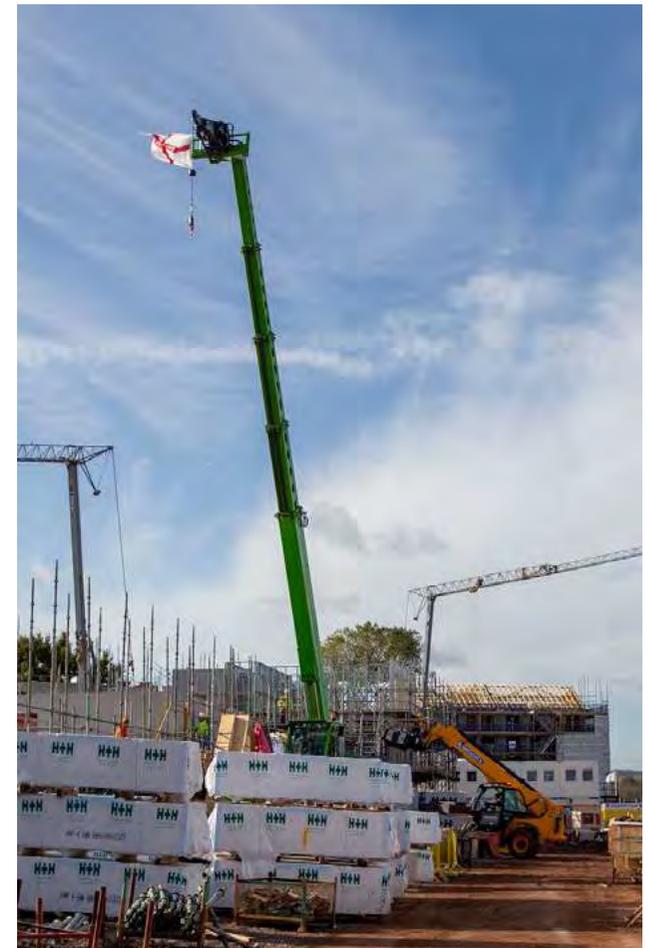


Photo courtesy of [Willmott Dixon](#)

⁹ Big Society Capital, 2022. [Mapping the Market - UK social and affordable housing funds](#). (Online: accessed November 2023).

LOCAL AUTHORITY-ENABLED PLACE-BASED IMPACT INVESTMENT

Place-based impact investment (PBII) is the deployment of impact capital to address the needs of specific places and improve the quality of life of (marginalised) communities. The assumption is that investments will yield both financial and social returns and it is therefore a promising alternative source of finance and potential new economic model for delivering social rent homes. Place-based approaches will also help to address local and regional disparities in the UK.

Successful place-based investment requires collaboration among a multitude of stakeholders. Private investors are attracted to areas with growth potential, but the public sector plays a crucial role in setting the stage for such investments through planning, regulation and procurement practices.

The role of local authorities in unleashing PBII

Local authorities are ideally positioned to drive place-based investment initiatives because they have a democratic mandate, local knowledge and long-term perspective. They control significant assets, including land, public finance and housing lists. They also wield essential levers like planning and procurement, which can influence the direction and nature of local investment.

There isn't a "one size fits all" solution, and harnessing the potential of place-based investment requires interventions to be worked out at a local level. Both project origination and shaping investment deals require hard and collaborative work.

Local authorities and city leaders need access to specialist commercial, financial and legal expertise to help develop investment propositions and navigate the relationships with investors.

It is the unique challenges and idiosyncrasies of place that make it important for local authorities to embark on the iterative journey required by the ecosystem solution, both individually and collaboratively.

For further insight

Read more about the opportunity for place-based impact investment (PBII) and the crucial role of local authorities from The Good Economy on [page 106](#).

Read more about resourcing and equipping place-leaders to 'unleash' place-based impact investment on [page 108](#).

“It is not enough to simply build homes and hope that they will make a difference, their impact needs to be managed and measured.”

Sarah Forster
Co-founder of The Good Economy,
Playbook roundtable



Blackberry Hill, Bristol photo courtesy of [Countryside Partnerships](#)

RETHINKING VALUE

The changing landscape of housing need requires us to rethink value and the wisdom of mainstream economic thinking. Rethinking value is a key lever of systemic change and critical to unlock the ecosystem solution.

Traditionally, direct costs and short-term profits have governed decision making, while wider costs and benefits have been considered but not accounted for. These have been left as “externalities” and rarely have had the strength to compete against “the numbers.”

The delivery of high quality, Net Zero homes at social rent levels is forcing local authorities to grapple with issues of viability proactively. The breadth, depth and length of local authorities’ stake in the places we live and work makes them uniquely positioned to seek better, more integrated and more equitable decision-making. This might include investment in Net Zero new homes or the decision to accept less than market return on land to unlock social rent housing.

More future-oriented and holistic ways of thinking about the health of the economy, society and the planet are beginning to influence the way we understand and account for value. For example, through regulation, social value, biodiversity and carbon have become part of mainstream economics. Previously considered externalities, new market mechanisms, have enabled them to be incorporated, and accounted for, as internalities. Data will be a key driver of this shift, and pathfinder projects and rigorous evaluation are needed to generate reliable data.

Incorporating social and environmental impact into our decision-making is a relatively new concept. Methodologies are being matured, including integrated capital

assessments, socio-economic modelling, social return on investment, social and environmental cost benefit analysis and public value return on investment.

Local authorities have a key role to play in maturing this broader economic intelligence, not least because they need to unlock social rent homes at scale and pace.

Bristol City Council is actively grappling with this through the Climate Smart Cities Challenge and a treasury strategy update, which includes a simple methodology for calculating social value to enable the delivery of new homes with a negative Net Present Value (NPV).

For further insight

Read more on the evolution of mainstream economics and tools for the transition from Rafe Bertram, author of “The Green Shift” on [page 115](#).

Read more about how the Climate Smart Cities Challenge demonstrator project is unlocking new social rent housing in Bristol on [page 112](#).

Read more about how Bristol City Council’s latest treasury strategy update is unlocking non-viable social rent homes on [page 111](#).

Read new research capturing the social value (in £, to an individual) of moving out of temporary accommodation and into settled accommodation on [page 112](#).



Photo courtesy of [OSHA](#)

AN OUTCOMES-LED APPROACH

Rethinking value, and ultimately recalibrating mainstream economics, compels us to consider and be guided by the outcomes we want to deliver. This means that not only do we deliver the housing we need, but we do it in a more integrated way, wise to opportunities to enhance direct and indirect social and environmental benefits.

Key to investment decision-making, meaningful community engagement and building trusted relationships with partners is for organisations and collaborating partners to identify, articulate and be guided by the outcomes they want to deliver.

Outcomes are always context specific, and an outcomes-led approach provides a structure to identify, define, and prioritise key outcomes at the outset of a project or programme.

An outcome-led approach can help broaden the perspective of “good value” by bringing environmental and social factors into sharper focus, support evaluation of options, inform decision-making and prioritise in the face of trade-offs.

An outcomes-led approach also underpins project evaluation and impact measurement, shining a light on intended outcomes as a benchmark for project success, learning, and continuous improvement. This is key to generating the data to evidence the benefits of this approach.

In practice

Read more about the benefits of employing an outcomes-led approach and the Value Toolkit from Ellie Jenkins from Akerlof on [page 113](#).

Read first-hand experience of using the Value Toolkit from Adam Sanford, Southern Construction Framework Operations Lead, South East and London and NACF representative on [page 114](#).

“It’s vital to focus on outcomes upfront and be really clear on what you’re trying to achieve.”

Ellie Jenkins
Partner, Akerlof, Playbook roundtable



Hope Rise Bristol, photo courtesy of [ZED PODS](#)

GETTING STARTED



NEXT STEPS AND QUESTIONS

Leadership and vision

Steps

1. Articulate a bold vision and an ambition to collaborate locally and nationally
2. Assess the social rent structural deficit in your own local authority context. Calculate how many homes need to be built to eliminabte it
3. Calculate your current subsidy loss position
4. Commit to local government leadership to eliminate the structural deficit in your local authority area. Begin to build cross party support for an innovative social rent house building program
5. Galvanise and resource your local planning authority (LPA) as a key programme delivery agent to de-risk delivery

Questions

1. Is the current housing development infrastructure in your area capable of delivering new high-quality, low-carbon homes for social rent?
2. Do you agree the provision of high quality, low carbon social rent homes is a good place to start to address structural inequality in housing?
3. Will eliminating the structural deficit demand a step-change in housing delivery locally? Is this a learning journey you have started?
4. Might the ecosystem solution offer a framework and strategy to enable you to contribute to achieving the 100,000 homes ambition?

Building homes in a new way

Steps

1. Recognise and articulate the urgency and critical role of local authorities to help incubate a new supply chain of housing that can be commissioned around a new economic and viability model
2. Develop your understanding of MMC by familiarising yourself with a range of emerging suppliers, procurement frameworks and completed projects
3. Identify and unpack any misconceptions about MMC within your organisation. Reach out to other local authorities, housing commissioners or specialists about their MMC knowledge and experience
4. Establish a clear internal and external narrative to garner support to pursue MMC as part of the solution
5. Work with the LPA to develop a pro-active planning strategy to support the delivery of new social rent housing. This might include standardisation or pattern books to support and enable DfMA to optimise MMC, the use of a Local Development Order or both

Questions

1. Can you see the broader benefits associated with an industrialised approach to construction, including the UK's pathway to Net Zero and labour market strategy?
2. How can you look at development viability differently? Can you leverage social value add and/or adopt an invest-to-save approach which captures revenue savings associated with accelerated housing delivery, tenancy sustainment, the reduction in resident energy bills and whole life asset value?

NEXT STEPS AND QUESTIONS

Unlock unlikely land

Steps

1. Commit to bring forward and unlock land in your ownership, to enable the delivery of new social rent housing
2. Explore/adopt technology to identify, map and appraise all small sites in your ownership. Determine criteria for identifying sites which would be good for new housing. Keep small and heavily constrained sites on the list of priority sites
3. Honestly assess the capability and capacity within your organisation to deliver a transformational housing programme. Could leasing the land out be necessary/beneficial to facilitate delivery at pace?

Questions

1. What are the routes to release land (e.g. sale/long-term lease) to enable development by a third-party?
2. How can you strengthen the opportunity by aggregating similar sites?
3. What legal mechanism would be necessary to release land at an undervalue (including Secretary of State approval where needed)?
4. Are there partnership opportunities and what impact might these have on the allocation, management and maintenance of new social homes?

Recalibrating the economics

Steps

1. Estimate how many homes could be delivered within the land opportunity identified and quantify the level of investment needed.
2. Determine what proportion of these homes you could fund within existing capital budgets and/or borrowing limits.
3. Decide whether the required capital will be secured from:
 - Grant funding
 - Potential partners and third-party investment
4. Identify your governance and decision-making frameworks that will need to be engaged and influenced.
5. Assess what grant funding is available in your context such as right to buy receipts, [Homes England affordable homes program funding](#) etc.
6. List potential partners and third-party capital investment (including consideration of off-balance sheet opportunities if required).

Questions

1. Can you articulate and quantify the economic and human cost of not building the social rent homes that are needed? In effect, can you demonstrate that the cost not building needed social rent homes is now too expensive and that innovation is required in our systems thinking to provide more intelligent outcomes?

APPENDICES



CONTENTS

Why a playbook?	40	A partnership approach	67	Meaningful community engagement in development, planning and design	97
Key levers of systemic change	41	Why collaboration works and is necessary	69	Housing advocacy for collective leadership	99
Our temporary accommodation emergency	42	Cost of MMC for affordable housing	72	The case for recalibrating the economics	101
The ‘structural deficit’ in social rent housing	43	Speed of delivery and MMC programme savings	74	Availability and access to finance	103
Trauma-informed design and delivery	44	Procurement of MMC - a strategic approach	76	Impact management, measurement and reporting	104
Embedding quality of life outcomes through design	45	MMC procurement frameworks	78	Place-based impact investment: the case for starting with local authorities	106
Acquisition	47	Re-imagining small, brownfield sites	80	Place-based impact investment: local authority capacity building	108
The case for starting small	49	Unlocking brownfield land	82	Social Housing Initiative: Small Sites Taskforce	110
The case for change in construction	53	Unlocking small sites	84	How Bristol is grappling with value and viability	111
Consistent ‘MMC’ terminology	54	Land ownership and strategy	86	An outcomes-led approach	113
How new build MMC homes are being adopted in practice	55	Land triage model to deliver quality social rent housing	87	Social economic modelling	115
Industrialised construction	57	Aggregating land	88	The impact of high-quality, low-carbon (social) homes on residents	117
Aggregation for order pipelines	59	Streamlining delivery through aggregated programmes	90		
A platform-based approach	61	The case for change in planning	92		
Embarking on a platform-based approach	63	The planning system as an enabler of housing	94		
A platform-based approach in practice: Haringey Council	65	Platform-thinking in planning	95		

WHY A PLAYBOOK

We are starting from the premise that, as public servants and leaders of industry we have, between us, the motivation and tools to transform the way we work to release a wave of new social housing. Such purposeful and transformative action is dependent upon a clear goal and explicit plan.

The term ‘playbook’ comes from American football where teams produce a flipbook to document and share pre-agreed strategies for the game ahead, allowing the players to go onto the field confident they’re on the same page.

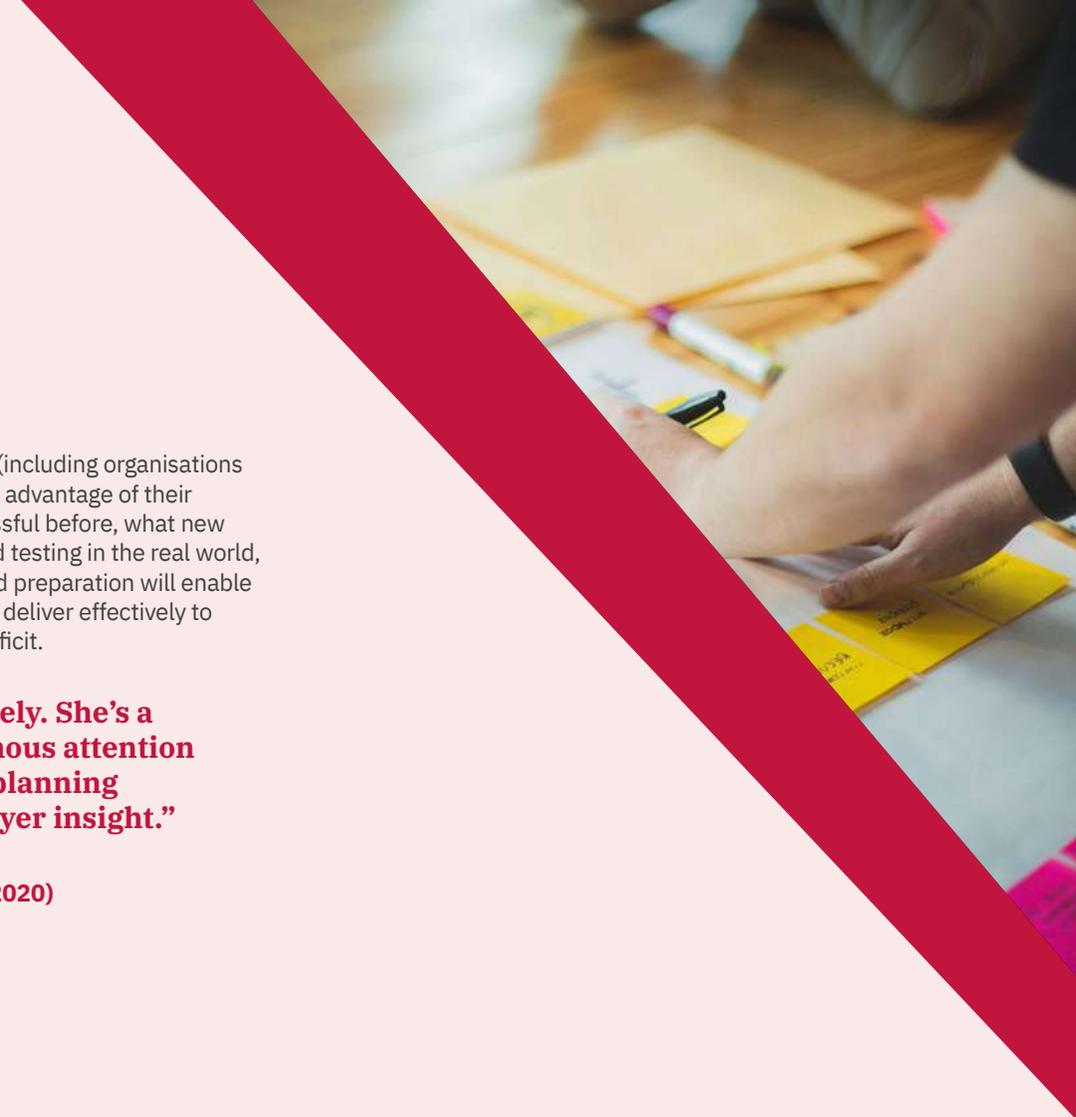
Like any football manager strategising how to win a match, the playbook considers what each individual player brings to the game and how to take advantage of their strengths, set passages of play that proved successful before, new formations and passes to test in a match, and importantly what words and what preparation will enable the individual players to go out and play as an effective team.

This playbook is a strategy and planning tool for local authorities facing the human and economic costs of the current housing crisis and needing to release a winning response.

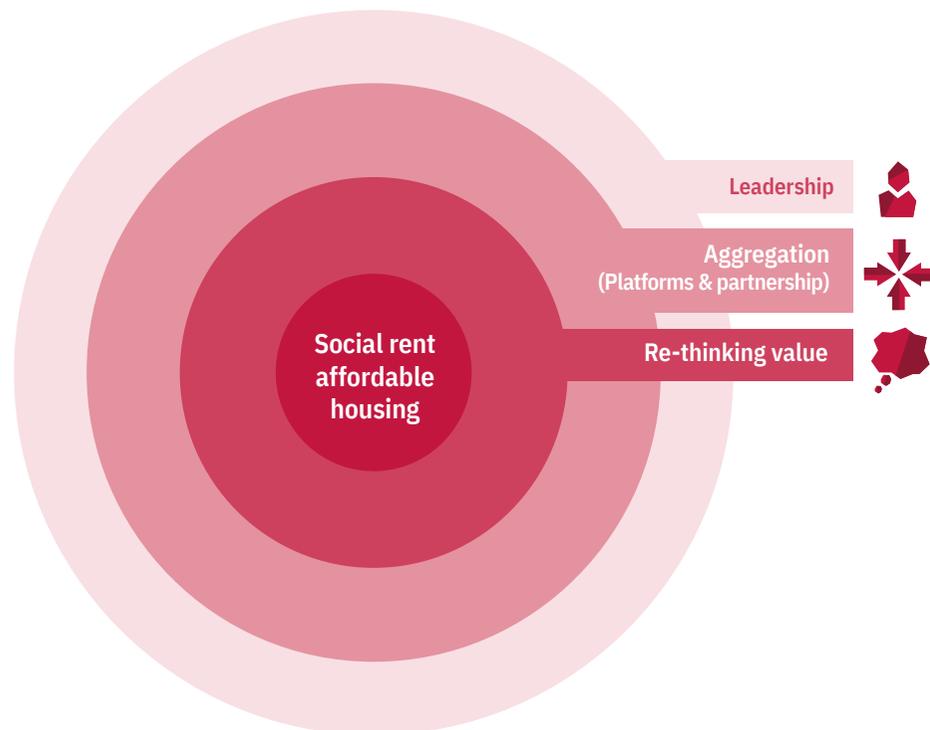
It sets out what assets are in play (including organisations and technologies) and how to take advantage of their strengths, what has proved successful before, what new partnerships and approaches need testing in the real world, and importantly what narrative and preparation will enable a group of individual organisations deliver effectively to eliminate the current structural deficit.

“Sarina [Wiegman] is steely. She’s a winner. She pays enormous attention to detail whether she’s planning a game or looking at player insight.”

**Baroness Sue Campbell
FA head of women’s football (2020)**



KEY LEVERS OF SYSTEMIC CHANGE



Rethinking value, pursuit of aggregation, and committed leadership emerged as levers of broader systemic change, repeatedly heard across a series of thematic Playbook roundtables convened in July 2023.

This is not new wisdom - far from it; there are clear parallels with the key messages of Sir Michael Latham's 'Constructing the team' (1994), and Sir John Egan's Rethinking Construction (1998) and 'Accelerating Change' (2002).

In [Constructing the team \(1994\)](#) Latham called for more partnering in construction, urging greater teamwork between suppliers and clients, which was argued would support a process of total continuous improvement. This accords with the Playbook call for greater aggregation.

[Rethinking Construction \(1998\)](#) called for dramatic improvement of the performance of the construction industry by looking at the transformation of other industries. Egan advocated for a greater focus on value for the customer and designing-out wasteful and unproductive working practices. There are clear parallels with the Playbook call to re-think value.

[Accelerating Change \(2002\)](#) sought to galvanise the industry to take collective leadership in pursuit of a clear vision *'for the UK construction industry to realise maximum value for all clients, end users and stakeholders and exceed their expectations through the consistent delivery of world class products and services.'* The Playbook re-iterates the call for collective leadership to bring about wider transformation of the sector.

Our thanks to Mike Ormesher Project Director of the [Offsite Homes Alliance](#) (OSHA) for identifying this connection and recommending that we all revisit the insights in these three formative industry reports.

OUR TEMPORARY ACCOMMODATION EMERGENCY

Temporary Accommodation

The increased demand for Temporary Accommodation (TA) has become an area of critical need for local authorities across the country. The latest statistics show there were 112,660 households in TA at the end of December in England, including 145,800 homeless children¹. Between October and December 2023, nearly 320,00 households faced homelessness, the highest number on record.

Local authorities have a statutory duty to secure suitable accommodation for applicants facing homelessness (and their households), whom they reasonably believe (and then subsequently find) to be in priority need and eligible for assistance. TA is used by local authorities whilst they assess homelessness applications and until suitable settled accommodation for eligible households is secured. While this provision should be short term, in the past ten years the number of households being entitled to the main housing duty has outpaced the number of households being found settled housing, which would include social rent homes. This has resulted in a 96% increase in households living in TA.

In addition, Shelter reports that 61% of households live in TA for longer than a year². Many families move more than once, are relocated to new areas requiring children to change schools or are allocated accommodation that is unsuitable to their needs or of a low standard.

This deficit in the supply of quality social housing has led to a sharp increase in public spending on TA and fuels profit for private companies providing high-cost, spot-purchase nightly accommodation at taxpayers' expense. Between April 2022 and March 2023, Local Authorities spent £1.74 billion on TA (£4.6million a day), a rise of 9% on the previous year, and 62% in the past five years. In addition, a third of last year's total was on emergency B&B's and hostels, an increase of 53% in the past five years³. The burgeoning cost burden associated with managing homelessness, has already resulted in some local authorities issuing section 114 notices, and others warning they too are, in effect, increasingly close to bankruptcy.

For more information see the APPG for Households in Temporary Accommodation - call for [evidence report](#).

Refugee resettlement

At the end of 2023 British Red Cross Refugee Services estimated more than 50 000 refugees could be imminently made homeless due to changes to the move-on process earlier in the year⁴. When asylum seekers receive their refugee status, they are given 28 days to find alternative accommodation. The 28 days previously started from when they received their Biometric Residence Permit (BRP), needed to apply for jobs, schools and benefits. However, this recently changed to begin when they receive their asylum decision. The Local Government Association (LGA) said some people now have as little as seven days to find a new homes⁵.

At the beginning of August 2023, British Red Cross Refugee Services reported 140% increase in destitution for people they support with refugee status⁶. Refugees with 'priority need' who fail to secure housing within the 28-day move-on period (including pregnant women and households with children) join those needing to be provided with Temporary Accommodation by local authorities⁷.

A key recommendation in Refugee Action's March 2023 report was 'The Government should work with and fund local authorities and NGOs to run integrated housing, support, and legal advice in communities and address the crisis in social housing'⁸.

However, until this happens, local authorities already in a Temporary Accommodation (TA) crisis are not equipped to handle this extra pressure, worsening the crisis.

1 Riding, J., 2024. [Record high numbers of homeless households and children in temporary accommodation](#). Inside Housing (Online: 01.05.24, accessed 02.05.24).

2 Garvie et al., 2023. [Still Living in Limbo: Why the use of temporary accommodation must end](#). (Online: Shelter).

3 Jessel, E., 2023. [Temporary accommodation bill rises again to £1.7bn](#). Inside Housing (Online: 12.10.23, accessed 13.10.23).

4 British Red Cross, 2023. [Move-on period: more than 50,000 refugees could be homeless by the end of the year](#). (Online: 05.10.23, accessed 01.12.23).

5 Syal, R., 2023. [Thousands of refugees in England and Wales 'face homeless Christmas'](#). The Guardian. (Online: 29.11.23, accessed 01.12.23).

6 British Red Cross, 2023. [Move-on period: more than 50,000 refugees could be homeless by the end of the year](#). (Online: 05.10.23, accessed 01.12.23).

7 Shelter, 2023. [Refugees: Moving on from asylum support housing](#). Shelter (Online: accessed 01.12.23).

8 Refugee Action, 2023. [Hostile Accommodation](#). Refugee Action (Online: accessed 01.12.23).

THE ‘STRUCTURAL DEFICIT’ IN SOCIAL RENT HOUSING

In the UK we face a housing emergency that has been building for decades, that reaches across class and geography, and is being felt acutely by many throughout the country.

Today around 17.5 million people in Britain are living in overcrowded, dangerous, unstable or unaffordable housing⁹. In March 2022, we had over 1.2 million households in England on their local authority’s housing waiting list¹⁰, the highest number on record. In June 2023, over 105,750 households were in temporary accommodation¹¹ and, on average, private renters in 2023 were using a third of their income on rent¹². This, in turn, would have a significant impact on other health and social factors impacted by the housing crisis.

The ongoing undersupply of housing

The average number of all homes built per year over the last 10 years in England is just under 180,000¹³, well short of the government’s 300,000 target. This under delivery is currently compounded by developers who, in the current economic slowdown, are slowing down their build programmes to protect margins and shareholder returns¹⁴.

Even if developers were building 300,000 homes a year, they would not be building the type of homes needed to tackle the sharp end of the crisis; social rent homes. Building social rent homes is financially unviable for developers as their businesses are built on maximising the financial-return they generate from the homes they build, including any Section 106 Affordable Homes. Social rent homes produce the lowest rental income of all the affordable housing types¹⁵ and so are not being built because of the increasing pressure developers and registered providers are under in the current economy.

The system we have in place to build homes cannot and will not build social rent homes because they are not financially viable.

We need a new model.



Photo courtesy of [Resonance](#)

9 Shelter, 2021. [Denied the Right to a Safe Home Report](#). (Online).

10 DLUHC, 2024. [Social housing lettings in England, tenants: April 2021 to March 2022](#). (Online: accessed 22.01.24).

11 Fox, A., 2023. [Households and children in temporary accommodation at record numbers](#). The Independent (Online: 30.11.23, accessed 01.12.23).

12 Steed, K., 2023. [UK private rental statistics 2023](#). Uswitch (Online: 12.10.23, accessed 16.10.23).

13 BCIS, 2023. [The governments housing targets - are they achievable?](#) (Online: 07.08.2023, accessed 16.09.23).

14 Hammond, G., (2023) [UK housebuilders in retreat amid property downturn](#). Financial Times (Online: 12.01.2023, accessed 16.10.23).

15 Bristol City Council. [Types of affordable housing](#). (Online: accessed 22.01.24).

TRAUMA-INFORMED DESIGN AND DELIVERY

The shortage of social housing, long waiting lists and numbers of households in Temporary Accommodation, or other unsuitable accommodation, is resulting in higher levels of adversity and trauma amongst future residents. Human-centric design is key to establishing trusted pathways for new social housing delivery. Here, the [Changing Futures Bristol](#) partnership unpacks what this means for the design and delivery of new social rent housing.

What is trauma?

Trauma is the result of an event, series of events, or set of circumstances that is experienced by an individual as physically or emotionally harmful or life threatening and that has lasting adverse effects of the individual's functioning and mental, physical, social, emotional, or spiritual wellbeing.

Substance Abuse and Mental Health Services (SAMHSA, 2014a)

The impact of trauma on society is widespread. It is reported [that around one in three adults in England have experienced at least one traumatic event and nearly half of the English population have experienced an adverse childhood experience \(ACE\)](#) that resulted in trauma. Research also shows that [trauma leads to poorer physical and mental health and poorer social, educational and criminal justice outcomes](#).

For those who are already living with a perpetual heightened sense of anxiety and fear, dealing with housing issues such as paying rent, organising repairs, managing relationships with neighbours, housing insecurity and evictions can be particularly difficult and, in some cases, re-traumatising.

However, there is a growing body of evidence that shows that being trauma aware and adopting trauma-informed approaches can improve the life outcomes of those affected. Social housing is no exception to this.

By applying [trauma-informed practices](#) which emphasise safety, choice, empowerment, inclusivity, trustworthiness and transparency to the design of social housing, we can acknowledge and work with the traumatic experiences that many residents will have endured.

Traditional social housing environments may inadvertently trigger or exacerbate trauma symptoms. For example, crowded living conditions, lack of choice and exposure to noise or violence can be distressing and disempowering. Trauma-informed design seeks to minimise such triggers and create spaces that support healing, reduce re-traumatisation, and foster a sense of community, ultimately improving the lives of our most vulnerable citizens.

Trauma-informed social housing understands the importance of emotional and psychological safety. Simple design elements like proper lighting and secure entrances can make residents feel safer. Spaces that promote community engagement, such as common gardens and recreational facilities can help residents build supportive networks and reduce feelings of isolation. Geographical location is also an important consideration.

Making sure that housing is accessible and makes it easier for individuals to access the support services they need can give individuals a sense of autonomy. In some cases, it can also keep them safe from perpetration.

If we are committed to trauma-informed practice in social housing, co-production with people with lived experience should be at the heart of any design.

Done well, co-production coproduction ensures that the input and perspectives of the people who will live in the housing are central to the decision-making process. By involving them in the design stage, it recognises that they are the experts in their own lives and experiences. And by seeking diverse perspectives, we can create housing that is culturally responsive and meets the need of those we are employed to support. When we create environments that support residents' wellbeing, the need for crisis interventions and emergency services will decrease over time and this benefits everyone in the long term.

At Changing Futures Bristol, we are piloting a [My Team Around Me](#) approach. It puts individuals at the heart of their own support plan. With regards to housing, our service coordinators work closely with social services, housing providers, healthcare, and other specialist support to find the best accommodation for our clients and secure the wrap around support they need to maintain their tenancies.

Those cross-agency conversations need to be reflected at commissioning and design level to ensure those who are most vulnerable have their social housing needs met as part of a wider strategy to address multiple disadvantage.

For further reading see the [Trauma Informed Design resources prepared by the Housing LIN](#).

EMBEDDING QUALITY OF LIFE OUTCOMES THROUGH DESIGN



Image courtesy of [Morris+Company](#)

Over the last 12 months, architects Miranda MacLaren and Polina Pencheva from [Morris+Company](#) have been listening to homeless families living in emergency accommodation, to better understand what ‘good’ design looks like. Their most recent study, the [Family Emergency Accommodation Guidance](#) shines a light on ‘good’ design of new emergency family homes and aims to lift the standards of accommodation for homeless families. What they have heard and learnt is equally important for the design of ‘move on’ and permanent social rent homes, which increasingly must meet the needs of families impacted by significant housing difficulty. The value of high-quality new homes, must be recognised both for residents and the wider community.

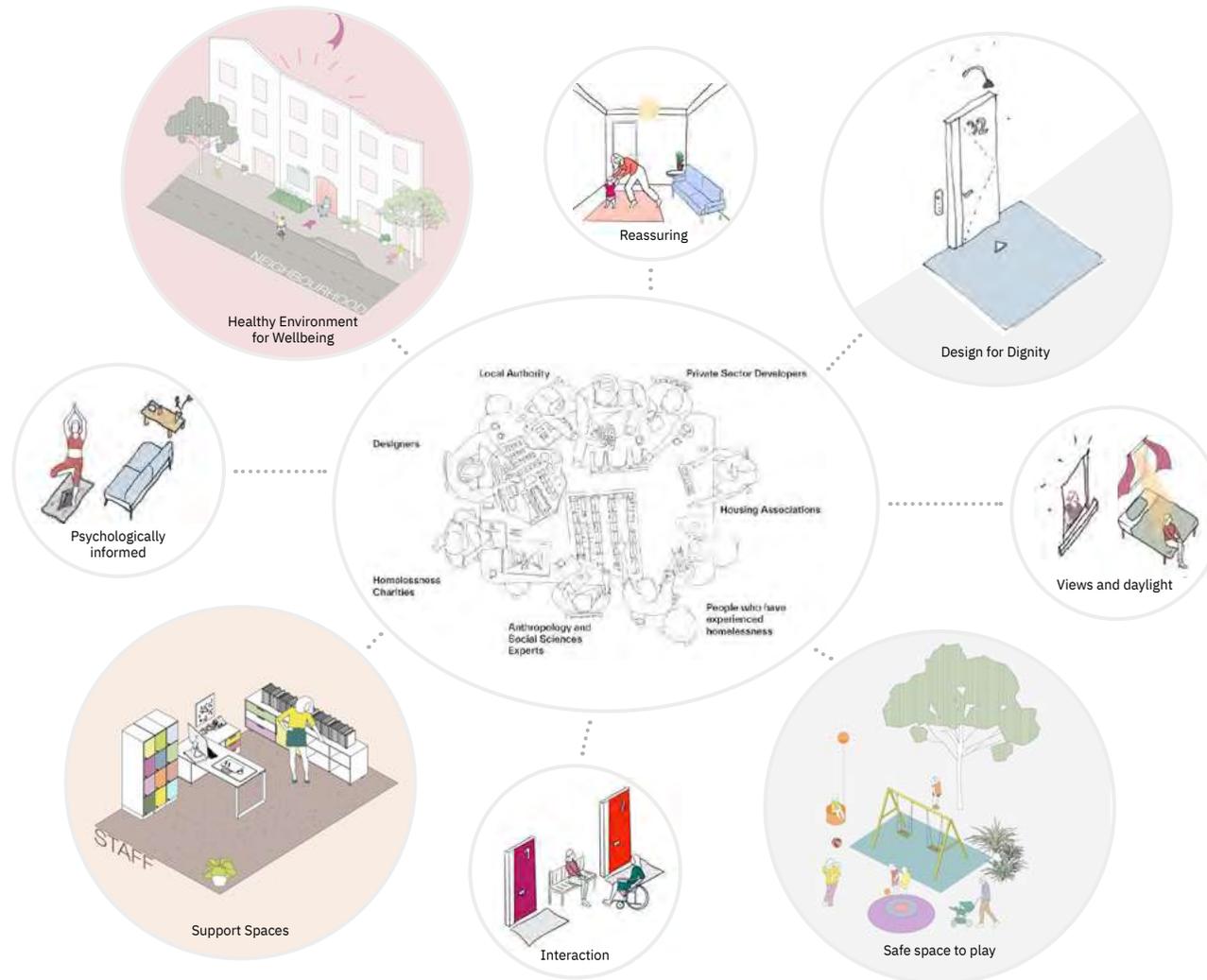
Meeting this housing need and the importance of good design has long been understood. The provision of quality long-term shelter can be traced back to the medieval period - the traditional almshouse being the foundational architectural model for social housing. Although funded historically by sovereigns, the church and wealthy dignitaries/merchants these buildings sort to assist the relief of poverty and sickness through the provision of quality buildings, including housing, and services.

The number of individuals and families who have found themselves in significant difficulty and seek emergency shelter is at crisis level. Substandard housing is having a traumatic impact, with long-term effects on individual’s welfare, health and wellbeing. The economic costs and burden on public welfare services is now substantial and literally costing lives.

The provision of quality, dignified accommodation or settled housing for those navigating homelessness is essential. Research from the [WHO and UNICEF reports on the importance of a nurturing environment](#), and calls for the design of safe, **psychologically informed environments (which consider noise, light, comfort, temperature, fabrics, colour, art and aesthetics)**, found to be beneficial in limiting trauma impacts.

Having heard the stories and insights of those waiting for settled housing (see the RIBA backed [We Are Not Bad Kids](#) campaign), the research team at Morris+Company urge those commissioning new social homes to **prioritise the design and delivery of safe, settled homes, where residents can carry out their daily lives without interruption, with access to doorstep play while living in a neighbourhood within walking distance of key infrastructure and support networks**. The importance of access to nurseries, schools, medical services, and charity or faith organisations that support families who have experienced trauma is essential. **A home does not stop at the front door.**

Continued →



“As we build new social housing, under increasing financial pressure and scrutiny, we must be clear why good design is an investment in the mental and physical health of the nation.”

**Miranda MacLaren
Morris+Company**

Key design principles for family housing-based on expert workshops.
Illustration courtesy of [Morris+Company](#)

ACQUISITION

“Building new homes is taking too long. We should be buying private homes and letting them at Local Housing Allowance rates” wrote Amarjit Bains for [Housing Today in September 2023](#). Amarjit is the programme director for homelessness support and prevention contracts at Bridges Outcomes Partnerships.

Acquisition can only ever be a limited, short-term fix as taking homes out of the private rental market doesn't increase the overall supply and risks pushing up house prices.

We'd encourage local authorities to engage with external partners, to avoid this taking up valuable capacity and mitigate against the risk of competing against other social housing providers for the limited pool of homes.

Check out these examples.



Impact-led investment unlocking homes

A three-way partnership between Resonance (Social Impact Property Fund Manager), Bristol City Council (Investor) & Developing Health & Independence (Housing Partner), is delivering 34 one-bed flats, and wrap around support, for people who had been sleeping rough/experiencing homelessness.

In Bristol, in November 2022, 58 people were known to be sleeping on the streets. By partnering with expert housing partner, Developing Health & Independence (DHI), and thanks to investment from Bristol City Council, Resonance's National Homelessness Property Fund 2 (NHPF2) is purchasing 34 one-bed homes specifically for rough sleepers. By September 2023 Resonance's impact-fund had purchased 31 homes, with 21 handed

over and 16 people housed. This partnership is part of the Government's Rough Sleeper Accommodation Programme, the objective of which is to provide move-on homes and specialist support services for people sleeping rough.

The fund, which launched with an initial investment of £20m and to date has raised £76m of its c.£300m target size, is purchasing properties in local communities, refurbishing them to a high standard, including improving their energy efficiencies. Properties are then handed over to local housing partners, such as DHI in the south-west, to manage tenancies and support tenants with their specialist support services

Stable homes give tenants the opportunity to transition from homelessness to becoming part of their community, gaining employment or training, saving for their future and giving them the ability to eventually move on into their own private accommodation.

Impact-fund manager [Resonance](#) is currently managing around £350m of investors' capital across eleven operational impact funds.

[Resonance's Homelessness Property Funds Social Impact Report for 2022/23](#)

[Video interview with one of NHPF2's tenants in Bristol](#)

Continued →

Photo courtesy of Resonance

PropTech simplifying property acquisition

Innovative technology is helping local authorities to find, appraise and acquire homes to reduce homelessness. For example, Hastings are using SimplyPhi's search technology and project management platform to find, acquire and retrofit 60 homes, as part of their ongoing Housing Programme for Rough Sleepers and Temporary Accommodation.

Hastings Borough Council (HBC) started working with B-Corp [SimplyPhi](#) in earnest in Sept 2022. SimplyPhi has supported the Council to establish new ways of working on the acquisition and refurbishment of street market properties, with 52 homes delivered inside the first 9-months.

SimplyPhi are using their end-to-end property acquisition technology and services to help HBC, and other local authorities, provide residents with quality, energy efficient, furnished accommodation that meets high safety

standards and supports their climate change ambitions. SimplyPhi's service has enabled HBC to:

- Increase capacity to meet Government housing targets and qualify for grant funding
- Retrofit properties to improved EPC levels before being let
- Develop a responsive and timely service resulting in quick turnaround times
- Improve the quality of our homes through a new Fit to Let standard
- Create new social value through the recycling of unused household items through local furniture charities (Circular Economy)

From a financial point of view, this street market housing acquisition programme is providing significant savings to HBC compared to sourcing external temporary accommodation.

To read more about this housing programme in Hastings, [click here](#).



18 HELSTONE GROVE, BIRMINGHAM, B11 3PN
End Of Terrace | 3 Beds | Freehold | Tenure | New Today
We are delighted to present to the market this 2-bedroom End of Terrace house on Hel activities. The accommodation comprises of a living room L...

AP **£145,000** | AIC **£153,350** | Rent **£8,078** | Yield **5.27%**

FLAT 3, 7 WESTCROFT GROVE, B38 8AT
Flat | 3 Beds | Leasehold | Tenure | New Today
The Property***ATTENTION FIRST TIME BUYERS*** **IDEAL LANDLORD PROPERTY*****GREA ling hallway, accessed through a communal entra...

AP **£150,000** | AIC **£158,500** | Rent **£8,078** | Yield **5.10%**

Flat 32 Bowen Court, Wake Green Park, B13 9XP
Flat | 1 Bed | Leasehold | Tenure | New Today
** ONE BEDROOM FLAT IN THE WAKE GREEN PARK DEVELOPMENT IN MOSELEY!!** We are deli amenities including coffee shops, cafes, bars, restaurant...

AP **£95,000** | AIC **£100,850** | Rent **£6,283** | Yield **6.23%**

Apartment 12 Queens Court, 157, Gravelly Hill North, Erdington,
Flat | 1 Bed | Leasehold | Tenure | 1 day on market
Diana is pleased to please present this well-presented one bedroom flat in Erdington commuters.Accommodation briefly comprises; open plan living ro...

AP **£100,000** | AIC **£106,000** | Rent **£6,283** | Yield **5.93%**

SimplyFind image courtesy of SimplyPhi

THE CASE FOR STARTING SMALL

Activating the supply chain

From Housing Festival's experience working in Bristol, we have seen that starting small, is both essential and effective in building the organisational capacity and confidence to scale up. Take the Hope Rise development in Bristol as an example, this 11-home demonstrator project (a UK-first), helped unlock a pipeline of 1,200 homes for the MMC supplier.

There were circa. 3000 CAT1 'modular' homes delivered in 2022, with trade body Make UK Modular anticipating this increasing to 10,000 modular homes in 2025. [At the end of 2022, the broader MMC sector was anticipated to have the capacity to deliver around 20,000 homes/year by 2025¹⁶](#). The implications of specific business closures on the capacity of the overall sector, since Make UK Modular's October 2022 capacity study, is yet to be established and will inevitably vary overtime.

We know that presently, there isn't the capacity in MMC housebuilding industry to deliver all the homes we need, but there is sufficient capacity to deliver the 100,000 social rent homes over 10 years, targeted by this Playbook. A key ambition of this plan is to commission and deliver these homes in a way that supports a new supply chain of factory-manufactured homes to sustainably scale with demand, as a pathfinder for wider growth of the sector.

Continued →



Foundation 200

In 2019 to mark Hill's 20th anniversary The Hill Group launched Foundation 200. Through this programme the group is donating 200 fully equipped modular homes over the next five years to single homeless people as part of a £15m pledge. For some Local Authorities Foundation 200 has been the start of their MMC journey.

“The whole business is taking huge pride in delivering these initiatives, and while we will not solve the problem on our own today, we are taking a big step in the right direction, which we hope others will follow.”

Andy Hill
CEO and Founder, The Hill Group

For more details see www.solohaus.co.uk



SoloHaus photo courtesy of [The Hill Group](#)

¹⁶ Make UK Modular, 2022. [Greener, better, faster: Modular's role in solving the housing crisis](#). (Online: 10,2022, accessed 16.10.23).

Translating targets into reality

It is important to show that proposed plan is achievable, both by allowing the delivery capacity of the system to grow over a period of time and by splitting the total number of homes down by region.

For example, in England and Wales, we have 55 cities. As an illustration, over 10 years if each city were to develop 20 small sites (of an average of just 7 homes), it would equate to 77,000 new homes. This does not include towns, or larger brownfield sites (mixed-tenure developments), or other One Public Estate land, so the total number could reasonably be anticipated to be much higher.

Moreover, there are 317 Local Planning Authorities in England, enabling the task to build 100,000 homes to be broken down further.

Figure 1 opposite, is an illustrative (exponential) growth model, assuming each LPA builds their percentage share of the total 100,000 homes based on the indicative housing need figures, accompanying the House of Commons Library briefing paper:

[Calculating housing need in the planning system \(England\).](#)

Isolating what this would mean for Bristol as an illustrative example (see Table 1 opposite), begins to show that this is achievable. Over ten years Bristol would build 1,091 homes, contributing 1.1% of the national total.

Exactly how the task is broken down, is less important than doing so, to foster collective confidence and release action.

Continued →

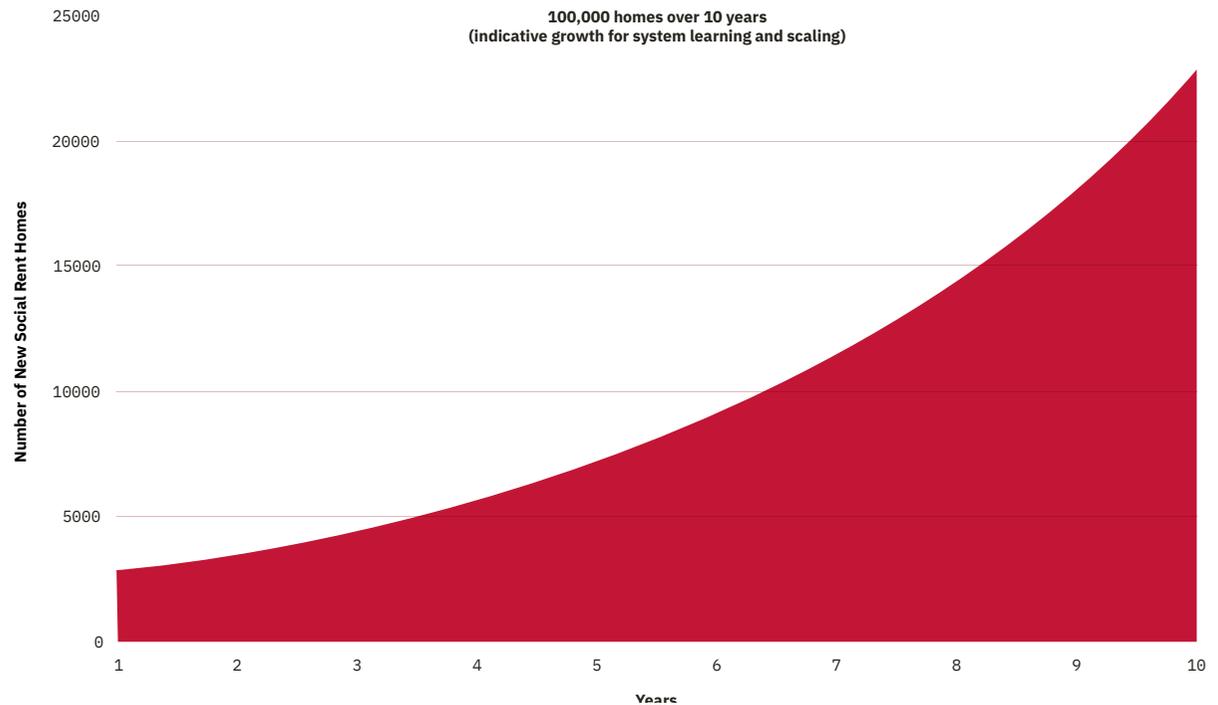


Figure 1 - Illustrative (exponential) growth model

Year	1	2	3	4	5	6	7	8	9	10
Target number of new MMC social rent homes	31 (3%)	39 (4%)	50 (5%)	63 (6%)	79 (7%)	99 (9%)	125 (11%)	157 (14%)	198 (18%)	249 (23%)

Table 1 - Bristol LPA's targets for example



Photo courtesy of Housing Festival

Joint-working releasing under-utilised assets

Under Bristol's 'One City' approach, University Hospitals Bristol and Weston NHS Foundation Trust (UBHW) partnered with Bristol City Council (BCC) to provide 18 flats for use as Temporary Accommodation.

In recognition of the housing crisis, UBHW offered 24 flats to BCC to be used as TA. The flats are in 2 buildings earmarked for future development but were underoccupied. UBHW and BCC entered an initial 2-year lease with an openness to extension if the future development of the site is delayed. Key elements of the agreement are:

- BCC invested capital to bring the properties up to lettable standards. UBHW did not collect any rent until the capital investment costs had been recovered through rental income by BCC.
- BCC leased the properties on a full repairing lease, responsible for all repair and maintenance during the lease.

It is anticipated the project will deliver £480k of subsidy loss savings over the 2-year lease.

Continued →



Pennine Close - St. Helens, photo courtesy of [Goscombe Group](#)

Lease models unlocking new homes

[Goscombe](#) is a profit-with-purpose business deeply committed to building homes for good. They have their own MMC manufacturing facilities and a business model intent on balancing meaningful investment in social purpose and fair investor returns. As well as offering homes for sale to housing associations and local authorities they have developed a long-term leasing model for MMC homes. Disruptive models, such as theirs, which help free up the capital reserves of Registered Providers for deployment on other projects, have the potential to reshape the landscape of possibilities for affordable housing delivery. [Goscombe talk about their model here:](#)

We've developed a recycled steel-framed panellised solution capable of erecting a watertight building within 36 hours of arriving on site. As an illustration, this MMC system is set to provide 27 new 1- & 2-bed apartments specifically designed for social rent (circa £100 per week) for a Scottish housing association.

The Housing Association (HA) is offered the flexibility to either purchase these homes outright or lease them from Goscombe's wholly-owned asset management business, or Pension Fund partners. These leases span a 50-year period and include Fully Repairing and Insuring (FRI) terms, with properties guaranteed to remain in social rent perpetually.

In the leasing scenario, Goscombe secures up to 52% of the scheme's funding through a government grant, with the remaining balance provided by a Pension Fund partner. Additionally, 60% of rent collected will be retained by the RP for cyclical maintenance.

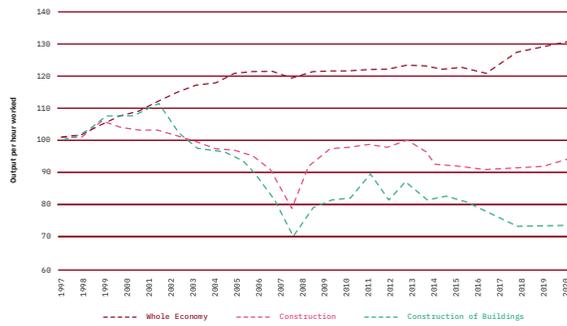
There are four steps in enabling our lease model for RPs:

1. Typically, an RP brings forward a site for development, working with Goscombe's design team.
2. Our Pension Fund partners finance the development, thereby eliminating the need for Goscombe to borrow funds and removing the cost of servicing debt from the final cost of a home.
3. On completion, the RP enters into a lease agreement on a FRI lease basis with the Pension Fund, releasing the RP to deploy their capital reserves on other projects without compromising their ability to build new homes.
4. The rental income is shared between the RP and the Pension Fund. At the end of the lease, the RP has the choice of continuing with the lease, acquiring the homes at the exercise price, or withdrawing.

As a company Goscombe is determined to resist 'bottom line' culture, and place purpose at the forefront of all they do. 90% of Goscombe profits are reinvested into social housing and community regeneration.

THE CASE FOR CHANGE IN CONSTRUCTION

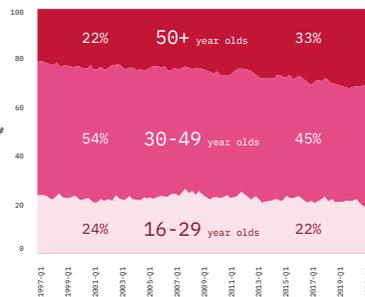
The construction industry faces a number of challenges, many associated with the cyclical, volatile and fragmented project-based approach adopted in response to the commercial environment. Global engineering, management and development consulting firm [Mott MacDonald](#) outline the case for change in construction, and why building homes in a new way is key.



Source: Office for National Statistics - Labour productivity

Construction Productivity has trended **negatively** since 1997.

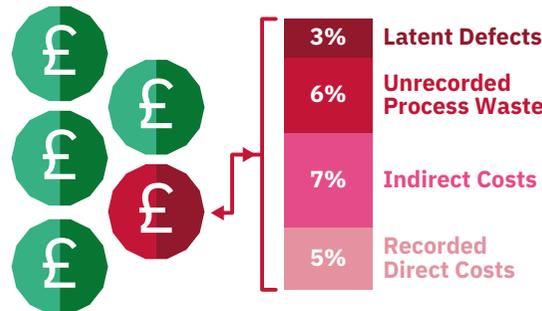
There is an ageing demographic and widening skills gap.



Source: ONS construction statistics

30% of workplace fatalities taking place in construction, and rates of suicide in construction are twice as high as other occupations.

Construction generates 60% of UK waste [by weight]
Processing or disposing of this waste is highly detrimental to the environment.



Source: Improving Value by Eliminating Error report (2016)

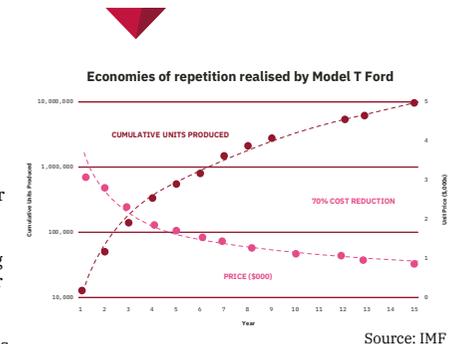
Error accounts for 21% of the costs in construction

But we can change this...

How? By learning from other industries and developing **Product Platforms* for our social infrastructure...**

***Product Platforms** are an integrated systems approach providing curated design and development solutions to efficiently deliver a range of products, balancing variability with repeatability. When combined with specific project requirements, it allows the development and creation of specific assets for individual customers efficiently and predictably.

Wide-spread adoption of Product Platforms across social infrastructure could reduce project costs by up to **30%** or **£1.8bn per year**, through **economies of repetition**. These refer to productivity and efficiency gains that result from producing and delivering similar goods or services in large quantities and making improvements through learning.



Source: IMF

Which is forecasted to produce huge GDP benefits

+£7.8bn annual real increase in GDP
+£11.4bn annual real increase in consumption

Along with the potential for an estimated **increase on annual GDP of £4.7bn to £7.8bn**, and consumption by £6.8bn to £11.4bn, research also points to demonstrable improvements in social and environmental outcomes.

For more information see [The Value of Platforms in Construction](#) (2023)

CONSISTENT ‘MMC’ TERMINOLOGY

#	1	2	3	4	5	6	7
CATEGORY DEFINITION	PRE-MANUFACTURING (3D primary structural systems) 	PRE-MANUFACTURING (2D primary structural systems) 	PRE-MANUFACTURING COMPONENTS (non-systemised primary structure) 	ADDITIVE MANUFACTURING (Structural and non-structural) 	PRE-MANUFACTURING (non-structural assemblies & sub-assemblies) 	MATERIAL AND PRODUCT INNOVATIONS Product led site labour reduction/productivity improvements 	SITE PROCESS INNOVATIONS Led site labour reduction/productivity/assurance improvements 

What are Modern Methods of Construction (MMC) and what do we mean by MMC in this Playbook?, Gaynor Tennant of the Offsite Alliance, unpacks the terminology...

The term Modern Methods of Construction (MMC) encompasses a wide range of offsite manufacturing and onsite assembly techniques. Other terms often used interchangeably - including Modular Construction, Offsite Construction, Offsite Manufacture (OSM) and Precision Manufactured Housing.

“Modern Methods of Construction (MMC) or offsite construction” refers to the building or part of the building that is constructed in a factory, and assembled on-site.”

Gaynor Tennant

MMC encompasses a wide breadth of solutions and products. The key idea behind MMC is to shift construction away from traditional, labour-intensive, and often wasteful methods to more streamlined and controlled manufacturing processes. In MMC components, or entire building modules, are manufactured in a factory, or offsite facility, and then transported to the construction site for assembly. This approach offers several advantages, including faster construction timelines, reduced waste, improved quality control, and often, better energy efficiency in the final building.

In April 2019, the government published a [Modern Methods of Construction \(MMC Definition Framework\)](#), to improve understanding and consistency when using the term MMC. This framework is useful in capturing the full suite of MMC technologies. When we talk about incubating a new supply chain of factory-manufactured housing we are specifically referring to MMC Categories 1, 2, 3 and 5:

Cat 1: Modular volumetric systems



Courtesy of Tophat

Three-dimensional structural units produced in controlled factory conditions prior to final installation. Volumetric units can be brought to site in a variety of forms ranging from a basic structure only, to ones with all internal and external finishes and services installed, all ready for installation. Full volumetric units in apartment buildings can include apartment space and common area space.

Cat 2: 2D Panelised systems



Courtesy of Starship Homes

The most common are open panels, or frames, which consist of a skeletal structure only, to which insulation, external cladding and internal finishing are installed on-site. A good example is timber frame construction. Also, open panel systems, where the panel component is finished on one side and in the case of a wall often encompassing windows, doors and façade. Closed panels include both lining materials and external claddings. The system includes structural performance for primary walls and all floors.

Cat 3: Pre-manufactured structural members



Courtesy of Ramboll UK

Structural members made of framed or mass engineered timber, cold rolled or hot rolled or pre-cast concrete. Members to include load bearing beams, columns, walls, core structures and slabs, which are not pre-assembled as part of a systemised design. This category also includes sub-structure elements such as pre-fabricated pile caps, driven piles and screw piles.

Cat 5: Component Systems



Courtesy of Build Lite UK

Factory manufactured items installed as part of the building process, often seen on traditional construction sites, where they bring the benefits of increased Pre-Manufactured Value (PMV). Some of the most common are pre-assembled Roof trusses, door sets, GRP chimneys and dormas, but also bathroom pods, utility cupboards and M&E cassettes, which can just be connected onsite.

HOW NEW BUILD MMC HOMES ARE BEING ADOPTED IN PRACTICE

MMC systems are being employed to tackle the housing emergency, providing high quality, truly affordable and Net Zero rated homes for families at risk of homelessness.

For example, Yr Hafan, which means ‘The Haven’ in Welsh, is an award-winning modular (MMC Cat 1) scheme delivered for Cardiff Council, by Beattie Passive. The development, which provides much needed temporary accommodation, comprises 48 homes, 4 accessible bungalows, and 2 administrative/communal buildings.

The Yr Hafan project, completed in June 2022, stands out for several reasons. Firstly, the homes are officially certified to [Passivhaus Plus standard](#), a relatively new certification that recognises the production of renewable energy by passive buildings.

Secondly, everything was constructed using MMC. Yr Hafan was designed and modelled in the PHPP ([Passivhaus Planning Package](#)) and constructed using Beattie Passive’s Passivhaus-certified timber frame build system at the firm’s offsite factory in Norwich, Norfolk. The project has a Pre-Manufactured Value (PMV) score of 84%, well above [Homes England’s 55% target](#).

Thirdly, the entire scheme is relocatable. If the need for temporary accommodation arises elsewhere, the homes can simply be picked up and moved, negating any need to knock down and rebuild (both of which are carbon intensive).

Continued →



Yr Hafan, Cardiff photo courtesy of BeattiePassive

“What a wonderful facility Yr Hafan is, a real haven for families during a difficult time. Nobody wants to be living in temporary accommodation, but we’ve had some great feedback from the families staying at the centre, both in terms of quality of the flats and the support they receive.”

Lynda Thorne
Cabinet Member for Housing and Communities,
Cardiff Council



Yr Hafan, Cardiff photos courtesy of BeattiePassive

Climate change and carbon were at the heart of Cardiff Council's Local Development Plan, alongside strategies to tackle homelessness and fuel poverty. Passivhaus Plus was specified to tackle fuel poverty, raise living standards and act as a pathway to achieve Net Zero for operational carbon.

As the saying goes, the cheapest and most renewable energy is the energy you don't use. That's the beauty of Passivhaus and the Fabric First philosophy - the energy demand is so low that simply fitting photovoltaic (PV) panels on the roof spaces was enough to achieve Net Zero operational carbon. The homes were rigorously tested, meeting the requirements of Passivhaus Plus certification.

According to independent life-cycle analysis conducted by [CERCULA](#), the whole life carbon impact of the scheme is 1,460 tonnes, estimated to be 78% lower than a traditional masonry build*, and resulting in a saving of around 5,189 tonnes of carbon. Yr Hafan is energy-negative as designed, with an average energy usage of -39kWh/m²/y, and a Net Zero carbon operational performance rating. The embodied carbon, calculated at 242 kgCO₂e/m², is significantly below the [RIBA 2030 Challenge](#) target of < 750 kgCO₂e/m².

* The traditional masonry baseline was generated by RICS chartered quantity surveyors [Derek Gough Associates](#).

As this was a category 1 MMC project, it was possible to run the offsite factory construction programme in parallel with the onsite groundworks. The volumetric homes - complete with MVHR systems, bathrooms and fitted kitchens - were delivered by road and simply craned into position.

From a social value standpoint, Beattie Passive demonstrated commitment to creating career opportunities, especially for those furthest from the jobs market. They deliberately resisted the shift towards automation, in preference to employing local people to build the system by hand. In total, Yr Hafan created over 150 new jobs - predominantly for young people with little to no prior experience in construction.

For more information about this award-winning scheme:

Read '[Safety net](#)' a project case study written by Passive House Plus.

[Construction Time-Lapse](#)

INDUSTRIALISED CONSTRUCTION

If we are to truly transform housing delivery, we must look beyond technical solutions and embrace the broader industrialisation of the sector. Here, Ron Lang, Regional Director of [AtkinsRéalis](#), unpacks what industrialisation means for housebuilding, the opportunities and benefits it offers and the critical role of local authorities and housing associations in helping unlock transformation of the sector.

While a move from on-site construction to off-site production is playing an increasing role in the transformation of housing delivery, it forms part of a wider agenda which will see us break with our long-dominant obsession with project delivery in favour of a more product-focused future.

What is industrialisation?

Industrialisation is the process of transforming a sector from one primarily based on manual labour and craftsmanship to one characterised by mechanised production, advanced technology, standardised processes, and increased efficiency.

“At its heart, industrialisation seeks to reduce variability and uncertainty - ensuring that we can deliver the quality and variety of housing we need and want without perpetually reinventing the processes we employ to deliver them.”

The shift from projects to products will require housing commissioners and developers to look across their housing portfolios to understand where flexibility and customisation is truly valuable, and where it adds unnecessary variability and unpredictability to their delivery processes. But crucially, the pursuit of commonality need not come at the expense of product variety and architectural flexibility (for further discussion see [page 95](#)).

But Why? What are the Benefits?

The industrialisation of housing delivery offers an opportunity to address many of the sector’s long-term challenges. Variability and unpredictability create the conditions for poor safety practices, inefficient use of resources, high levels of rework and more - all of which add cost and erode quality. By contrast, a meaningful shift towards the maximisation of repeatable systems, processes and relationships will drive continuous improvement in both housing quality and project performance.

Variability and uncertainty also underpin the sector’s continued reliance on a shrinking pool of highly flexible, highly skilled workers. Greater industrialisation and a meaningful shift from on-site construction to off-site production will provide the sector with access to a far more diverse labour pool, creating sustainable jobs where they are most needed in the process. Of particular note is the potential for industrialisation to forge the construction sector’s path to Net Zero: **If the sector continues to allow itself to continually reinvent its products, processes, and relationships from one project to the next, its ability to identify and drive out carbon will remain severely limited.**

Continued →



Photo courtesy of [Project Etopia](#)

How will we get there?

The current housing delivery model is a logical response to the way demand is presented to the supply chain.

Where requirements and specifications continue to vary from client to client or project to project, it will remain necessary to employ highly variable, highly unpredictable production models.

Forward thinking housing commissioners are working to harmonise, digitise and rationalise their requirements across delivery programmes and portfolios - a process outlined in the Infrastructure and Projects Authority's latest [Transforming Infrastructure Performance Roadmap to 2030](#). Furthermore, local authorities and housing associations are beginning to work *together* to rationalise their requirements and to generate a clearer picture of the aggregated pipeline to which they apply (see Magna Mid-Devon and Rollalong case study, [page 68](#)).

Housing commissioners can then work with the market to explore the development or adoption of new delivery platforms. These platforms will host the core repeatable technical systems, production processes, and supply chain relationships required to drive commonality and certainty across the identified pipeline, gathering feedback from every project deployment to drive continuous improvement. Collaboration is likely to be required to maximise demand aggregation and offset platform development costs, except with very large or highly integrated clients.



Ashton Rise, Bristol photo courtesy of [Willmott Dixon](#)

Finally, housing commissioners must develop the commercial models to support an industrialised approach to delivery. For example, while there may be opportunities to drive economies of scale through centralised procurement of repeatable components, their deployment into specific projects may require alternative approaches to the management of design liabilities.

“Public sector commissioning of social housing is a pivotal opportunity to twin-track the delivery of needed homes and for the UK to develop world-class industrialised construction capabilities.”

Ron Lang
Regional Director, PPS AtkinsRéalis



Hillside Gardens Lambeth by EDAROTH, photo courtesy of [AtkinsRéalis](#)

AGGREGATION FOR ORDER PIPELINES

Architecture practice HTA Design are working with several modular and offsite companies, designing and constructing buildings that are largely factory made, usually designed from the beginning for private or affordable rental that can be modularised or prefabricated. Having seen within a decade large-scale prefabricated buildings going from an idea to a substantial part of their workload, they can speak first-hand about the importance of aggregation for factory throughput, order pipelines and sustainable production.

At HTA Design we have completed a dozen major projects where pre-fabrication played a major role, including one of the largest zero-carbon schemes in the UK and numerous buildings up to 48 stories tall in London. All of these were completed on time with few defects, and up to a year earlier than comparable buildings of the same size.

Why isn't this approach being replicated more often?

Mainly because, in our experience:

- Clients don't consider this approach until it's too late in the design process to design appropriately to enable prefabrication to bring its full benefits.
- Contractors don't want to use it as it puts much of the project into a single business they don't control or own.
- A suitable manufacturer with capacity at the right time is not available or cannot be relied upon to be available.
- The procurement process enables the usual process and puts barriers in the way of change.

- Architects and engineers don't understand prefabrication.
- The short-term requirements of traditional 'return on capital' sale projects don't match the **need for a smooth, consistent and visible forward pipeline** at the scale manufacturers need.
- The regulatory and operating environment, including ever changing political stewardship, has created a fragmented and uncertain market for anything other than niche operators.

In our experience the productivity of construction improves as the factory scales up. **When a factory is running at full capacity it becomes a very efficient construction system, often running at 80% productivity, compared to an average of 40% in typical traditional construction.** Workers come to their clean, tidy workspace and get to work. The work moves to them, and not the other way around. But most volumetric factories in the UK have rarely had the opportunity to run at full capacity for any substantial period to date.

Continued →

“At the moment we have hundreds of disaggregated entities all trying to do their own version of a slightly different thing.”

Rory Bergin
HTA Design, Playbook roundtable



Greenford Quay, Photographer Mickey Lee, [HTA Design LLP](#)

The “boom and bust” cycle of construction has made it very difficult for those businesses to scale up to meet a sudden influx or a cancellation of work, with dramatic consequences on businesses with a high committed overhead of factories, plant and workforce. The small number of successful factories are usually busy, which means that they are often unavailable for new work. As a result, clients and designers are often disappointed that their project cannot find a factory to deliver it.

As pointed out in the 2020 report [Build Homes Build Jobs Build Innovation](#), the UK has an opportunity to grasp modular and MMC delivery as a key component in its post-covid recovery. In the years since, this has become harder to achieve - but increasingly seems to be a fundamental requirement of any desire for economic and social recovery based on housing delivery.

So, what needs to be done?

The critical need for affordable housing creates the potential for long-term delivery and programmatic responses instead of short-term procurement cycles. Factories need serial work to be productive, and for clients to reap the benefits they need to change their procurement approach to enable this. This includes using frameworks that enable many clients to share the same factory, settling on some simple design rules to enable those factories to thrive, and working with the factories to ensure that the design quality is high and not boring and repetitive. Aggregation of demand between housing associations, local authorities and private sector ‘income based/ rental models could create a sustained pipeline for MMC and modular manufactures to scale up into.

The benefits of speed and quality are available today, we just need to create the certainty for factories to be established to make a serious impact on the production levels of the UK housing industry. A good-sized factory can produce 1,000-2,000 homes per year, which means that we would need 50 of them to make a major impact on the UK housing shortage. In addition to the 50 factories, we would need 500 clients who agree that this is their preferred method of construction, and the factories would need a lot of senior staff who understand manufacturing processes on the one hand, but also understand construction and the needs of the housing market on the other (see [page 49](#) for discussion of where to start).

As well as economic and social benefits, factory production offers the potential of supplementing site-based traditional construction with much need additional capacity. Future factory production could be highly automated and use modern manufacturing to increase quality, lower costs and deliver greater customer choices through customisation, like almost every other industry on the planet. That is an exciting prospect, but to get there we need some things to change. **We need clients to agree that this is the way to build things, insurers to support them, and designers to take a lead in proposing these solutions. We need manufacturers to bring their expertise to bear on solving the housing emergency.**



Hanham Hall, Photographer Nick Harrison [HTA Design LLP](#)

“Modular has proven to be extremely difficult to operate in a fragmented marketplace, and it’s distressing to see all those pioneers (and they are pioneers) struggling.”

Mike De’Ath
HTA Design, Playbook roundtable

A PLATFORM-BASED APPROACH

Specialist MMC and cost advisors [Akerlof](#) outline the principles and benefits of adopting a platform-based approach below.

A platform-based approach is a strategic method where common components, processes or knowledge - product platforms - are applied to deliver a diverse product range (which could include homes) efficiently. This concept is inspired by manufacturing industries, where a common platform of parts and processes is used to create a variety of products. **This approach harnesses economies of scale and scope and offers significant potential to the housing sector.**

Product platforms require a sensitive balance between commonality, distinction and flexibility. However, when used in the right context, they can deliver key benefits including:

Efficiency and consistency: By adopting standard components and methods, housing projects can be delivered with greater efficiency and consistency. Shifting the approach from bespoke by default to a conscious choice creates cost savings and shortens timelines. It also allows for a greater focus on maximising value.

Improved quality: A platform-based approach is synonymous with a manufacturing-led strategy. It enables the use of digital technologies and off-site fabrication (including some, all or none of the 7 categories of MMC (see [page 54](#)). It also enhances productivity and quality and addresses existing skills gaps.

Sustainability: The use of common components enables sustainable practices because materials are more easily reused or recycled, and construction waste is reduced.

Continuous improvement: A common platform simplifies the process of continuous improvement. Lessons learnt and feedback from one project can be more easily applied to future schemes, fostering innovation and efficiency.

Continued →



Figure 2 - Illustration adapted from Akerlof

This range of trainers is an illustrative example of a product platform from the manufacturing sector. Low variety common assets, produced in the same way, make up the majority of each shoe. Stable interfaces and peripheral components allow the inclusion of different soles, laces and colour finishes for a high degree of customisation and variety, delivered with consistent quality. Similar principles apply to many of the modern-day goods we use daily. Other familiar examples include the dimensional standardisation of kitchen units and appliances, and the common hardware and software formats, and data protocols, that enable the interoperability of many digital systems.

Advocates for platform-based approaches in construction

The infrastructure and projects authority's (IPA) [Transforming Infrastructure Performance Roadmap to 2030](#) outlines a vision for adoption of product platforms, with harmonised demand unlocking a wide supply chain, thereby creating stable and inclusive forms of employment.

Similarly, the [Construction Playbook](#) signals the government's intent to procure "projects based on product platforms, comprising of standardised and interoperable components and assemblies, **encouraging contracting authorities "to collaborate to find opportunities for their platform solutions," both independently and with others.**

Embracing this shift in approach

One of key challenges of platform development is determining which components and processes ought to be standardised, and where customisation is necessary. For local authorities, this requires careful planning, investment and stakeholder engagement to realise the potential of this approach.

To support this transition, the [Product Platform Rulebook](#) provides introductory guidance behind the principles of product platforms, including a development framework intended to guide local authorities through the key initial steps of "Demand-Develop-Deploy" (see **page 63**).

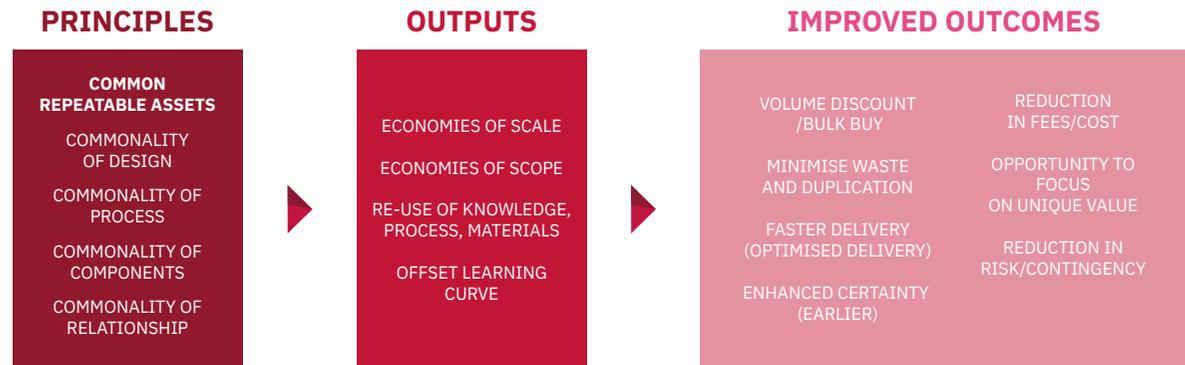


Figure 3 - A platform-based approach delivering better outcomes, adapted from Akerlof

EMBARCKING ON A PLATFORM-BASED APPROACH

In helping guide the development of a platform-based approach, the Product Platform Rulebook includes a “demand-develop-deploy” framework. Here MMC and cost advisors, Akerlof outline the framework and what this means for local authorities.

1. Aggregate **DEMAND** profile of your future portfolio.
2. **DEVELOP** a platform strategy that identifies the benefits you are seeking to achieve and the points of commonality through which you aim to do this.
3. Create a defined platform that is **DEPLOY**able.

The first step - aggregating the demand profile - is critical. This requires authorities to review their future pipeline of work as a portfolio and in doing so, identify and assess points of both commonality and variation. The Construction Innovation Hub’s analysis within ‘Defining the Need’ demonstrated these principles, aggregating £50bn social infrastructure pipeline into a single dataset. It revealed that 70% of public sector procurement could be delivered using a mid-span structural solution, indicating a prevalent demand that can be met through standard designs.

Continued →

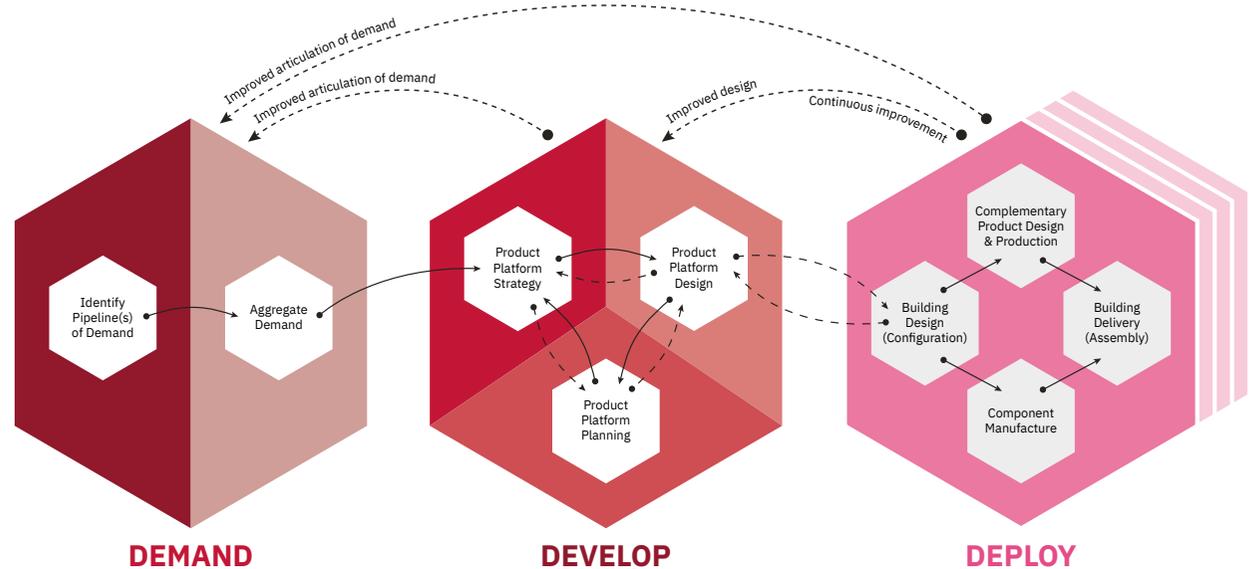


Figure 4 - Demand | Develop | Deploy, illustration adapted from Akerlof, AtkinsRéalis & Mott MacDonald

Typically demand aggregation and analysis is viewed through a technical lens – focussing on either spatial or performance characteristics to determine opportunity for consistent components - however its equally important to consider common and variable processes and relationships (see page 69).

Local authorities are encouraged to adopt a structured approach to information management (including industry recognised coding such as [Uniclass](#)) and digital design to support ease of analyse. Once established, the ability to analyse demand at typology, unit size, spatial and component level can begin to unlock significant benefits.

Projects such as the [Advanced Industrialised Methods for the Construction of Homes \(AIMCH\)](#) have highlighted the potential to aggregate demand in creating common, repeatable solutions. Similarly, the Department for Levelling up, Housing & Communities ([DLUHC MMC Kit of Parts project](#)), led by Akerlof, has demonstrated how demand analysis can enable standardisation of solutions that ultimately de-risk procurement and support more predictable and improved outcomes.



Figure 5 - Wood Green, London, illustration courtesy of [Haringey Council](#)

A PLATFORM-BASED APPROACH IN PRACTICE: HARINGEY COUNCIL

In October 2021, Haringey Council became one of the first councils in London to provide specially designed modular homes to tackle homelessness. Since the completion of [Olive Morris Court](#), a ground-breaking development of 32 SoloHaus modular homes jointly established with The Hill Group, they have been pioneering the adoption of MMC. These projects are part of Haringey Council's ambitious programme to deliver 3,000 new council homes by 2031. 2,000 homes have already been completed or are on site. They describe their approach below.

We are a member of the GLA-sponsored MMC "Buyers Club," which is made up of several local authorities who share ideas and practice on MMC and look ahead to create a future shared pipeline that could benefit from aggregate procurement.

We are currently pioneering the adoption of a "kit of parts" approach to MMC construction. Our current project, Woodridings Court in Wood Green, utilises the Seismic platform approach to component manufacturing for housing - a world first in residential house building.

At Haringey Council, we are working with a project integrator Seismic whose role, like a car manufacturer, is to smooth the process of connecting the various elements into the finished design and ensure full interoperability.

This platform approach also mitigates the risk of adopting a single supplier's MMC system because elements of a custom housing system can be replaced more easily if needed. We are also currently exploring the possibility of utilising local labour to assemble the homes close to site.

Continued →



Woodridings Court, render courtesy of [Haringey Council](#)

“A platform approach to construction using MMC is similar to car manufacturing. Just as car factories assemble a final product by combining elements made by multiple different manufacturers, different elements from multiple sources are combined to create the finished home.”

Jack Goulde
Senior Housing Delivery Project Manager



Woodridings Court, render courtesy of [Haringey Council](#)

A platform-based approach to MMC unlocking social housing

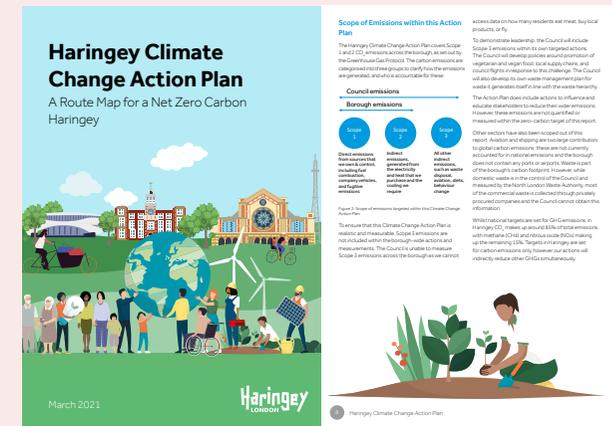
Senior Housing Delivery Project Manager Jack Goulde describes a current MMC project in Wood Green (London, N22), where project integrator Seismic Group is helping Haringey Council to deliver 33 new build flats for social rent on a derelict undercroft carpark.

We took the decision to opt for a Cat 1 volumetric delivery method to minimise the disruption to our tenants living in an existing building adjoining the development site. We also decided to use the project to create a new environment for both the existing and new tenants, including new landscaped garden areas open to all, new double-sided opening lifts to provide full accessibility to the existing block, new, safer, entrances and exits from the estate with properly secured boundaries to deter anti-social behaviour. We also landscaped the existing amenity areas in co-production with the tenants.

The use of the [Seismic Platform](#)[®] was selected to enable the new homes to be factory-built from the most efficient and cost-effective components. The new build will conform to the council's Net Zero carbon policy, embedded in their [Climate Change Action Plan](#).

Seismic Group, as Project Integrators, will act as principal contractor to control and sequence all the site construction works. Having brought them in at the pre-planning stage, we have been able to utilise their expertise to ensure that the consented scheme is buildable and achieves best value for money for the council.

[Details of the scheme's planning consent including further information on the delivery methodology.](#)



A PARTNERSHIP APPROACH

Commissioners can help incubate the MMC supply chain by partnering with other organisations commissioning housing to aggregate demand for a common housing product(s). This requires developing a shared specification, or simply agreeing that an existing housing product is suitable for a particular need. In this case study, Community-based housing association Magna and Wiltshire Council unpack their unique partnership approach.

Continued →

“Manufacturing homes offsite in modules is the future for our industry, and our unique partnership provides the volumes we need to make these modern methods of construction work.”

Steve Chivers
Managing Director of Rollalong,
from [press release](#)



Visualisation of Royal Manor for Magna courtesy of [one50studio](#)

A partnership approach unlocking MMC affordable housing in Wiltshire and Dorset

Community-based housing association Magna and Wiltshire Council have a cluster-client partnership arrangement to aggregate their new-build housing pipelines and procure up to around 1000 homes from Dorset-based MMC manufacturer Rollalong, over three years.

A step change in the number of affordable homes [Wiltshire Council](#) needed to deliver forced them to review their delivery options. They had set a target of delivering 1000 homes in 10 years, of which they wanted 700 to be new build and operationally zero-carbon where possible.

Inspired by the Ministry Of Defence's partnership with Rollalong, and Magna's experience of delivering 32 Rollalong modular homes in Dorset, Wiltshire Council was open to piloting volumetric MMC as a route to delivering high-quality, energy-efficient homes.

Procuring MMC factory-manufactured homes was a brand-new approach for Wiltshire council. The joint-procurement exercise was innovative for all parties, including enabling party South West Procurement Alliance (SWPA).

The cluster-contract with Magna Housing allowed both organisations to benefit from a bulk buy discount, when calling off homes from a contract they jointly tendered through SWPA's Dynamic Purchasing System (DPS).

The call-off contract for 996 homes over three years, enabled both organisations to order these homes at a pre-determined price, as required. The supply contract was based on Rollalong's portfolio of standard designs which they'd market tested, and the joint client was happy that they were a good, high-quality housing product.

Rollalong's factory operates a two-stage build process. The four modules making up each home are fabricated and stored whilst planning permission is secured, and then on a second pass through the factory they are clad and internally finished to meet the final specification. This approach results in programme savings, enabling planning and production to be twin tracked. The planning risk is mitigated by the client, by having a portfolio of sites coming forward through planning.

In April 2023, Wiltshire Council and Magna Housing collectively called-off the first 109 homes. Wiltshire purchased 83 new affordable homes for three sites in the county and Magna Housing purchased 26 homes for affordable rent or shared ownership in Dorset. The news story is reported [here](#).

The benefits of this innovative partnership

- Ensures a pipeline of work for Rollalong, who directly employ 40 factory workers, 40 office staff and 10 site workers, as well as 130 subcontractors.
- Enables Wiltshire Council and Magna to benefit from the 2% bulk-order discount applied to the call-off contract.

- Enables Wiltshire Council and Magna to share good practice and co-develop a joint specification offering high energy-efficiencies, modern living spaces and scope for expansion.
- The three organisations are committed to high levels of social value, the delivery of which is being monitored through the contract using Rollalong's social value dashboard.

There is recognition that a turnkey delivery contract could offer better value than procuring the groundworks and modular housing separately and this is being discussed.

Wiltshire Council, Magna Housing and Rollalong entered into this partnership in April 2023, so this is an unfolding story. Wiltshire are excited to be seeing homes coming forward and the programme building momentum.



Visualisation of Lugershall for Wiltshire Council courtesy of [one50studio](#)

WHY COLLABORATION WORKS AND IS NECESSARY



Photo courtesy of [Building Better](#)

Building Better, backed by the National Housing Federation, is an alliance of housing associations and local authorities working together to increase the use of modern methods of construction in the social housing sector. They believe aggregation and collaboration are fundamental to building the highest quality, sustainable homes. Trina Chakravarti, Director at [Building Better](#) explains below.

The system for developing traditionally built homes is clearly broken and yet updating practices can feel impossible. This is because the operating environment intermixes market volatility with incredibly stretched resources creating fear and uncertainty. Collaboration or joint working for housing associations and local authorities is necessary in environments that can rapidly change because it enables quicker decision making and agility and reduces risk.

By working together, housing providers can learn lessons from each other rather than having to learn them individually, influence design and delivery through improved negotiating power, and bring down upfront costs through a combined pipeline. They pay once for advice, legal fees and procurement. Collaborating with manufacturers is necessary because it is still a nascent market made up mostly of early-stage businesses.

Since 2019, Building Better has built a membership of 32 housing associations and local authorities, a pipeline of over 1,900 homes, a baseline performance specification, procurement routes to 17 Cat 1 (modular) and Cat 2 (panelised) manufacturers, fixed and transparent pricing structures, and a host of tools and resources including strategic advice, team training, template contracts, contract sum analyses and project cost builders, saving members up to £200,000 in consultancy fees alone.

Continued →

“We need to be value-engineering with trusted partners right at the beginning of a project, rather than as a means to cut cost half-way through.”

Trina Chakravarti

What makes collaboration hard

Even though there are good reasons to collaborate, making it work in practice is hard. Three barriers we've come up against include:

- 1. Aggregation:** a long term, visible, combined pipeline is incredibly difficult to achieve because it requires trust from individual project and new business managers across sometimes competing organisations.
- 2. Mindset:** building new homes using MMC requires a slightly different process and a completely different mindset. Early engagement between customer and manufacturer is critical, as is a contracting environment that protects all parties and shares in the risks and rewards. However, the market is fragmented and difficult to navigate. Changing the way an organisation assesses viability and its appraisal models, when and who it appoints as architect and the rest of its delivery team, and signing up to a contractual arrangement that is transparent and collaborative, is all doable but takes courage and commitment to shared outcomes.
- 3. Persisting together:** Development is at the mercy of under-resourced planning departments and the average length from enquiry to contract is now two years because of delays in the system. The shared commitment has to be sustained.

How to make collaboration work in practice

Here are three lessons we've learnt about how to make collaboration work in the real world:

- 1. Focus on the process rather than the product**

The market creates unique home configurations on a project-by-project basis, which embeds risk into the system. By focusing on what is truly different about MMC versus traditional construction (i.e. the process rather than the designs, materials used or how they come together), housing providers are much more likely to find like-minded manufacturing partners they can value engineer with, right at the beginning of a project, rather than as a means to cut cost half-way through.
- 2. Dedicate resource**

This isn't easy work - if you want to drive collaboration across your region or supply chain, invest in dedicated staff that will develop relationships between stakeholders, nurture an open and supporting working environment and that can capture the impact of the work with hard evidence.

3. Remember it's not all or nothing

Construction is a pressured environment and sometimes a varied approach with smaller steps is necessary before taking bigger ones. An incremental step might be installing large format versions of traditional materials, such as pre-sized plasterboard and brick slips - which fall into MMC Cat 6. Housing providers could then work up to using Cat 5 which covers non-structural, pre-assembled components like 3D bathroom pods. This is still an emerging market it is important not to let perfection be the enemy of the good.

ALIGNING AND ALLIANCING FOR HIGH PERFORMANCE

The Offsite Homes Alliance (OSHA) is an alliance of housing commissioners and suppliers brought together to form a single, co-ordinated body to increase the delivery of new homes and to support the MMC sector to grow and mature, in a way which could not be achieved by individual organisations acting alone. Here Project Director Mike Ormesher talks about the importance of alliancing and what it looks like in practice.

Alliancing is a synergistic way of working, that focuses on alignment and collaboration to support mutual goals and drive collective benefits. At OSHA we know we are “Stronger together than we can be alone”.

OSHA currently consists of 25 Registered Housing Providers and Local Authorities, with a significant number of additional supply chain and other strategic partners supporting the delivery of affordable housing nationally. Formed in 2020 the alliance is now in ‘deployment mode’, with ten clients delivering 1,000 homes across 16 sites, and a further 6,800 homes anticipated to be delivered in 2024.

A delivery portfolio of this scale is not only supporting demand aggregation for supply chain partners, but generating significant data and intelligence, which benefits commissioners, manufacturers, and strategic partners (such as Homes England and DLUHC), alike. OSHA’s cross-industry working groups are driving out waste and cost, as well as developing new tools, processes, procedures and crucial industry relationships, to deliver MMC at its best.

OSHA’s holistic approach, which we call our ‘Eco System’, includes an array of tools and services to support alignment, collective action and the delivery of new homes, including a Pattern Book, Zero Carbon Playbook, Project Management Office, DfMA Toolbox, MMC Framework and Supply Chain Management platform. New initiatives to enhance performance include The Assembly Hub, The Offsite Performance Centre and our role in developing the PAS 8700 standard (ongoing).

PAS 8700

PAS 8700 will provide a Publicly Available Standard on MMC homes. It will cover all new build residential properties (from houses to high rise apartments), to foster consistency and quality. The standard, being developed by a steering group of expert stakeholders convened by the British Standards Institution (BSI), will cover the complete lifecycle from design, through delivery and assembly to repair and maintenance. It is intended for use by multiple stakeholders, including designers, manufacturers, installers, developers, transport providers, building control inspectors, warranty providers, insurers and lending providers, covering material use and production, risk, safety, skills, information management and systems manuals. It is intended to support standardisation across the MMC market and facilitate the delivery of compliant residential MMC products.

“To drive greater impact and improve housing outcomes we not only need to aggregate demand, but also people and processes to deliver a shift in house building practice.”

The Offsite Performance Centre (OPC)

Born out of work with Greater Manchester OPC is an emergent initiative bringing together experts from across the MMC and housebuilding sector to share data, aggregate learning, support innovation, boost performance and achieve a step change in how the off-site industry operates. It is proposed to have a physical, not-for-profit centre to provide facilities for quality assurance, insights, testing/validation and new product development. The intention is the OPC will be able to introduce and embed validated solutions to real projects through OSHA’s membership base.



Image courtesy of [OSHA](#)

COST OF MMC FOR AFFORDABLE HOUSING

Property and cost consultancy [Ward Williams Associates](#) have carried out a comparative study of cost associated with the delivery of different MMC housing projects. Here they discuss the impact of volume on cost and the need to think about the broader question of value, both in terms of the whole life value of MMC housing products, and cost savings associated with faster delivery programmes.

Impact of volume on cost

The volume and scale of projects are extremely important in assessing the cost of MMC schemes and thus whether a particular system or supplier may be suitable to achieve VfM.

This is because a portion of fixed factory overheads will be added to a manufacturer's selling price, according to how many dwellings can be manufactured per week/year. An underutilised factory will mean the overhead recovery per dwelling is enhanced and the build cost will go up. Conversely, a factory running at maximum capacity will drive down overhead recovery per dwelling and provide the best possible opportunity to achieve capex parity with other methods of construction.

For example, considering two comparable Cat 1 developments in the South West, the unit cost (per meter squared) of delivering 150 new homes was 29% less than that of delivering 15 new homes.

Similarly, a Cat 2 MMC scheme of 104 homes was 13% less (/m²) than a comparable development of 32 homes.

Bulk discounts can be leveraged by commissioning homes at scale and helping MMC suppliers realise economies of scale and pass on supply chain savings to their customers.

Similarly, greater standardisation of spaces, creates manufacturing efficiencies by reducing the burden of individual set up costs for each house type.

Continued →



BoKlok on the Brook, Bristol courtesy of Housing Festival

Whole life value

In our experience, if the value of MMC schemes are assessed across the whole project life-cycle then value for money can often be demonstrated.

Table 2 shows a comparable Net Present Value (NPV) assessment of two alternative development options. This real-world analysis, undertaken for a client, considers two alternative solutions for a 149-unit scheme based on a 45-year cycle.

As can be seen the Cat 1 MMC scheme option performs significantly better in terms of NPV (the NPV values for the MMC solution are higher).

Option	Total NPV Value	NPV Value Per Unit
Option 1 - Cat 1 MMC	£23,901,000	£150,000
Option 2 - Standard Timber Frame	£20,222,000	£135,000

Table 2 - Comparative NPV assessment

The NPV assessment includes consideration of construction costs, capital replacement, maintenance costs, voids and running costs. The inherent airtightness of factory-built Cat 1 MMC schemes generally result in increased efficiency in terms of insulation and heat loss assessments.

Delivery model

Delivery and procurement models, along with supply chain selection, can also play a factor in outturn construction costs. Indeed, the ‘shoehorning’ of traditional procurement models and contract arrangements into manufacturing-based approaches often results in larger than necessary duplication of risk, prelim, and capital cost when there may be alternative approaches that deliver greater value (see [page 76](#) for further discussion).



The Filwood TAM, photo courtesy of [Agile Property & Homes](#)

SPEED OF DELIVERY AND MMC PROGRAMME SAVINGS

In 2020/21 Bristol City Council and a consortium of partners, conducted an Innovate UK funded demonstrator programme, aimed at benchmarking MMC home building against existing delivery models. There were nine manufacturers of different MMC solutions involved in the programme, as well as subject matter experts.

As part of this project, a comparative review of costs and programme of several MMC and traditional build housing projects was undertaken. Table 3 shows the Total Build Time (weeks) of a number of the schemes delivered under this action-research programme, compared to two traditional build schemes. This empirical data broadly aligns with industry trade body Make UK Modular who report that overall build times can be reduced by as much as 50% compared with traditional construction, saving 6-9 months of work compared to an on-site, traditional build¹⁷.

There are a range of financial savings derived from the increased pace of off-site production, as well as the scope to twin-track groundworks and factory manufacture of homes. The following financial benefits should be accounted for when providers (such as local authorities) are assessing alternative solutions for value for money:

Project on costs: There are a range of time-related savings derived from the increased pace of MMC delivery. Savings associated with reduced project programmes can drastically offset any ‘overspend’ associated with the deployment of a typical system and result in the overall cost achieving parity with (and in some instances being more cost-effective than) the traditional alternative.

¹⁷ Greener, Better, Faster: Modular's Role in Solving the Housing Crisis (2022). Make Modular UK.

	MMC 1	MMC 2	MMC 3	MMC 4	MMC 5	MMC 6	Trad 1	Trad 2
Total Build Time (weeks)	23.5	24	20	No data	24	64	56	79.2

Table 3 - Total Build Time (weeks) of Innovate UK schemes

Development finance: Interest accumulation, financing terms, and cash flow can all benefit from greater build speed, increasing viability by looking beyond the immediacy of capital construction value in a development appraisal.

Additional or increased realisation of income streams - from sales, rental and/or council tax, as a consequence of commissioning MMC which is delivered and occupied significantly sooner than its traditional build comparator.

Revenue savings - from local authorities moving service users from temporary emergency and/or supported accommodation into new and additional social housing more quickly (or for individuals moving from private rented to affordable housing) than had traditional build methods been commissioned for this purpose.

Retained income - for example- where MMC is utilised over existing car parks (where chargeable) or garage sites that maintain or create income generating capacity by exploiting air rights. Often the cost savings are hidden and MMC may not stack up on a component-by-component analysis. It is for this reason that some clients and suppliers are looking at vertical integration through the supply chain. Savings such as prelim savings are not always fully recognised through main contractor tender prices.

Continued →



Hope Rise, Bristol courtesy of [ZED PODS](#)

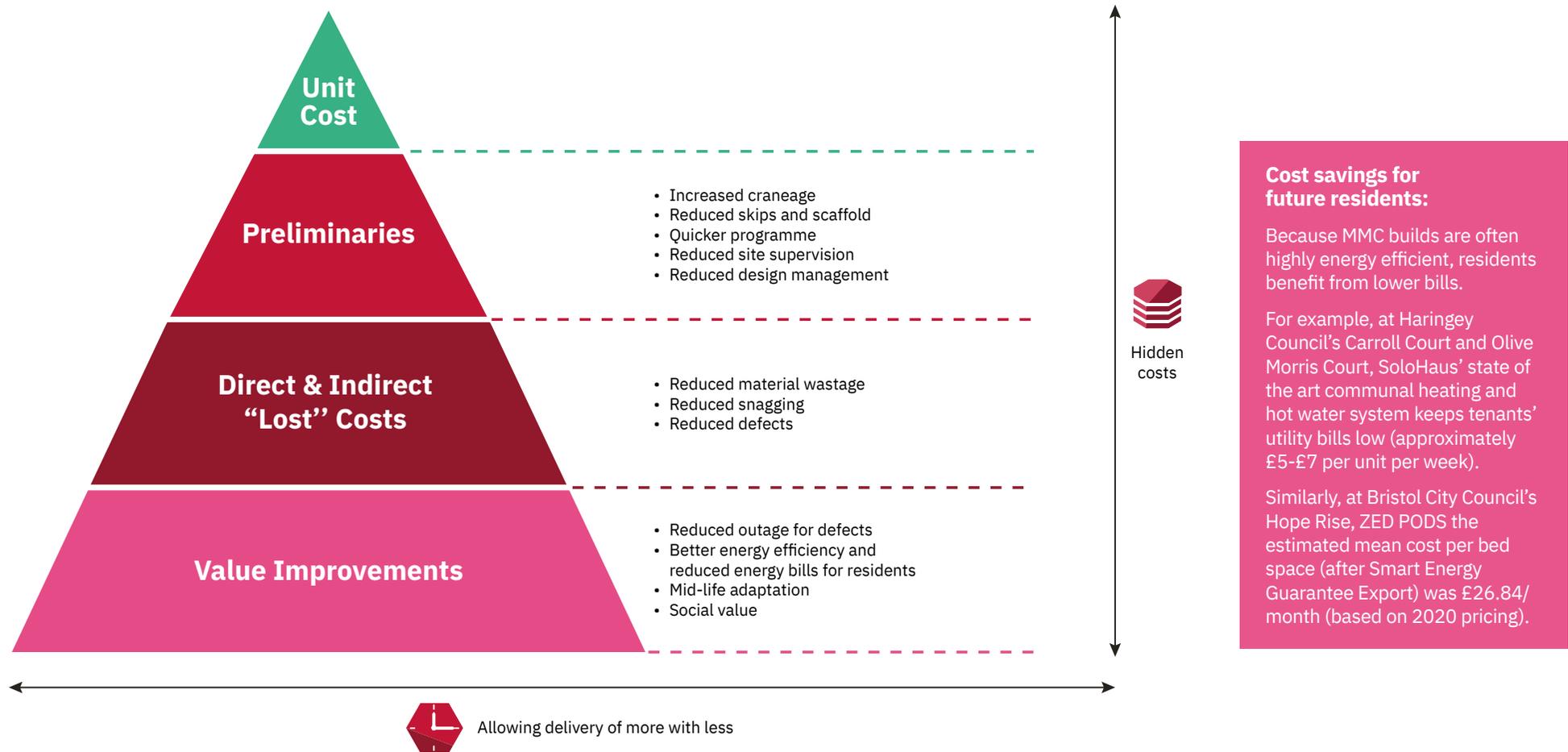


Figure 6 - Hidden cost savings associated with MMC

PROCUREMENT OF MMC - A STRATEGIC APPROACH

Considered procurement is critical to enabling a project team to deliver their intended outcomes through MMC. A procurement strategy should be developed, taking into account the planned delivery model, project specific team capabilities, stakeholder risk appetite, asset ownership and the intended relationship with the MMC supply chain. Here, specialist MMC consultancy [Akerlof](#) unpacks what commissioners need to consider.

Frameworks (such as Building Better, SWPA, OSHA, CHIC etc) are becoming increasingly important in enabling procurement of MMC solutions (see **page 78** for more information). With the best frameworks aligning with the principles of “[Constructing the Gold Standard](#),” they can offer public bodies an efficient and effective procurement method, facilitating collaborative working and continuous improvement that ultimately deliver safer, faster, and greener project outcomes. They do not, however, remove to need for commissioners to be clear with the market regarding work pipelines and future demand profiles.

Under these frameworks, contracts define relationships between purchasing bodies, suppliers, and contracting authorities. The choice of contract, whether JCT, NEC, or another form, should align with commercial objectives of the authority to maximise value for money and project efficiency.

While MMC encourages innovative thinking, the fundamentals of good contracting remain - contracts should foster positive relationships and align parties’ commercial objectives and incentives. Best practice principles, such as those detailed in the Housing Forum’s [Better Procurement for Better Homes](#), are applicable to both traditional and MMC approaches alike.

Continued →



Photo courtesy of [Willmott Dixon](#)

Nonetheless, the specific nuances of an MMC approach, such as shifts in risk appetite and roles and responsibilities, should be carefully considered in contract selection. For instance, design & build contracts may be suitable for turnkey services with a risk wrap, while construction management or bespoke forms may be more appropriate for different scenarios.

Strategic considerations to align the contract strategy with the delivery model may include:

- **Design liability** - particularly with regards to interfaces and system performance
- **Warranties and quality assurance** - ensuring that a home built using MMC is warrantable and insurable
- **Social value** - ensuring that provision of MMC enhances (not impinges) upon social value contributions
- **Payment profile** - understand the impact that MMC has upon payment profile and ownership
- **Intellectual Property (IP)** - ensuring clarity upon ownership of intellectual property (particularly linked to standardised and system designs)
- **Net Zero** - the encouragement of Net Zero construction

The above list is certainly not exhaustive - the shift in work location from onsite to offsite alone can require adaption by stakeholders. In shaping a contract, project teams should recognise, consider and capture these adaptations to ensure their procurement and commercial strategies are aligned with their method of delivery.



Alternative delivery models for MMC

Fixed price, lump sum (D&B) contracting via a third-party main contractor, may not always provide the best value when incorporating high levels of pre-manufactured value (PMV). Alternative delivery models that create opportunities to drive greater value when adopting MMC include:

Construction integration (management)

The procurement of a small cluster of ‘super packages’ when delivering Cat 1 MMC, owing to most of the work (and risk) being undertaken by one party in a factory environment. There is no single point of responsibility with this delivery route which may prohibit certain clients from utilising it.

Vertically integrated turnkey

Where the MMC manufacturer acts as the contractor and the pre-manufactured element of the project is controlled by the same entity that manages the onsite elements of the build, with the manufacturer taking the delivery risk. Other variances of lump sum procurement may be implemented to align with specific types of systems - the degree to which these provide value often depend on the timing of the engagement, with the requirement to engage Cat 1 and 2 suppliers often much earlier in the design process than other forms of MMC.

We have seen opportunities of 5-7% in capital cost betterment (over D&B lump sum), through better selection of procurement models, correct timing of supply chain involvement relative to the category of MMC being adopted, and appropriate supplier selection.

For more information:

[Construction Playbook MMC Guidance Note \(2022\)](#)

“The principal contractor/housebuilder is the ‘compelling catalyst’ to the delivery management process. For MMC manufacturers to be able to focus on delivering cost benefits through factory efficiencies and continual process improvement, and for MMC to become mainstream, contractors/housebuilders need to be enabled to bring their holistic delivery expertise to MMC projects. A major focus at OSHA as we bring full and experienced teams together to support MMC delivery.”

Prof Mike Ormesher

Project Director of the Offsite Homes Alliance (OSHA)

MMC PROCUREMENT FRAMEWORKS

The availability and use of frameworks has substantially increased as an efficient method for public sector bodies to procure works. Frameworks provide buyers with quick and easy access to a pool of pre-qualified suppliers and compliant routes to market (including for development contracts exceeding PCR thresholds). There are two broad types of framework available to housing commissioners:

Static frameworks

Once established, static frameworks provide access to a fixed pool of competitively selected suppliers, for the frameworks' duration (typically 4 years). The frameworks are typically sub-divided into 'lots' based on region, typology and contract value, to attract a range of suppliers. Contracts are awarded by a framework 'call-off' via either a mini-competition or direct award.

Table 4 (compiled by [RCKa architects](#)) is not exhaustive but is provided to highlight the range of frameworks available for the procurement of MMC homes.

Continued →

Framework Operator	Framework Name	2024	2025	2026	2027	2028+
Espo	Modular Buildings (953_22)	31 Jan' 24				
South East & Mid Wales Collaborative Construction Framework	SEWSCAP3	02 Jun' 24				
Procure Plus	Offsite Manufacture and Construction of Housing	08 Nov' 24				
Hyde Housing	Main Contractor Framework	05 Dec' 24				
Lewes and Eastbourne	Modular Housing Framework		30 Jun' 25			
NHS Shared Business Services	Modular Buildings Framework		04 Jul' 25			
Building Better: Procurement for Housing	MMC Category 1 Volumetric		31 Jul' 25			31 Mar' 28
Pagabo	Developer Led Framework			01 Apr' 26		
Crown Commercial Service	Offsite Construction Solutions (RM6184)				23 Jan' 27	
LHC	Modern Methods of Construction (MMC) of New Homes (NH3) Framework				01 May' 27	
Southern Construction Framework	SCF Framework				02 May' 27	
Fusion21	Refurbishment, Construction, New Build and Modular Buildings				21 May' 27	
Hyde Housing: National Framework Partnership	Main Contractor Framework				21 May' 27	
Off-site Homes Alliance: Great Places Housing	OSHA National MMC Framework				31 May' 27	
Building Better: Integrated Traditional Build	MMC Framework					31 Jul' 30
CHIC	Newbuild Development Long Term Framework					30 Sep' 35
Building Better: Integrated Traditional Build MMC Framework	Launching soon					

Table 4 - A range of alternative static procurement frameworks for MMC housing



Embedding Social Value into the procurement of new MMC homes

South West Procurement Alliance (SWPA), who are part of the national LHC Procurement Group, led on a procurement process for Magna Housing and Wiltshire Council for the delivery of circa. 1,000 homes. The tender process encouraged innovation in many respects, including social value which is to be delivered through the lifetime of the project.

When Magna Housing and Wiltshire Council approached SWPA to take forward a joint procurement process, the brief was simple; they wanted to aggregate their demand for MMC housing, share learning, risk, and embed social value at the very heart of the contract.

SWPA worked closely with both clients to develop the ITT, which included a weighting of 20% for social value. Bidders quantified their social value offer through the TOMS toolkit and selected the measures

they would deliver throughout the contracts. Method statements evidenced how they would deliver the selected TOMS measures and progressively improve and expand delivery of social value outcomes. This was further broken down into geographical areas, to ensure maximum coverage by the initiatives. Some of the measures included were apprenticeships, tackling unemployment, educational outreach, and support of community projects, to name but a few.

Following the tender process, won by Rollalong, the contract has commenced, and the first 109 homes are in manufacture. The social value piece is a fully embedded agenda item at progress meetings and is being closely monitored and measured to ensure delivery and optimisation throughout the lifetime of the contract.

[Beautiful homes for your community - as easy as 1,2,3](#) (SWPA guidance)

Dynamic Purchasing Systems

Dynamic Purchasing Systems (DPSs), by comparison, enable new suppliers to be admitted at any point during the frameworks' duration (typically 10 years), with tenders subsequently open to all suppliers to ensure ongoing competition.

DPS Operator	DPS Name	DPS Closing Date
Building Better (Procurement for Housing)	MMC Catagroy 2 DPS	05 May' 26
Efficiency North, EN:Procure	DPS for the Supply and Installation of Modular and Portable Buildings DPS	01 Oct' 30
SWPA (part of the LHC Group)	Low Carbon Offsite Housing DPS	26 Sept' 31

Table 5 - A range of alternative Dynamic Purchasing Systems for MMC housing

RE-IMAGINING SMALL, BROWNFIELD SITES

Unlocking a new supply of land is central to the plan unpacked in this Playbook. Land is finite and cannot be created, so the “new supply” of land is predicated on learning to build on smaller, trickier sites, unattractive to developers and previously overlooked for housing. Here, Nick James of place strategy consultancy [Futureground](#) explores why small brownfield sites now need to be re-visited and recognised as important assets.

The availability of suitable sites is core to the creation of much-needed new housing.

In our increasingly urbanised country, conventional techno-economic drivers for house building tend to prioritise large, simple and previously undeveloped sites. Whereas for social and environmental reasons, enlightened placemakers seek to optimise the reuse of previously developed (or brownfield*) land and seek smaller infill sites within existing communities.

Within the context of chronic housing shortfall, the truth is that local councils and other key decision-makers need to be looking creatively at brownfield, greenfield and all types of sites inbetween. However, prioritising the reuse of brownfield land can unlock multiple environmental, social and economic benefits.

*Brownfield land is commonly defined, in England at least, as ‘previously developed land that’s no longer being used.’

Reclaiming brownfield land can not only reduce the burden upon developing greenfield land but also facilitate the cleaning up of contaminated or polluted areas. Previously developed land, including many smaller brownfield sites, can sit within existing communities where new housing could benefit from access to local amenities and connections. The considered transformation of such infill sites can support a local workforce and supply chains, as well as catalyse hyper-local social regeneration.

Continued →

“For small sites sitting within public ownership, there is a clear argument for them being recognised and stewarded as valuable public assets.”

Nick James
Futureground



Render of the GAP house courtesy of [BDP](#)

Brownfield sites - land ripe for recycling

Section 11 of the National Planning Policy Framework (NPPF) puts effective land-use, including the use of previously-developed or ‘brownfield’ land, at heart of it’s sustainable development agenda. Local planning authorities are required to prepare and maintain registers of previously developed land. The sites on such Brownfield Land Registers are considered to be suitable, available and achievable for residential development. The registers are intended to help provide certainty for developers and communities and encourage investment in local areas.

Analysis by CPRE in 2022 of 344 Brownfield Land Registers identified 27,342ha (67,563 acres) of land, with the capacity to provide 1.2 million homes.

Sites on Brownfield Land Registers should be at least 0.25 ha in size or capable of supporting at least five dwellings. Alongside larger (often former industrial use) sites, are many more smaller ones, comprising previously developed land that’s no longer being used.

Such small brownfield sites can be found across our towns and cities. Many are hidden in plain sight, others may be the subject of lengthy and very public wranglings, but all represent untapped potential.

Small sites

The NPPF recognises that “small and medium sized sites can make an important contribution to meeting the housing requirement of an area.” The NPPF suggests that 10% of the total allocation of dwellings in a Local Plan be within

smaller sites (<1 hectare). Small sites, sitting empty and underutilised, are considered by many to be unacceptable within a context of housing crisis.

Why these sites demand a new approach

Small sites which may have been previously developed and which sit within existing urban areas can be technically challenging to transform. Challenging land remediation needs, site access constraints, and the proximity of neighbouring properties can all present design, delivery and in-use challenges. The challenge presented by small, brownfield sites, makes them unviable (poor commercial propositions) for larger developers. But the public sector can value these sites, and the opportunity they create for new homes, differently.

This Playbook demonstrates there is a growing evidence base of innovative approaches successfully unlocking land and overcoming challenges for successful creation of new housing. This includes not only clever design and construction solutions (e.g. [LaunchPad](#) and the [GAP House](#) in Bristol), but also novel site optimisation approaches (e.g. air rights development and elevated homes within flood zones, see for example [ZED PODS](#)), and alternative delivery models (e.g. community led housing).

Local councils must play a lead role in helping communities to thrive within a context of crises, including dire housing need, unprecedented social change and environmental breakdown. The responsible and creative transformation of small and previously developed sites into new affordable housing offers the potential to address all three.



The Snug, Bristol courtesy of [SNUG homes](#)

Further Reading

[CPRE - An introduction to brownfield: the land that’s ripe for recycling](#)

UNLOCKING BROWNFIELD LAND

[EDAROTH](#), a wholly owned subsidiary of the global engineering consultancy [AtkinsRéalis](#), has undertaken a series of studies to assess the capacity of the UK's brownfield land for social housing. EDAROTH's mission is to increase the supply of social and truly affordable homes across the UK.

Often linked to existing infrastructure, brownfield sites frequently offer better than average access to education, healthcare, employment and economic centres, which may enhance sustainability, as well as help to reduce timescales and cost of development. Analysis of national and local datasets and geographical information can help quantify these benefits and strengthen business cases.

In 2020, EDAROTH published their first whitepaper '[Unlocking Brownfield Land - A social housing first policy](#)'. Based on available data, the whitepaper demonstrated the scale of opportunity and the potential impact the development of brownfield land could have on social housing waiting lists across the country.

Three years later, EDAROTH published an updated whitepaper '[New approach, better homes, brighter future](#)'. When comparing the latest data to that collected in 2019, the percentage impact that brownfield land could have on housing waiting lists had grown from 92.47% to 102%. The graphic illustration on [page 83](#) provides further analysis by region across England.

The report goes on to highlight the scale of opportunity which exists within some local authorities. As an example, Manchester City Council has sufficient brownfield land to meet 109.6% of the Greater Manchester Combined Authority (GMCA)'s ten local authorities' combined social housing waiting list.

By prioritising brownfield sites to increase the land available for development, and using MMC as the means of construction, we have the opportunity to deliver additional high-quality homes at scale and pace. As well as high quality and durable assets, this will generate new employment opportunities, rejuvenate our towns and cities and remove the cost burdens associated with brownfield and underutilised land.

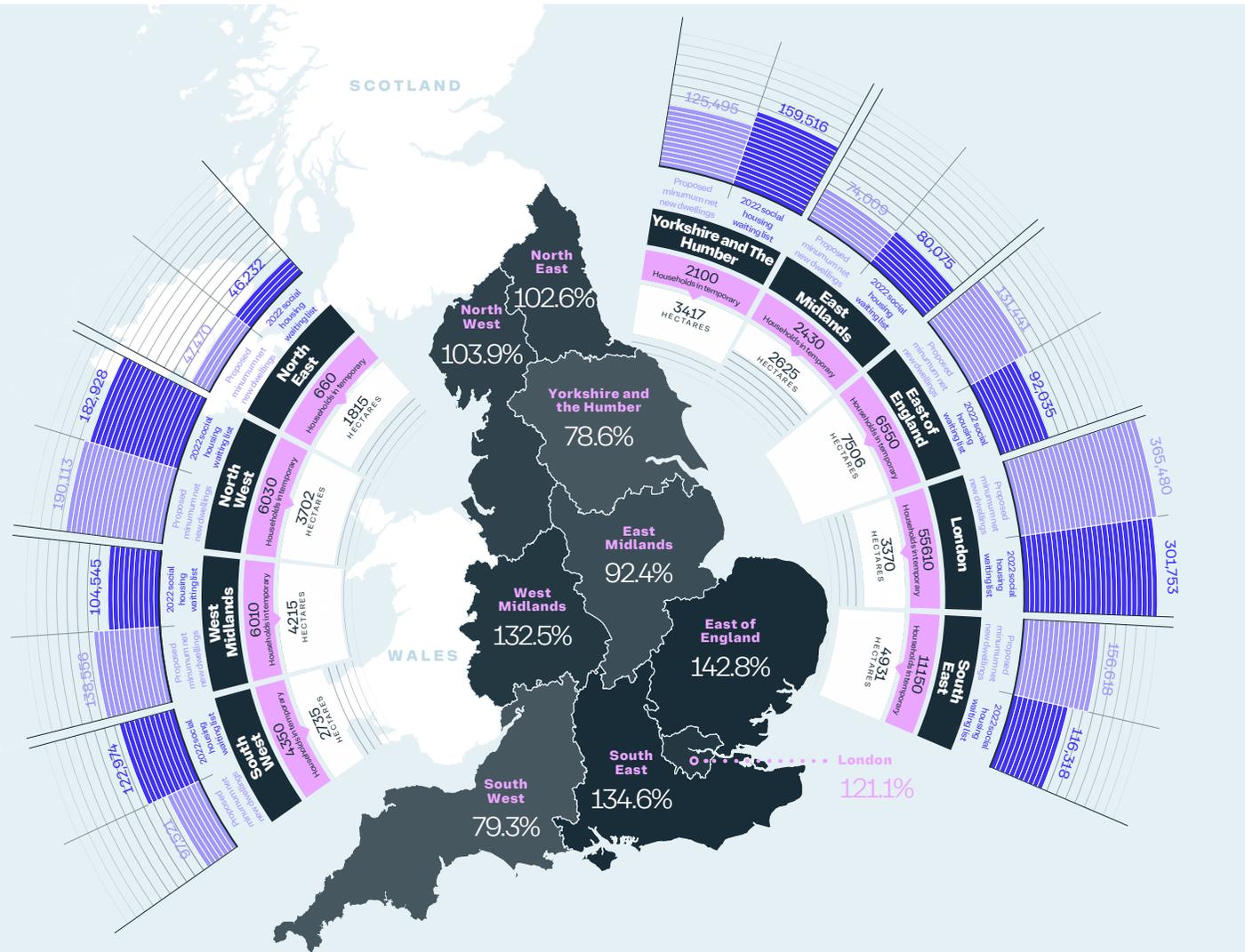
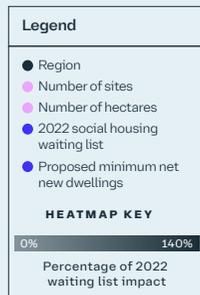
Continued →



EDAROTH, photo courtesy of [AtkinsRéalis](#)

“By prioritising brownfield sites to increase the land available for development, and using MMC as the means of construction, we have the opportunity to deliver additional high-quality homes at scale and pace.”

EDAROTH



Graphic courtesy of AtkinsRéalis

UNLOCKING SMALL SITES

Architecture practice [RCKa](#), co-author of Lewisham Council's Small Sites Design Guide, unpacks the approach taken in London.

By global standards, London is a surprisingly low-density city. Take a short walk from the towering high rises of the Square Mile, and soon you'll find yourself strolling among Victorian terraces that stretch as far as the suburbs.

There are pockets of density to be found, of course-parts of Kensington and the Isle of Dogs rival that of Manhattan, but as a whole, London has the same number of homes per hectare as an out-of-town housing estate. There is more than enough capacity for millions of new homes to be knitted into the existing fabric of the city, yet the fact that we have yet to do so is a result of a profound lack of ambition.

Since the first mayor was elected 23 years ago, London has benefited from a regional spatial plan which sets out an overarching vision for the city. Covering everything from housing to open space, biodiversity to industrial strategy, a key strand of the Plan is establishing overall housing targets for each of the 32 boroughs, the City of London, and the two Mayoral Development Corporations.

The most recent version was adopted in 2021, and for the first time included a subset of the headline housing targets specifically to be delivered on small sites - defined in the Plan as those with an area of no more than 0.25ha (about a third of a standard football pitch). Previously these had been considered as supplementary "windfall" sites, but there was no dedicated policy in place to encourage their use.

The target figures varied from borough to borough: while Islington was expected to find over 60% of its 7,750 target on small sites, in Barking & Dagenham - in the east of the city - just 10% of 22,640 homes were to be found this way. In all, 120,000 of Greater London's new dwellings were expected to come from small site development. A key tenet of the policy was that gentle intensification is best placed close to existing infrastructure, and it specifically identified

those areas within 800m distance (around 10 minutes' walk) of a station or high street - or otherwise with good access to public transport - as ideal for new homes.

This strategy also reduces car dependency and helps make some infill sites easier to develop when in-curtilage parking is not required.

Continued →



Alderwood Road, Greenwich. Client, Royal Borough of Greenwich photo courtesy of Lighthouse

When first put forward in the draft plan of 2018, however, these targets had been more ambitious. Outer London areas had been expected to deliver the bulk of these homes, yet the numbers were challenged by largely Conservative voting boroughs who pushed back against what was described a “war on the suburbs”. Despite these claims being hopelessly misplaced, in order to placate suburban voters, the targets were slashed by half and a “presumption in favour” of small site development vanished from the plan. Nevertheless, lesser targets, and supportive policy - although tempered - remained.

Yet numbers alone are only one part of the story. To provide an environment where small site housing can flourish, we need a policy landscape which lowers the barriers to development, provides surety of outcome, and is backed by a vision for how intensification can make a positive contribution to the wellbeing and prosperity of the city.

Over the summer of 2023, the Mayor adopted a suite of guidance to do just this, including a dedicated document setting out how each of the boroughs should introduce their own design codes for small sites, including how to understand character areas, how to establish a small site “vision” - and how to prepare area-specific guidance to reduce planning uncertainty. Despite the London Plan being in place for more than two years, however, the opportunities that small sites present are being embraced with varying degrees of enthusiasm. This isn’t good enough: **small sites alone will not enough to solve the housing crisis; but they will play an important part.**

Lewisham Council’s Small Sites Design Guide

In 2020 [RCKa](#) and [Ash Sakula](#) were appointed by Lewisham Council to create a Small Sites Design Guide to help deliver the borough’s small sites housing target of 3,790 homes. The council was keen to enable diverse forms of housing, across a range of tenures, building on its legacy of supporting innovative development by pioneers such as [Walter Segal](#) and the [Nubia Way community housing](#) group Fusions Jameen. Lewisham was keen to make it easier for small site development to come forward, not just to help meet its London Plan obligations, but also to find ways of encouraging self-builders and community groups to deliver affordable homes.

Building on in-depth analysis of the borough’s character areas and urban form, we first identified the type, and quantity, of sites found across the borough. Then, armed with a library of typical sites, we developed a series of design guides setting out parameters for how the Local Plan policy constraints could be interpreted to give the greatest chance of success.

[The Lewisham Small Sites - Supplementary Planning Document](#) was formally adopted by the council in October 2021, and in 2023 won the Planning Award for Increased Housing Delivery.



Further Reading / References

[The London Plan 2021 | London City Hall](#)

[Small Site Design Codes LPG | London City Hall](#)

[Lewisham Small Sites - Supplementary Planning Document](#)

LAND OWNERSHIP & STRATEGY

Knowing what land is publicly-owned (and how) is a key step in unlocking a new supply of land. However, development or update of a land-register needs to be undertaken in conjunction with a strategy for its use or disposal.

For example, the West Midlands Combined Authority have identified 5,713 hectares of public in the West Midlands region, of which a significant area is vacant or not used to its full potential. They have also developed a [Public Land Charter](#). The Charter aims to bring forward land and opportunities for development and regeneration in the region at a size and scale not previously seen, being a clear statement of collective intent to be at the cutting edge of thinking nationally around the management, development and disposal of public land.

“I advise both local government and central government on various planning aspects and regeneration, and one of the biggest challenges is them understanding what land they actually own and how they own it.”

Jonathan Bower
Womble Bond Dickinson Playbook Roundtable

What land do we own?

When looking to develop housing on small parcels of land the first step is to understand exactly what land is in local authority or wider public ownership.

Correctly identifying sites often comes with a whole host of challenges for both councils and private developers, including boundary changes over time or misplaced records pre-digitalisation.

Advances in GIS-centric mapping technologies now enable the quick identification, and analysis of a range of developable sites, with spatial data able to rapidly inform decision-making. [TerraQuest](#) were appointed to undertake a site ID (land finding) exercise to identify sites for potential infill housing development within the Barnet area.

London Borough Barnet appointed TerraQuest within the borough to discover sites that may not have been visible, had good transport links, and weren't subject to environmental constraints. Searching 40 km², the report revealed 7 candidate sites across 3.9 ha, and 42 discarded sites. This information was invaluable

to the client and their plans for in-fill housing development and delivered within a week due to the time sensitive nature of the project.

TerraQuest were appointed due to their extensive experience in undertaking land ownership assessments from local and regional sites to larger infrastructure projects.



Image courtesy of [TerraQuest](#)

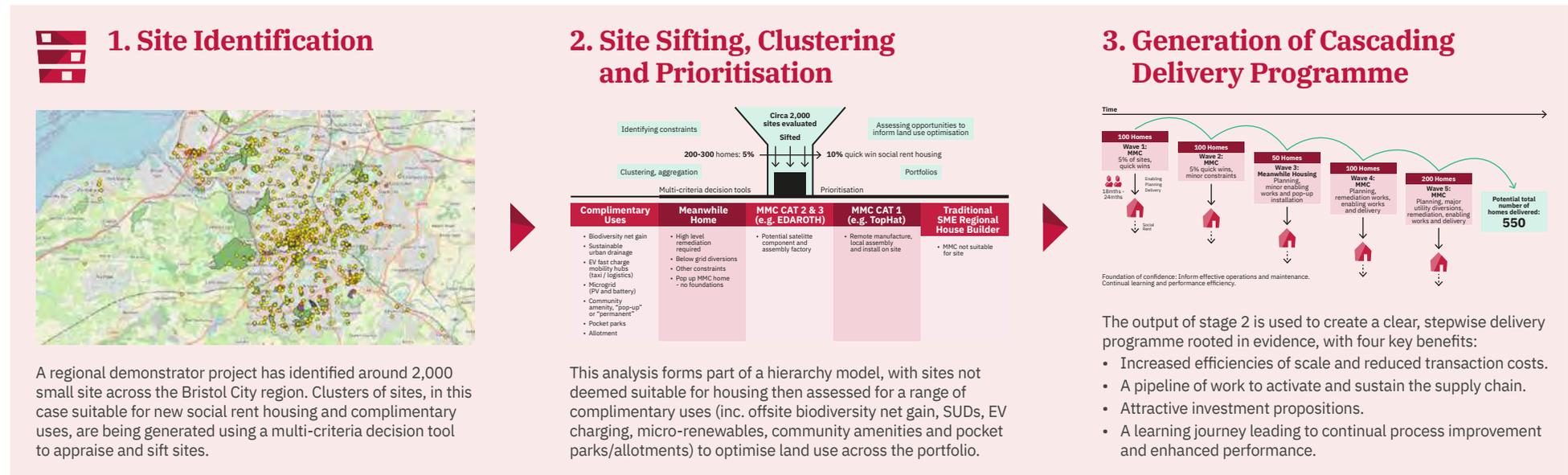
LAND TRIAGE MODEL TO DELIVER QUALITY SOCIAL RENT HOUSING

AtkinRéalís Urban Land Enterprise Accelerator creates a platform to triage and aggregate land, to support the delivery of social rent housing at a programme scale, and at pace, for a City, region or pan region. Client Director for Connected Thriving Places, Zoe Metcalfe, talks about ongoing work AtkinsRéalís are leading on in collaboration and co-production with a diverse range of partners.

The goal is to provide a new model to enable the public sector to transform neglected small sites into high quality, Net Zero, social rent housing and tackle the current inequity of access to genuinely affordable homes.

A comprehensive and auditable assessment across a whole land portfolio, supports better decision-making and drives better outcomes. It prevents site-by-site decision making where decisions made earlier, close-down or restrict latter options, resulting in a sub-optimal system solution. Instead, it helps optimise land-use and future value realisation - locally, regionally and pan-regionally. It generates significant societal benefits, places for nature and enhances the climate resilience of place. All supporting community cohesion and prosperity for all. By appraising geographic portfolios collectively efficiencies can be achieved through site proximity (clustering) and comprehension of wider

spatial constraints (e.g. flood zones) and opportunities (e.g. nature corridors). By taking a programme approach to land portfolio analysis we reduce transactional costs, in both procurement and actual delivery. From legal advice and site remediation through to housing delivery, every workstream can be commissioned, procured and managed (or fast-tracked) as a rolling series of work packages within the programme. Portfolios of work also unlock alternate routes for funding (creating attractive investment propositions) and mitigate risk by enabling a staged approach (e.g. starting with the quick wins) and providing a range of alternative routes through delivery of the whole task.



AGGREGATING LAND

Why aggregate land?

Manufacturers across all sectors set minimum order quantities (MOQs), defining the fewest number of units required to be purchased in one order. The level of that MOQ depends on the scale of their production facility, their suppliers own MOQs and current pipeline of work. MOQ's are optimised to prevent wasted resources, ensure production activity is sustainable, profitable and to enable internal investment in new technology, or increase labour to meet the order. This is equally true of modular housing suppliers.

Housing developments comprising only small numbers of homes, need to be brought together in groups, so the total number of units is above the MOQ of a range of suppliers to create a competitive marketplace. Packaging sites together doesn't necessitate an identical housing product, delivered to their respective sites on the same day, but does allow a single supplier to bring their production and logistical capacity to bear on a programme of sites, within a defined geographical area and delivery timeframe.

Site aggregation can also create opportunities for streamlining the commissioning process on the demand side too (see Mid Devon District Council and ZED PODS case study on [page 90](#)).

How to aggregate land?

Similar sites can be aggregated on the basis of shared typology/ topography/ transport infrastructure/ community infrastructure/streetscape/ landscape and ecology/ and or access, for example.

West of England Small Sites Initiative

In 2017 The West of England One Public Estate Partnership (Bristol, North Somerset, South Gloucestershire and Bath and North East Somerset) conducted [a joint review of publicly owned land](#), to assess the region's capacity to deliver the homes needed. The review concluded there was a significant opportunity to release c.80 non-strategic small sites, to build c.830 new homes. It was recognised that there was significant value in considering these sites as a shared resource, deriving economies of scale and developing a streamlined delivery process, by aggregating them within a more expansive and ambitious programme of work.

Given the pressure to deliver new homes, the four authorities challenged themselves to re-consider a large number of smaller potential sites for housing, which would otherwise be overlooked. It was recognised that, addressed in isolation, these sites would never justify the necessary level of internal resource to bring them to fruition. However, aggregating these small sites under a single programme on a large enough scale, would warrant dedicated resource to unlock them.

The development of regional small sites strategy also creates the opportunity to bring on board other partner organisations with small sites of their own - further maximising the impact of the aggregated approach. Elevating the One Public Estate, from central government departments, NHS, Blue light services and the Education sector.

Working with the Housing Festival, AtkinsRéalis are currently using their urban land enterprise accelerator model (see [page 87](#)) to help local authorities in the West of England to refresh this analysis, and assess the new opportunity presented by MMC to unlock the delivery of social housing on clustered micro/small-sites in the region. Alongside complimentary uses that generate wider benefits in terms of BNG, natural capital and ecosystem services, Net Zero interventions, climate adaptation and health equity.

Continued →



Images courtesy of [AtkinsRéalis](#)

✦ Southmead, Bristol - More than the sum of its parts

A place-based, masterplan-led approach was adopted in Southmead, a neighbourhood of Bristol, in 2015. The masterplan, led by Nash Partnership, considered 14 under-utilised sites across the centre owned by various public or not-for-profit bodies, including Bristol City Council, housing associations, churches and the NHS. The aim was to provide more housing (1/2-bed homes in particular) alongside improved community facilities in the centre. Mike Fox of [The Urbanists](#) describes the approach.

Southmead Development Trust led on the creation of Southmead Community Plan in 2015, which identified that the area lacked good quality and varied housing, access to a full range of shops and services, and quality open space.

In 2018, working as Arnside and Glencoyne Regeneration Project Group (AGRP), Southmead Development Trust, Bristol City Council and Brighter Places launched a masterplanning process, to create a vision for what central Southmead could be.

Fourteen underutilised sites were aggregated as part of the master plan.

The final masterplan saw the creation of new community facilities on part of Glencoyne Square, with new 1/2-bed homes above, potentially releasing several of the surrounding sites for new, higher density development, including a mix of housing, an expanded supermarket and other new community facilities. The masterplan could deliver over 300 new homes, a new library, health facility and other shops and services. The first phase was approved in 2020.



Images courtesy of [Southmead Development Trust](#)

STREAMLINING DELIVERY THROUGH AGGREGATED PROGRAMMES

Site aggregation creates opportunities to streamline the commissioning and delivery process and supports a partnership approach.

“As identified within our Housing Strategy, there is a need for more social rented housing within the district. These ready to move homes and our long-term programme of housing look to positively address this - these new zero-carbon, energy-efficient homes are a way forward and will help towards the Council’s Net Zero ambitions.”

**Councillor Simon Clist
Mid Devon District Council
(July 2023)**



Unlocking council-owned brownfield sites across Mid Devon

Mid Devon District Council (MDDC) has partnered with modular design and build partner [ZED PODS](#) and planning consultant [Turley](#), to overcome the design and planning challenges associated with difficult to build council-owned sites for social rent housing. The aim of the programme is to deliver exemplar zero carbon, good quality, long-term, sustainable social rent homes on brownfield sites. Through the successful delivery of two pilot sites, MDDC has developed a workflow process to unlock similar sites across the district.

Unlocking the first 14 homes across two pilot sites

Key political members of Mid Devon were brought on board and encouraged to view ZED PODS’ build quality. Using MMC technology comes with unique challenges and requires overcoming misconceptions of “modular homes” and “NIMBYism” (Not In My Back Yard) pretence. Winning “hearts and minds” of local communities and dispelling myths of stakeholders as early as possible was crucial. Understandably, MDDC wanted to be 100% sure about these developments,

undertake commercial assessments, secure grants from the government and mitigate commercial risks. In this context, a pilot scheme was fitting.

The programme started with two underutilised council-owned garage sites, outwardly similar in nature. The two sites had, however, very distinct sets of challenges and required unique design approaches. Ground conditions, buried services, site gradients, flood requirements and the decision whether to progress with contemporary versus traditional elevation treatments, emphasised the need for a tailored design approach for each site.

ZED PODS installed a double storey demo unit temporarily in a local leisure centre. Over 400 people visited the demo home while national press showcased this unique initiative. The feedback was exceptionally positive - it won “hearts and minds” and dispelled myths and misconceptions about MMC-led developments. 312 out of 314 people who left their feedback indicated support for these kinds of schemes in their area showing early buy-in from the local community. The home received 90% positive ratings on parameters including: environmental friendliness, innovation, build quality and design.

Continued →



St Andrews House, before and after, courtesy of [ZED PODS](#)

ZED PODS' inhouse architects undertook detailed feasibility studies to design schemes which are buildable, satisfied the local housing mix, delivered value for money (e.g. reduced ground works) and were expected to have high planning success. Their proposals helped Mid Devon to secure Affordable Homes Programme and Brownfield Release Funding and obtain internal approvals, triggering detailed design works & planning submission. It was the first time they submitted bid through the One Public Estate programme, and St Andrews is the first scheme to achieve completion under the Brownfield Land Release Fund (round 1). This success has encouraged Mid Devon District Council to secure similar funding for future MMC developments.

Financial surety and demand aggregation helped us to secure long lead items while waiting for planning outcomes. This collaborative workflow shows how difficult to build sites can be easily unlocked with a flexible design approach.

Both the schemes achieved planning permission, which demonstrates that a tailored design approach and flexibility with an integrated mindset can unlock constrained sites. South West Procurement Alliance (SWPA)'s Offsite Construction of New Homes (NH2) framework was the procurement route for the Council to access ZED PODS.

New homes creating momentum

These two developments aren't large, but the innovative approach has increased confidence in MMC, as both a product and process in the region.

For Mid Devon District Council these two modular schemes [St Andrews House](#), [Cullompton](#) and [Shapland Place, Tiverton](#), represent the start of an ambitious £100 million programme by the council to redevelop underused sites in its estate to create new affordable homes. The council has submitted several applications for further modular housing developments within the district, with plans for homes in Willand and Sandford.

Through this work ZED PODS has pioneered a strategy to bridge the gap between standardisation and design flexibility in response to planning and client requirements. We have matched the benefits of manufacturing with the design flexibility of traditional builds. These homes with ZED PODS standard specifications will set a high standard for social rent housing projects in the borough.

The two projects are truly exemplar and sustainable, showcasing how design-led development using MMC can be delivered to boost the UK's supply of social rent homes.



Shapland Place, Tiverton courtesy of [ZED PODS](#)

THE CASE FOR CHANGE IN PLANNING

Reform of the planning system is going to be essential to unlock a raft of small sites for new housing. The stretched system isn't delivering sufficient sustainable, desirable or affordable places to live and work, and an influx of applications for small housing developments could make matters worse, threatening delivery. Sarah Chilcott, former Managing Director of the [Planning Portal](#), unpacks former opportunity for technology to help build certainty and capacity in the planning system, and where policy reform is also needed to fully realise the value for all those involved.

Getting planning permission in the UK is uncertain, complicated and at times expensive. Homeowners and developers begin the process without certainty around timeframes or knowing whether their development is likely to be approved. But it doesn't have to be like this. The UK is pretty much unique in the way that we approve what can be built, as well as how it must be built. The government has ambitions to make improvements to the process through the Levelling Up and Regeneration Bill and changes to the National Planning Policy Framework, but does it go far enough and fast enough?

Some of the proposed changes relate to "digital planning." This isn't a new concept - the national Planning Portal was launched 20 years ago and continues to lead transformation - but it is now at a critical point in its evolution. In terms of digital planning reform, the government is focused on delivering common data standards and interoperability between poorly connected systems. Both will be hugely

powerful - meaning that the process of applying for permission will be more transparent, more streamlined, and to a degree, more certain. But without significant reform to planning policy itself, we believe that technology's power to transform cannot be fully realised.

We believe the reform needed falls into two main areas:

(1) Allow technology to determine small applications

We don't have enough planners across the country and a lot of council resource is tied up in high volumes of homeowner-related applications with low fee values which don't cover the costs of processing. Last year, just over 218,000 online applications and "prior approvals" relating to extensions, conversions and other works to individual properties were submitted across England and Wales. This represents just over 35% of all applications submitted over the course of the year, but only around 14% of planning fees received. **Automating these small-scale decisions could free up planners' time to focus on more proactive, strategic and complex planning aspects.** Common data standards and the use of technology, including artificial intelligence, could facilitate this automated decision-making, but planning rules cannot currently be "codified" to enable decisions to be made in this way. Even at this level, planning decisions depend on a myriad of different factors and are not black and white. This is in part linked to the second point.

Continued →



Photo courtesy of the [Planning Portal](#)



The GAP House, image courtesy of BDP

(2) Depoliticise decision-making

Decisions on planning applications are often highly politicised, fuelled by the complex, contextual nature of planning policy. Applications that end up at planning committees often become embroiled in local politics. Fewer “grey areas” in the planning rules would make the process of decision-making far more straightforward and would provide much-needed clarity for all. Some developers also find that engaging with communities early on and working with them to positively develop local proposals can pay real dividends later. Again, technology can play its part and we already see several excellent tools which support engagement with local communities at an early stage, as well as at the more traditional point in the planning process.

Excluding London boroughs, planning permission for 324,600 additional residential dwellings (a house, flat or other place of residence) were made in the year to October 2023, of which 78% were for market sale, 15% for social, affordable, or intermediate rent, 5% for affordable home ownership, 1% starter homes and 2% self or custom build.

Despite widespread policy targets encouraging higher proportions of affordable new homes, this is evidently not translating into planning applications for reasons of commercial viability.

Similar data for London is available from the [Planning London Datahub](#), a collaborative project between all the planning authorities in London to build a single open data set of development proposals.

[Further information on the national Planning Portal, including a timeline on digital planning](#)

[Further information on the technology powering the Planning Portal](#)

[Levelling-up and Regeneration Act 2023](#)

[The latest version of the National Planning Policy Framework](#)

THE PLANNING SYSTEM AS AN ENABLER OF HOUSING

[The National Planning Policy Framework](#) (NPPF) and the [Localism Act](#) (2011) encourage local authorities, and local people, to plan positively for new sustainable development.

It is sad therefore that for some, the Planning system is experienced as a reactive and often defensive process, aimed at protecting the places we live and work from poorly-fitting and inappropriate development.

[The Levelling up and Regeneration Act](#) (2023) has paved the way for planning reform, intending to speed up the delivery of the right homes in the right places, supported by the right infrastructure. The government is reviewing how the national planning system can be improved to create a genuinely plan-led system, that empowers local communities to develop the homes and infrastructure needed.

In the meantime there are several alternative consenting regimes provided for in the NPPF that create opportunities for positive plan-led development:

Site by site planning applications: business as usual, typically a bespoke, uncertain and fragmented process.

Permitted Development: types of development permitted nationally for which there is no need to apply for planning permission locally.

Special Development Order (SDO): enable the national government to grant permission for specified kinds of development in an area. SDOs were used effectively during the Covid-19 pandemic to enable the change of use of existing buildings for clinics and rapid expansion/development of additional hospital facilities, for example.

Local Development Order (LDO): enable the local government to bring forward specified kinds of development in an area by simplifying the planning process. The Planning Advisory Service (PAS) has compiled a [suite of guidance, case study research, and further information](#) to help LPAs develop and use LDOs, including for new housing.

Neighbourhood Development Order (NDO): enables parish or town councils or neighbourhood forums to permit specified kinds of development in an area. [Read more about this.](#)

Alternative consenting regimes could play an important role in delivering housing programmes of strategic importance. They are not ways of evading quality design, which is a key principle of the NPPF. However, they do provide scope for

applying platform-thinking to planning, to enable the delivery of the homes we need at scale and pace (see **page 61** for more on platform-thinking).

One approach being pursued is the development of pattern books (see for example Barking and Dagenham’s [BeFirst Housing Pattern Book](#) and the [AIMCH affordable homes pattern book](#)) and local design guides (see for example [Lewisham Borough Council - Small Sites Design Guide](#)).

Planning & design consultancy [The Urbanists](#) see value in exploring how a Local Planning Authority’s Brownfield Register, a design guide and a Local Development Order (LDO) could work together to encourage and support the development of needed social rent homes on underutilised brownfield land.

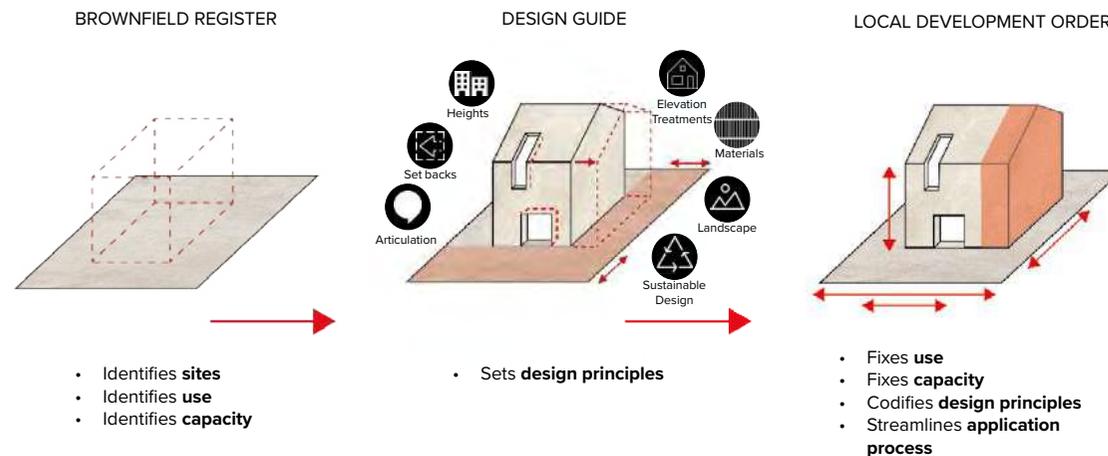


Figure 7 - Exploring how the planning system might be re-imagined to bring forward social rent homes on brownfield land, sketch by The Urbanists

PLATFORM-THINKING IN PLANNING

Dispelling the cookie cutter myth

A concern regularly voiced about MMC housing is that adoption of pattern books, proprietary MMC build systems and increased standardisation is going to result in characterless streetscapes of identical homes. MMC expert Romill Bettany discusses the inherent variability of modular build systems and the potential for mass-customisation to debunk this myth.

The pervasive myth of modular (CAT 1 MMC) construction being a one-size-fits-all cookie cutter solution couldn't be further from the truth. In reality, modular construction is a versatile and customisable approach that can, if adopted and implemented early enough, deliver unique, aesthetically beautiful and sympathetic projects.

Architects and designers have the creative freedom to envision and customise buildings to meet their clients' specific requirements. From sleek modern designs, to designs expressing individual modules, to designs with traditional materials and aesthetics - modular construction can accommodate a vast range of architectural styles designed to match the local aesthetic and architectural style, whether it's traditional, contemporary, or any other vernacular. **By standardising the invisible and customising the visible, we allow architects to truly focus on a buildings form, aesthetics, context, placemaking and community benefit.** Continued →

“The pervasive myth of modular construction being a one-size-fits-all cookie cutter solution couldn't be further from the truth.”



Image courtesy of Romill Bettany

The key element in achieving this design quality is the early commitment of a team to adopting an MMC design. Waiting for a traditionally designed scheme to gain planning consent and then exploring options for an MMC approach severely limits the art of the possible and in most instances requires material amendments to the scheme and a new planning submission.

Integrating [Design for Manufacturing and Assembly \(DfMA\)](#) principles into each stage of the design process, assists architects and designers to work closely with manufacturers, ensuring that modular elements are not just functional but also meet the overall design vision.

This holistic approach minimises potential design conflicts which ensures a smooth, fast and efficient construction journey. A true and rare example of win, win, win.

To have your cake and eat it too, clients and their teams need to commit to an MMC approach from the outset and can then reap the benefits of an efficient, vibrant, innovative, and sustainable approach to building. With the freedom to design, the commitment to sustainability, and the efficiency of modular construction, architects have the tools they need to create inspiring and unique buildings that express their own, their client's and ultimately the occupant's desire to live in beautiful, sustainable, safe and efficient homes.

For further food for thought, check out the following blog post my MMC consultancy Akerlof [‘Striking the balance: differentiation vs similarity’](#) July 26, 2023



Rules as Code

Currently, disparate systems facilitate individual planning processes, leading to invalid submissions, causing additional work and delaying decision-making. Here, James Garrett, Policy and Strategy Advisor at Planning Portal explores the potential for codifying Planning rules, to expediate, ease and eliminate bias in determinations.

Unlocking the first 14 homes across two pilot sites

The Planning Portal provides a data standard and common interface so every local authority can receive application submissions digitally.

These submissions are based on national requirements, fulfilled by applicants answering questions, uploading files, and paying required fees.

However, these requirements are still ‘manually’ derived from published government documents such as legislation, guidance, and PDF form templates.

Additionally, there are designated geographic areas and individual local authority rules that further tailor the requirements for each application based on its location and the specifics of the proposal.

Currently, there is no way for a system to easily obtain and surface all these separate requirements to users consistently for any given location.

This has been a long-standing issue for planning applications resulting in many invalid submissions, causing additional work and delays in decision-making.

Implementation of a standards based ‘rules-as-code’ approach nationally would resolve this.

By making all matters relevant to the validity of an application available in a digitally advanced, machine-readable format, systems could clearly present and enforce such requirements prior to submission.

We welcome all current and future initiatives to resolve this.

MEANINGFUL COMMUNITY ENGAGEMENT IN DEVELOPMENT, PLANNING AND DESIGN

Community consultation and engagement are important parts of the development process, and vital if we are to secure support for the delivery of much needed social housing. Here, Melissa Lacide, Senior Community Engagement Officer, of [Quality of Life Foundation](#) describes how their research and new Code of Practice can help ensure engagement is effective and meaningful throughout.

Community consultation and engagement are both important parts of the development process. In fact, they are key contributors in the delivery of development that truly meets the needs of local communities.

However, “consultation” and “engagement” differ in their objectives, scope and level of involvement with local communities. Community consultation typically involves seeking feedback from communities on planning proposals or projects, often on early concepts or on partially formed proposals. Community engagement, on the other hand, is a broader and more collaborative process that involves working with communities throughout the planning and design process.

The benefits of effective consultation and engagement are far-reaching. Having a sense of control over decisions affecting our environment is a key contributor to wellbeing. Consultation and engagement provide ways of empowering individuals and communities to shape the changes they want to see in the places where they live, work and socialise.

Consultation and community engagement are an opportunity for everyone involved to influence development for the better - to promote social, environmental, economic and cultural values. By proactively working with people’s needs and wants, community wellbeing and a place’s sustainable development are supported more effectively. More crudely, planning applications that have gone through a process of meaningful engagement are more likely to gain assent.

What good community consultation and engagement looks like

Consultation and engagement done well can be both efficient and effective. Collaborating, engaging positively, genuinely and continuously with the broadest range of local communities and other key stakeholders is central to a good process and outcomes.

The UK Research and Innovation-funded Community Consultation for Quality of Life project gathered evidence from across the UK to establish what good community consultation and engagement looks like. The project gathered data and engaged in conversation about what does and doesn’t work, what challenges exist and what can be done to overcome them.

Based on this research, Quality of Life Foundation has developed a Code of Practice for community engagement for anyone working on the development, planning and design of places. The Code of Practice centres on the need for collaboration with local communities and other key stakeholders throughout the planning and design process. It introduces eight key principles that organisations seeking to carry out meaningful engagement should embrace:

Be accountable	Be effective	Be transparent	Be inclusive
Be timely	Support mutual learning	Demonstrate impact	Publish feedback

This makes it simple for organisations to assess how they are doing and to find ways to keep improving their practices for the benefit of the communities they serve.

Every project and team that measures up well against this Code of Practice will have developed a good understanding of the distinct needs and wants of a place and its communities. They will then be empowered to affect change in a more customised manner, achieving higher sustainable development outcomes and community wellbeing and resilience than would otherwise be possible.

Continued →

Southmead, Bristol - building support for new housing

In 2015, Southmead Development Trust (SDT) led on the creation of a Community Plan, which identified a lack of good quality and varied housing, access to a full range of shops and services, and quality open space. In 2018, they launched a masterplanning process to create a vision for what central Southmead could be.

SDT embarked on an inclusive engagement process, to build support for the proposals. This began with the appointment of the consultant team, entailing a design competition culminating in a 3-day selection process which included drop-in sessions, an exhibition and speed-dating style interviews with key stakeholders.

A 'review and reflection/placecheck' exercise followed, entailing 1-1s with local groups, a roaming street stall, weekly drop-ins, exhibitions and leaflet drops. This provided a rounded view of what people liked, disliked and would change about the area. This was followed by a model-making workshop with the community, to consider different masterplan options, with a preferred option then selected by key stakeholders. The final scheme was then the subject of an exhibition. The masterplan was supported, despite it proposing high density housing and building on open space, often contentious issues.



Photos courtesy of [Streets Reimagined](#)



HOUSING ADVOCACY FOR COLLECTIVE LEADERSHIP

Many people with a stable home and no experience of housing insecurity are unaware, or ill-informed, when it comes to the extent and impact of the housing crisis on others, or the indirect impact on themselves. This hinders the collective understanding and integrated action needed to tackle the problem. Rev Nicola Harris, Chaplain for Housing, Bristol Diocese, discusses housing advocacy, frames the conversation on housing and shares an advocacy toolkit which is intended to support collective leadership and unlock new social rent housing in the UK. The toolkit brings together work by many organisations working in the advocacy area.

Very few people are truly unaffected by the housing crisis. Housing advocacy is essential in redressing information-asymmetry, reducing stigma and garnering support for action. Advocacy has a role to play at both a national and local level. At a national level, advocacy brings housing to the forefront of the political agenda, affording it ministerial time, public spending and legislative decision-making. At a local level, a clear and compelling narrative for new house building can help amass support and reduce fear and contention, which can otherwise frustrate new housing development.

Our developing advocacy toolkit considers effective messaging for different sectors of UK society, reflecting the perspectives these broad groups typically share on housing. Our advocacy framework has been built around the six voter groups identified by the Centre for Social Justice (CSJ)

in their 2021 report [Exposing the Hidden Housing Crisis: Public attitudes to 'affordable housing' and housing policy](#). In turn CSJ's framework draws on analysis by Stack Data Strategy, who are among the leading electoral and policy data research organisations in the UK.

Aligned with popular marketing tool the 'AIDA' model, people are invited to go on a journey towards a wider more nuanced perspective on housing - capturing their interest, highlighting collective-responsibility and leading to transformative action - towards a fairer and more just society.

See the Advocacy Toolkit on the following page →

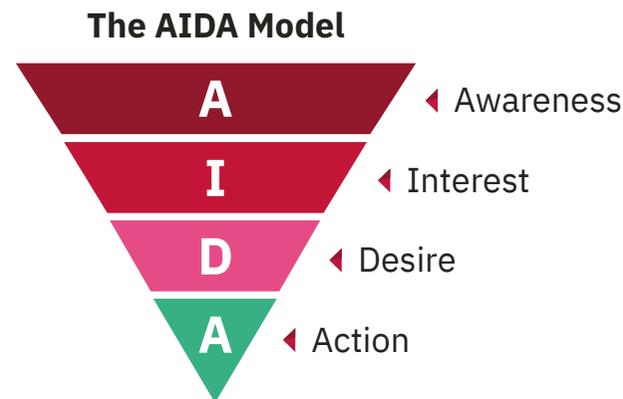


Figure 8 - AIDA Model

Talking about housing

Framing the conversation around housing thoughtfully is an essential part of the process of successful engagement.

I would commend and signpost the work done in this area by Frameworks UK in partnership with the Joseph Rowntree Foundation and Nationwide Foundation in their Talking About Housing project, providing a [Framing Toolkit](#).

This toolkit makes five key recommendations:

1. Talk about homes as a source of health and wellbeing to build understanding of why access to decent, affordable homes matters.
2. Use an explanatory metaphor to show how decent and affordable homes are essential.
3. Invoke people's sense of moral responsibility to build the case for making decent and affordable housing available to everyone.
4. Combine a critical tone with explanations of solutions to show who is responsible and build a sense of urgency and efficacy.
5. Put individual stories in context to highlight how the housing system needs to change.

[Further detail on this research and recommendations](#)

Social rent housing - advocacy toolkit

CSJ UK population groupings*	% of population	Key messages to help garner support for new social housing
New Conservatives	17%	<ul style="list-style-type: none"> Emphasise economic impact of poor housing e.g. on costs to the health services, education, employment using reputable sources e.g. UCL report: 'Building More Social & Affordable Homes Could Save UK £1.5 billion/year.' Include clear and specific statistics on the strong correlation between provision of permanent housing and economic and social advancement of individuals and communities e.g. Constructing homes, rebuilding lives: Settled housing SROI - Housing Festival. Indicate current restrictions on governments to build social housing aside from through major house builders and, therefore, that each site counts. Emphasise that the current situation is a disgrace to the country and opportunity for national leadership aligning with patriotic values. Highlight cases of individuals exploiting the undersupply of temporary accommodation to make profit.
Metropolitan Elite	13%	<ul style="list-style-type: none"> Raise awareness of the numbers of households living in Temporary Accommodation, the length of time they are there and the detrimental impact (see Still Living in Limbo: Why the use of temporary accommodation must end - Shelter England). Raise awareness of the amount of public money being spent accommodating the 'hidden homeless', the subsidy loss crippling local authorities as well as the barriers/failure to unlock alternative 'spend-to-save' investment strategies, and social housing as critical public 'infrastructure'. Emphasise narrative around macro picture of social housing need, impact on lower income communities and social mobility. Emphasise current inequalities and that people are being held in systemic poverty. Throw light on the small number of large house builders, profit in the traditional housebuilding sector, and value of/lobbying for status quo, where the scarcity of housing supply and control over supply, are key to raising house prices and driving profit margins. Throw light on current restrictions on governments to build social housing aside from through major house builders and, that the importance of incubating a new, more competitive, supply chain for housing. Throw light on the Housing Associations position and where profit-driven/risk-averse delivery models in this sector are limiting their ability to respond. Communicate the need for local communities to be warm to/actively support new social house building, to counter the 'Not In My Back Yard' (NIMBY) voice that otherwise hampers development, by stalling projects through Planning, or eroding investor confidence.
Liberal Centrists	19%	<ul style="list-style-type: none"> Emphasise economic impact of poor housing e.g. on cost of health services, education, employment. Emphasise impact of rising housing prices on hard working people: keyworkers, graduates and others unable to serve their communities due to inability to live in certain areas.
Shire Tories	12%	<ul style="list-style-type: none"> Emphasise wider economic impact of poor housing e.g. on cost of health services, education, employment. Emphasise impact of rising housing prices on hard working people: keyworkers, graduates and others unable to serve their communities due to inability to live in certain areas. Highlight the amount of money spent on housing benefit in the Private Rented Sector £11.862bn/yr. Reference here. Explain that this deficit is a result of depleted social rent housing stock after Right to Buy. We should be using this cash to put social housing onto the Government's balance sheet instead; if we'd have replaced social housing stock after Right to Buy then we wouldn't need to spend all this now. Seek to counter stigma associated with social rent housing tenants (unemployed, on benefits). See the Stigma and Social Housing in England report. Include research on economic impact on those in housing need AND/OR. Include clear and specific statistics on the strong correlation between provision of permanent housing and economic and social advancement of individuals and communities e.g. HF/Akerlof report.
Aspirational Individualists	9%	<ul style="list-style-type: none"> Use social media campaigns. Raise awareness of extreme need for social housing through simple and impactful explanations (avoid patronising) re decades of lack of social house building, Right-To-Buy. Raise awareness of the numbers of households living in Temporary Accommodation, the length of time they are there and the detrimental impact. Is this what having housing and social issues under control looks like? Use relevant reports that include statistics e.g. Temporary accommodation: the new social housing? Shelter Raise awareness of the amount of public money (their taxes) being spent accommodating the 'hidden homeless' and projected growth of housing related tax expenditure. Communicate the 'structural' and 'wicked' nature of the challenge and invite to consider possible solutions. Highlight impact of current UK housing crisis on future immigration policies and attitudes. Highlight impact on younger generations. Emphasise economic impact of poor housing e.g. on cost of health services, education, employment. Emphasise restrictions on individuals' progression educationally and economically due to poor housing. Engage in the conversation around what appropriate/good social housing looks like.
Disengaged Middle	28%	<ul style="list-style-type: none"> Raise awareness of the numbers of households living in Temporary Accommodation, the length of time they are there, and how they are (indirectly) impacted by wider, negative economic impacts. User individual's stories of housing impact (good and bad), to bring the numbers to life. Emphasise personal impact on local communities of rising house prices e.g. keyworkers, students, private renter prices. Include clear and specific statistics on families and people in housing need in the local area. Emphasise LOCAL economic impact of poor housing e.g. on cost of health services, education, employment, and resultant tax burden. Highlight the agency/role of both National and Local government in responding to the crisis. In terms of both policy and expenditure, what has been done, what has not been done, what could be done.

*To explore these groupings, see page 64: [Exposing the Hidden Housing Crisis: Public attitudes to 'affordable housing' and housing policy](#) (2021).

THE CASE FOR RECALIBRATING THE ECONOMICS

We can build all the houses we want in the UK but if they are not built in the right way, in the right places, for the right people we risk building more economic investments but never addressing our actual housing needs. Jez Sweetland founder of the Housing Festival describes why a simple ‘build build build’ strategy is not going to address the crisis.

Within the current model, the UK’s primary housing supply is no different to how we supply commodities, like electronics or cars - the underlying drive is profit - referenced as ‘viability’ - and building homes is dependent on profit - if the profit is not within the housebuilders’ expectation, then the building of homes is delayed.

The UK’s major housebuilders are experts in maximising land value - their business is focused on acquiring land and creating value through successful planning applications. The challenge of actually building homes is hard, complex and risky - not least if you have a predetermined 20% profit target to achieve and protect (see information box on next page).

Standard market economics confirms one of the best ways to protect profit is to limit supply - scarcity of supply is a key lever to control risk and protect profit. To be clear, we’re not seeking to demonise any of the UK’s major housebuilders - we need them. But it is increasingly foolish to recognise a desperate and growing social rent housing need without addressing the limitation of the UK’s primary supply chain in how we build social rent homes.

Because we only have one primary supply chain of housebuilders, who all operate broadly similarly in response to market conditions, we’ve been left with a ‘structural deficit’ in our housing supply. A deficit the current housing supply model is not set up to address and in fact, via our current economic model - where maximising profit and land value is the primary driver, is actually incapable of addressing.

Traditionally, to deliver affordable housing, Government’s market intervention focussed on supply side intervention via s.106 agreements and grant subsidy to Registered Social Housing Providers. However, as levels of grant subsidy have (in real terms) reduced and RPs have had to increasingly rely on cross subsidy from private sales, the RP delivery model can face similar pressure as major housebuilders - to maximise sales value within their viability, and the same potential brake on delivery applies.

In addition, where RP schemes are attempting to offer 100% affordable (including shared ownership which still relies on firm sales values), RP’s business models will tend to require a viability model that repays the capital investment over 30 or 40 years. When looking at the cost of build, the additional costs associated with brownfield land, biodiversity net gain and rightly improving sustainability and EPC performance too, often social rent is ‘not viable’ with other affordable tenures (shared ownership/ discounted market rent), whilst still challenging, more realistically in reach of the set NPV parameters and business model expectations.

Whilst we have built on average just 8,500 social rent homes a year for the last 10 years - in the current climate that looks set to fall further. RPs face a perfect storm over their revenue and capital business planning - higher interest rates and inflation affecting revenue and borrowing with extra cost pressure from regulation around Decent Homes Standard 2, damp and mould, fire safety and decarbonisation. Coupled with a softening housing market the appetite and capacity to build - let alone build social rent - has massively contracted - this in turn will further exacerbate the pressures for Local Government with social housing waiting lists, and in turn Temporary Accommodation placements. Just as the RP sector might have traditionally expanded its stock and new build capacity in a counter cyclical response, in fact due to balance sheet pressure, risk and other regulatory priorities RPS are slowing down delivery of homes of all tenure - not increasing social rent housing.

Continued →

Why the current Financial Viability Assessment model is broken

The way that development viability is assessed, for the purposes of determining s106 contributions (including a proportion of Affordable housing), presupposes, and thus locks-in 15-20% profit margin for the developer, and similarly a substantial profit margin for the landowner (as a premium on the land value). Where this can't be achieved, development is deemed 'unviable'. To enable development to proceed, the s106 obligations are reduced, until the sales/rental value is high enough to make the project 'viable'¹⁸.

First to go is the delivery of social rent homes in favour of other affordable housing tenures (e.g. shared ownership), as this shift tends to improve the marketability of any for-sale or built-to-rent units. Other s106 commitments such as highways and landscaping, are preferentially retained as they also tend to increase the overall marketability of the development. Inclusion of other luxury facilities and services for residents (including gyms, concierge and shared amenity spaces), also help push up the sales value and make developments more viable - if less and less affordable.

Where project costs increase during the build, the s106 obligations are often revised down, to protect the <20% developers profit margin. For more information see [DLUHC's viability guidance](#).

¹⁸ Hill, S., 2022. [How private developers get out of building affordable housing](#). New Economics Foundation (Online).



Ashton Rise, photo courtesy of [Willmott Dixon](#)

AVAILABILITY AND ACCESS TO FINANCE

The thesis unpacked in this playbook only works if we can unlock a new economic model to finance the houses we need. National government is unlikely to provide the £16.9 billion a year thought to be needed to fix the housing crisis¹⁹, and without a different model, we will fail to start eliminating the current structural deficit. However, government funding is not the only funding available, and other sources, for example pension funds, could give the sector the necessary capital to increase the supply of housing.

Pension provider Legal & General predicts that pension funds and insurers can invest between £150 billion and £190 billion in infrastructure projects before 2030²⁰. This could include social and affordable housing.

The UK social and affordable housing market has become an attractive asset class for institutional investment. The high volume of demand for government-backed social housing (as evidenced by local authority waiting lists) is an attractive, low-risk proposition for patient (long-term) capital investment - offering stable long-term returns, (supported by government-backed inflation-linked rental income) and capital growth of the underlying asset (where ownership of the homes is retained by the fund).

Investment in social and affordable housing is supported by the growing trend towards impact investing, as social rent housing provision is a space where tangible environmental and social impacts can be easily delivered. [Research by Better Society Capital](#) suggests that social and affordable housing funds account for more than half (55%) of the social impact investment market.

The UK social and affordable housing fund market has grown from virtually zero in 2012 to £5.1 billion by the end of 2022. Institutional capital is thought to have a growing part to play in affordable housing delivery in the UK, with the sector uniquely able to deliver real increases in supply, redressing the current in-balance between supply and demand.

For example, Legal & General Retirement Institution made a £100m funding commitment to affordable homes in 2020. The following year, they committed a further £270 million to invest into 1,400 new affordable homes. In their report, [‘The Power of Pensions’](#) they found pension money could

be invested into housing creating the opportunity for pension funds to drive benefits for younger generations.

Local authority access to institutional finance

The availability of capital funds and the willingness of potential funders are not the only prerequisites of institutional investment in social housing. There are also accounting treatments governing borrowing, interest cover covenants, finance leases and off-balance sheet provisions that need to be worked through in detail with potential funders to enable access to available capital funding.



SoloHaus photo courtesy of [The Hill Group](#)

19 Better Society Capital, 2022. [Mapping the Market - UK social and affordable housing funds](#). (Online: accessed Nov 2023).

20 Legal and General, 2020. [The Power of Pensions](#). (Online: accessed Nov 2023).

IMPACT MANAGEMENT, MEASUREMENT & REPORTING



Photo courtesy of [Willmott Dixon](#)

Impact management, measurement and reporting, are the linchpin of effective impact investment. Crucially, they allow organisations and investors to ensure impact is embedded and considered at all stages of the investment lifecycle, from strategy to exit. Here, The Good Economy (TGE), a leading, independent social impact advisory firm who has advised on over £24 billion assets under management, explains.

The provision of housing is so essential that it is recognised as a universal social good within the Sustainable Development Goals (SDGs) - adopted by all UN member states in 2015. But housing is not just about “bricks and mortar.” There is strong evidence, including in the UK, that good housing contributes to other positive outcomes and aligns to further SDGs.

Having a decent, affordable home is an important determinant of the health and wellbeing of individuals and families (SDG 3), has a positive knock-on effect on children’s education (SDG 4), can help people to get and sustain employment (SDG 8), and can provide a route out of poverty (SDG 1).

While there is a strong impact case to be made that the provision of more affordable housing will benefit society, it is not enough to simply build homes and hope that they will make a difference - their impact needs to be managed and measured.

[The Operating Principles for Impact Management \(OPIM\)](#) provide a framework for investors for the design and implementation of their impact management systems. Principle 6 directly relates to impact measurement: “Monitor the process of each investment in achieving impact against expectations and respond appropriately.”

Impact measurement and reporting go beyond mere data collection; they empower organisations and investors to be more responsible, accountable, and effective in their efforts to create positive change.

Why it Matters?

Impact management can act as the “golden thread” that ensures transparency and accountability for delivering positive outcomes for residents and communities. It ensures that investors don’t just set financial objectives, but also objectives for the benefit that they will bring to society. These objectives will then need to be considered when selecting and designing potential housing investments and assessed and reported on to wider stakeholders on a regular basis.

Continued →

“It is not enough to simply build homes and hope that they will make a difference - their impact needs to be managed and measured.”

The Good Economy

Inspired by the OPIM, TGE’s approach, considered to be best practice in the market, includes three key components:

1. Impact screening

Before making an investment, TGE advocates for thorough impact screening as this helps investors filter out opportunities that do not contribute to their desired outcomes. TGE has developed an analytical scoring tool that enables fund managers to rate potential investments so that only those that pass are taken to the investment committees for approval.

A key element of this is a method for assessing if homes are genuinely affordable for their target demographics. **TGE considers that households are overburdened when residents pay more than 35% of their net income on rent.**

2. Impact due diligence

Impact due diligence (IDD) is a deeper analysis of the potential for positive impact as well as the potential for negative impact. IDD helps investors to understand the risks of a potential investment so that they can proactively take steps to maximise positive impact and mitigate negative impact.

3. Annual independent impact assessment:

To ensure ongoing accountability and transparency, TGE recommends an annual, independent impact assessment of investments. We partnered with [Better Society Capital](#) to develop a common reporting approach for equity

investors with an affordable housing strategy. This reporting approach, the [Equity Impact Project \(EIP\)](#), aims to provide comparable information that holds investors to account for meeting the needs of those people who need access to affordable housing. The EIP prioritises resident wellbeing - which is typically assessed with surveys - and genuine affordability.

“Impact measurement and reporting are not just essential tools but moral imperatives for those seeking to make a difference through their investments.”

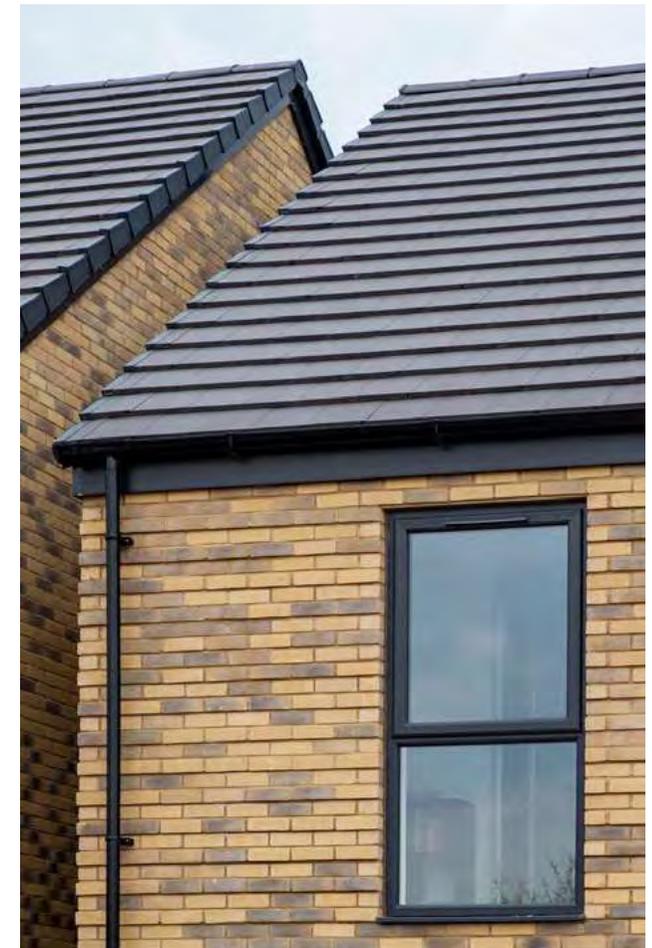
The Good Economy

Further Reading

[Towards an approach to impact reporting for investments in social and affordable housing](#) (July 2021).

[Affordable housing equity investment models: optimising risk, return and impact](#) (July 2021).

Also, see the Social impact investment company Funding Affordable Homes (FAH)’s [Impact Report \(2023\)](#) as an example.



Ashton Rise, photo courtesy of [Willmott Dixon](#)

PLACE-BASED IMPACT INVESTMENT

[The Good Economy](#) are championing and enabling institutional investment as driver of positive change. They are advocating for ‘place-based impact investment (PBII) as a vehicle for “levelling up” the UK. Here, they discuss the potential for PBII in unlocking new affordable housing.

The UK stands out internationally for its social and regional inequality. Decades of “immiserating growth” have led some of our leading academics to refer to the UK as a “shattered” or “stagnation” nation. Most ordinary people believe that “the system is broken” and that life in the UK is getting worse.

The Good Economy assert that place-based investment offers a promising avenue for addressing local and regional disparities in the UK, developing their thinking in the landmark 2021 White Paper [Scaling Up Institutional Investment for Place-Based Impact](#), in partnership with the Impact Investing Institute and Pensions for Purpose.

As well as defining what place-based impact investment (PBII) is (see Figure 8), they developed a conceptual model to illustrate the architecture of PBII (see Figure 9), identifying affordable as one of seven key pillars. Each pillar represents both priority areas in local and regional development strategies and a sector falling within institutional investment strategies. Critically the pillars have to bear the weight of investor risk-return expectations while meeting the inclusive-sustainable development expectations of local authorities and strategic partnerships. Successful delivery of PBII should be a win-win game.

Successful place-based investment requires collaboration among a multitude of stakeholders. In most cases, the lion’s share of investment in localities comes from the private sector. Private investors are attracted to areas with growth potential, but the public sector plays a crucial role in setting the stage for such investments through planning, regulation and procurement practices.

Continued →

“The public sector plays a crucial role in setting the stage for such investments through planning, regulation and procurement practices.”



Figure 9 - Place-Based Impact Investment (PBII), courtesy of The Good Economy

The Case for Starting with Local Authorities

Why local authorities?

The Good Economy argue that local authorities, represented by elected councils, are ideally positioned to drive place-based investment initiatives. Several factors make them indispensable in this endeavour:

1. **Democratic mandate:** Local authorities are elected bodies entrusted with a democratic mandate to promote balanced prosperity in their communities. They are accountable to their constituents, ensuring that investment decisions align with the community's best interests.
2. **Local knowledge:** These councils possess an intimate understanding of their areas, knowing the unique needs, challenges and opportunities better than most stakeholders.
3. **Long-term perspective:** Local authorities are committed to the long-term wellbeing of their communities, though they may sometimes grapple with short-term pressures.
4. **Assets and levers:** They control significant assets, including land, public finance and housing lists. Furthermore, they wield essential levers like planning and procurement, which can influence the direction and nature of local investment.

While local authorities have a pivotal role to play, they face numerous challenges that hinder their capacity to drive place-based investment (continued on next page).

“Local authorities, with their democratic mandate, local knowledge, long-term perspective, and assets, are well-suited to spearhead these initiatives.”

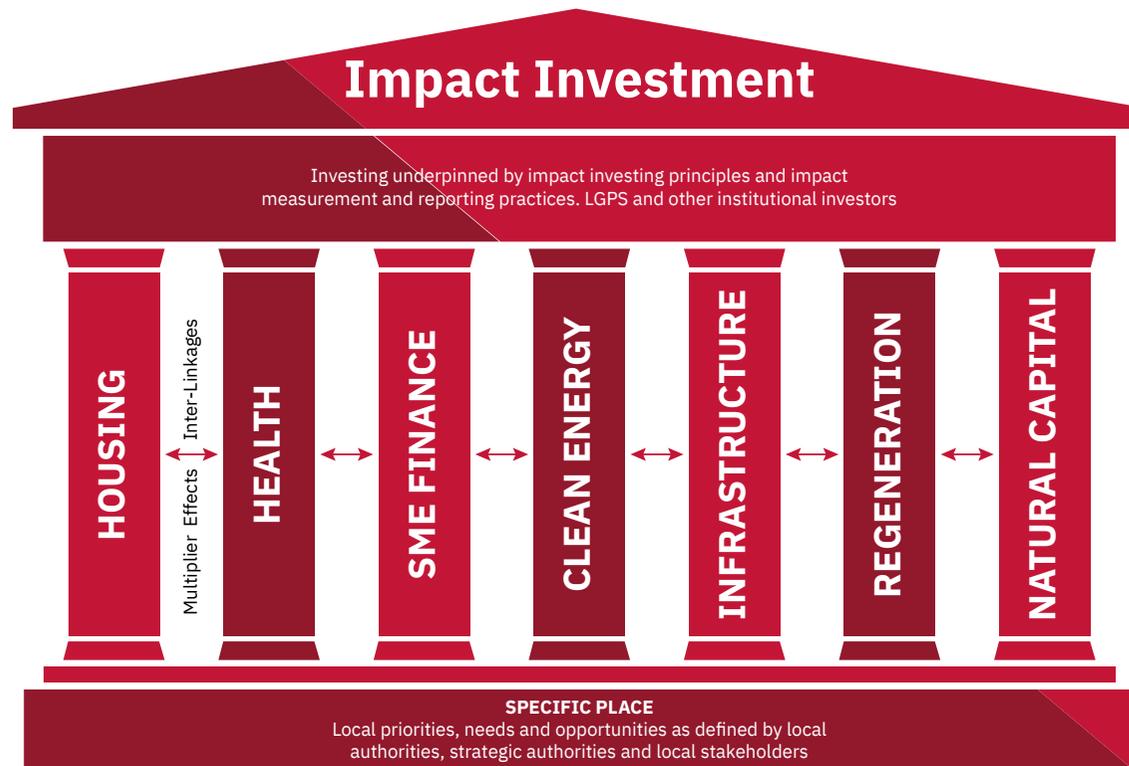


Figure 10 - Architecture of PBII, courtesy of The Good Economy

PLACE-BASED IMPACT INVESTMENT

Local authority capacity building

Challenges hindering the capacity of local authorities to drive place-based investment:

1. **Resource cuts:** Austerity measures and budget constraints have eroded their financial resources, limiting their ability to invest in local development.
2. **Lack of capabilities:** Many councils lack the necessary skills and expertise to identify, structure and manage complex investment opportunities.
3. **Investable opportunities:** Resource constraints often result in a scarcity of investable opportunities, hindering local development efforts.
4. **Measuring social goals:** While many councils express a commitment to inclusive growth and broader social goals, there is no consensus on how to measure and evaluate progress in these areas.

Continued →



Photo courtesy of Unsplash

The Good Economy’s recommended early steps to overcome these challenges and harness the potential of place-based investment:

1. **Building trust:** Initiatives like the PBII Network established by The Good Economy (TGE) in partnership with the Institute for Economic Development and the Impact Investing Institute are fostering mutual understanding and trust between local authorities and prospective investors.
2. **Pilot programs:** By creating pilot projects, such as the PBII Labs, local authorities can demonstrate the positive impact of place-based investment, attracting further interest and support.
3. **Standardised measurement:** Efforts should be made to establish common standards for setting non-financial goals and measuring progress, as exemplified by TGE’s work on place-based impact measurement and reporting standards.

“For too long, the conversation between investors and cities has remained just that.”

David Hutchinson
Former Chief Executive, Social Finance

A spine of capacity - a Cities Investment Hub

Both project origination and shaping investable propositions require hard, intense and collaborative work.

In September 2023, the UK Urban Futures Commission, a partnership between the Royal Society of Arts, Manufactures and Commerce (RSA) and Core Cities UK, launched a major new UK Urban Futures Report entitled ‘[Unleashing the potential of the UK’s Cities](#)’. The report aimed to “release the handbrake on investment” and “turbo-charge” positive steps being taken by city leaders and private sector partners.

The report explores how private capital could and should be mobilised, to make greater use of public investment funds focused on supporting cities to realise their potential.

The recommendations include a new architecture for the delivery of long-term Local Prosperity Plans, to include a Cities Investment Hub to provide expert advice on investment projects and Urban Wealth Funds for professionally managing the assets of a city.

The Cities Investment Hub (Recommendation 2b) is a response to the recognised need for specialist commercial, financial and legal expertise (available to all cities), to help develop investment propositions

and navigate the relationships with major investment agencies (like the UK Infrastructure Bank, British Business Bank, Innovate UK and Homes England). It is suggested this hub is established in partnership with the private sector institutions that have a mutual interest in expanding the pipeline of investment propositions.

This report reiterates The Good Economy’s recommendation in highlighting the importance of building trusted partnerships, highlighting that these investment hubs should be **‘led and staffed by people that are trusted by local places and form supportive relationships with key leads in the cities, and who have similarly strong networks with the investment community, understanding their needs and priorities’**.



SOCIAL HOUSING INITIATIVE: SMALL SITES TASKFORCE

The Social Housing Initiative is a cross-industry partnership, convened by Lloyds Banking Group, recognising the need for significant, swift and collaborative action in tackling the social housing crisis. The partnership brings together a broad spectrum of housing stakeholders, including local authorities (Bristol City Council and Leeds City Council), financial services (Lloyds Banking Group and Legal & General), housebuilders (Taylor Wimpey and Barratt Homes), housing associations (Onward and Metropolitan Thames Valley Homes), the homelessness charity (Crisis), the industry representative body (National Housing Federation) and public sector body (Homes England).

The aim of the Social Housing Initiative is to share knowledge and understanding of the systemic challenges underpinning the crisis, in order to conceive solutions at scale and in partnership. The Social Housing Initiative has developed and initiated several pilot initiatives to help deliver more social and genuinely-affordable homes. These multi-stakeholder initiatives are focused on unlocking land, exploring new financing models, and addressing the immediate pressures on local authorities caused by the lack of social housing. While the initiatives will have an impact in the short to medium-term, their long-term efficacy will be maximised by policy and planning reform at a national level.

One of the pilot initiatives that has emerged from the Social Housing Initiative is the Small Sites Taskforce, an ecosystem solution building on the learning applied from the Climate Smart City Challenge (CSCC) in Bristol (see [page 112](#)) and being co-designed in partnership with a number of core cities, and Lloyds Banking Group.

The solution is being developed in alignment with the key levers set out in this playbook: unlocking unlikely land, recalibrating the economics and incubating a new delivery supply chain.

The design and prospective delivery of such a solution requires deep collaboration across the sector to a need to address the prevailing challenges in unison. Only then is there a real possibility of compounding the progressive efforts of the innovators referenced throughout the playbook and carving a scalable pathway to deliver a substantial number of new homes at pace and at scale in the country over the next decade.



Photo courtesy of the Social Housing Initiative

The Small Sites Taskforce

The overarching strategy to deliver this long-term vision is spread across 3-phases:

- **A local pilot,**
- **A multi-regional scale-up,**
- **National industrialisation.**

This phased approach allows for the rigorous testing of the underlying aggregation and delivery assumptions underpinning project success, and openly embracing challenges to continuously refine the approach through established feedback loops. The taskforce plan to embark on executing the multi-regional phase aiming to construct over 500 new homes in Bristol, another core city, and a London borough.

Identified sites across these regions will be channelled into a jointly developed vehicle, funded by a strategic mix of public grants through public and/or private capital. The project will be a testbed for innovation, focusing on diverse construction methods, including MMC, ensuring we can identify the most efficient and sustainable solutions for each specific context. Several options will be explored for how the newly developed homes will exit the development vehicle, with a focus on ensuring long-term public ownership remains a priority for the constructed homes.

HOW BRISTOL IS GRAPPLING WITH VALUE AND VIABILITY

Bristol City Council's Treasury Strategy review

Bristol City Council's HRA faced a viability challenge when trying to deliver small social housing schemes on brownfield sites. The non-viability came from parameters set by NPV (net present value), which requires an HRA to set its medium- and long-term, 30-year financial plan and remain within its set interest cover ratio. However, these parameters create a cycle of non-viability for small sites when there is arguably not the same need for HRA's to repay capital within a 30-year period as there is with a registered provider (RP). This in turn encourages meeting parameters through reducing the overall quality.

Local government should be looking instead to make its best value choices in a way that benefits the whole council and delivers value. NPV parameters are important, but the challenge is to use them in a meaningful way while allowing other measures of value to carry weight in decision making. The Treasury Strategy is a crucial tool in achieving this, as it includes the council's intended approach to social and environmental value. This will require taking qualitative data into account, and our accounting methodologies are not yet mature enough to translate the extra cost of building homes for maximum benefit to people and climate into economic value elsewhere.

This means that until we can mature our accounting methodologies, we need to go beyond the easily to understand principle that social and environmental value is good and look for solutions that work within the accepted methodology that sits within the Treasury Strategy.

Bristol City Council did this by running two different NPV assessments. The first assessed the cost of the scheme without any RTB receipts or Homes England grants, but assumed an appropriate market rental in the area, which produced a positive NPV. The second assessed the cost of the scheme with the RTB receipts or Homes England grant and assumed a social rental level income, which produced a negative NPV. The difference between the two produces a quantitative calculation of social value as supported by the Treasury Strategy and demonstrates best value. Homes England were able to review the additional social value investment cost as subsidy that the LA were making into this scheme, helping to inform grant discussions.

Continued →

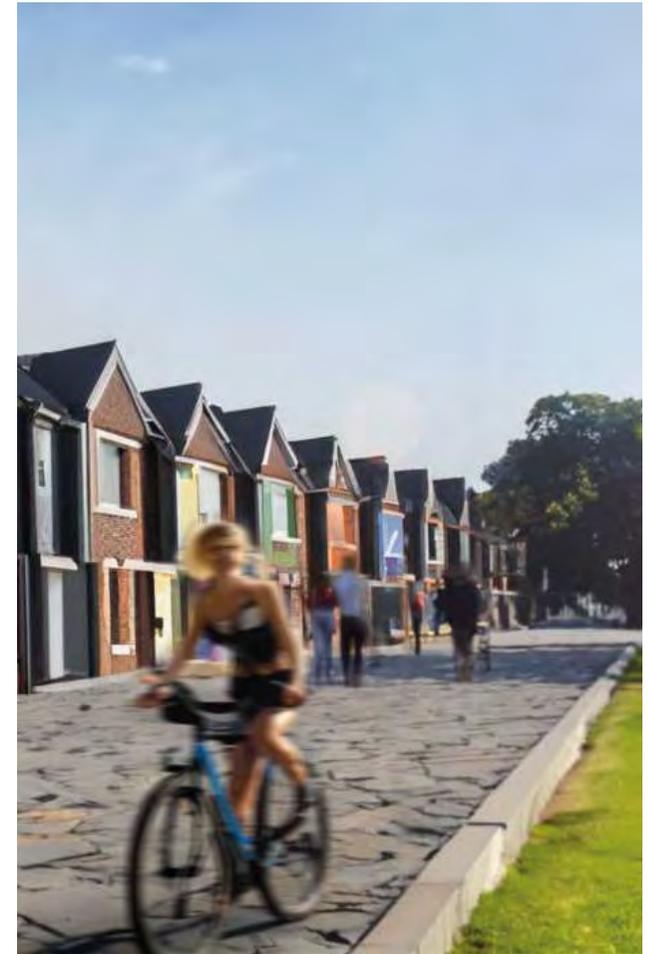


Image courtesy of the Housing Festival

SROI as a methodology for capturing wider “social value”

Using a rigorous social return on investment methodology, consultancy Akerlof and Housing Festival have shown the monetary value of moving one individual out of temporary accommodation and into settled accommodation is at least £67,069.

The value is in addition to (and interestingly outstrips) the fiscal savings local authorities achieve by avoiding expensive Temporary Accommodation costs, which the [Chartered Institute of Housing and Centre for Homelessness Impact](#) has calculated as being £7,760 per year per family (2021).

By combining quantitative analysis with the testimony of those with lived experience, the [Constructing Homes, Rebuilding Lives report](#) paints a hopeful picture of lives rebuilt and value unlocked.

In capturing and monetising the value (to the beneficiaries of new social homes), the research supports the case for the construction of new social rent homes at a pace.

A new model for delivering affordable, carbon-neutral homes in Bristol

A Climate Smart Cities Challenge system demonstrator

Bristol’s winning team for the [Climate Smart Cities Challenge](#) are combining digital technology and MMC to unlock complex brownfield sites.

The Climate Smart Cities Challenge is a city-based open innovation competition led by UN-Habitat, Viable Cities and other partners that invited technologists, businesses, and investors to develop, test and scale cutting-edge solutions in four cities to reduce greenhouse gas emissions. Bristol was among the cities to win a bid to host this competition in 2020. Bristol Housing Festival, Bristol City Office and Bristol City Council designed a challenge for innovators around Bristol’s key pain point, the structural deficit in housing.

Bristol’s winning team, “Thriving Places,” is led by AtkinsRéalis and Edaroth UK. This team is addressing this challenge through two streams of work: 1) a system demonstrator to begin work in the summer of 2024 (Under the competition, the team is testing the concept of viability and deliverability on six small sites to be aggregated together for development), and 2) a “Thrivability” tool underpinned by digital mapping to enable better future decision making and system change.

Several small brownfield sites were considered as these are the hardest to develop in terms of viability. The proposed solution aggregates the six sites and assesses how best to use each pocket of land. The ambition is that by unlocking these sites the methodology will create a replicable and scalable solution. With support from Bristol City Council’s Housing Development Team, it is hoped that 29 social rent zero carbon homes will be commissioned and developed on these sites in 2024.



AN OUTCOMES-LED APPROACH

An outcomes-led approach is not a revolutionary model. In day-to-day life, we constantly make choices, based on a trade-off of options, constraints, anticipated benefits, and desired outcomes. Generally, such decisions are complicated by more parties, diverse needs and perspectives and by greater or longer-term impacts. Here Ellie Jenkins from Akerlof, explores what an outcomes-led approach means in the context of housing delivery.

An outcome-led approach provides a structure to identify, define, and prioritise key outcomes, then use these to evaluate options and monitor performance. The actual outcomes we define vary project by project, as they should; outcomes are context-specific.

In taking an outcomes-led approach, the aims are to:

- Broaden the perspective of “good value” by bringing environmental and social factors into sharper focus.
- Inform decision-making. If we consistently evaluate our options, designs, and tenders against the outcomes we strive to deliver, we stand a much better chance of realising those outcomes.
- Hold onto the most important outcomes, especially when budget constraints kick in. It is important to have consensus over the outcomes that need to be prioritised and where there are trade-offs.

It sounds logical, but the sector has ingrained practices that slow the adoption of outcome-led approaches. Despite Most Advantageous Tender (MAT) replacing Most Economically Advantageous Tender (MEAT), outcome-led policy and local plans aimed at delivering better social and environmental outcomes, decisions are still driven by tight definitions of viability, cost, and the ability to transfer risk.

What simple steps can be taken to embed outcomes?

There is a standard for technically inclined readers to help implement an outcomes-led approach, the BSI Flex 390, which can be supported with the Value Toolkit resources.

The six key principles outlined below are a good place to start and can be used by any project, of any size and value:

1. Start thinking about outcomes early: the opportunity to optimise value diminishes as the project progresses. Hold a workshop at the outset of your project to understand the problem, establish key drivers and strategic objectives.
2. Map the project drivers to a value framework, which will help to guide thinking and discussion. The Value Definition Framework is a free access framework developed for the built environment. Other frameworks used in the sector include the three-pillar framework (environmental, social and economic) and the UNSDGs.

3. Once key outcomes have been identified, prioritise them. This could mean taking a pair-wise approach or agreeing by consensus. Prioritisation helps ensure the outcomes are proportionate and provides space to evaluate potential trade-offs comprehensively.
4. Establish how your design and delivery choices will influence the outcomes. For example, if reducing climate impact is a priority outcome, the design and delivery team will need to be tasked with minimising whole-life carbon. It is important to set a measure of success and, ideally, define a performance range that will be acceptable.
5. Utilise the Value Toolkit scorecard or devise a scorecard that reflects the key outcomes and use this for consistent evaluation of options, designs, and tenders. Ensure any commitments are embedded into contracts.
6. Finally, monitoring performance is key; without this, we can't learn or improve.

Continued →

See the [Value Toolkit](#) and the [Construction Playbook](#) for more guidance on outcome-led approaches.

Using the Value Toolkit in practice

The National Association of Construction Frameworks (NACF), a voluntary membership body of public sector officers, who collectively deliver around £7 billion of publicly-funded projects across the UK each year, have embraced the CIH Value Toolkit to maximise public value. Adam Sanford, Southern Construction Framework Operations Lead, South East and London and NACF representative, describes the value the toolkit adds below.

Formed in 2014, the National Association of Construction Frameworks (NACF), are exclusively owned and managed, ‘by the public sector, for the public sector’ and are recognised by the Local Government Association and the Cabinet Office as setting best-practice standards in their sector.

Recognising the important of the proposed toolkit to capture drivers, set outcomes, inform decisions and guide best practice, the NACF were among industry experts who supported the development of the CIH Value Toolkit. Since its launch they have embraced the tool, enabling NACF members to aligned their approach to delivering:

- Natural Capital - The NACF have supported the Cambridge Carbon code and committed to achieve Net Zero status by 2045, in majority by 2030.
- Human Capital - local employment, improving skills, wellbeing across the sector.
- Social Capital - Fair and inclusive ethical practice, a National Voice for Local Government, high standards in the public sector.
- Produced Capital - Whole life approach, on time, on cost, high quality, change and risk management.

The tool allows the group to articulate, prioritise and track progress against these high-level targets when supporting clients delivering projects and programmes, and can be used to fine-tune programmes of work and individual projects or even elements of projects back to high level outcomes and the strategic goals that drive them.

The tool also allows custom KPIs to then be set for each task, measured against their effectiveness in delivering the desired outcomes.

[The NACF’s introduction to the Value Toolkit](#)



Value Toolkit graphics courtesy of NACF

“In a traditional and transactional industry like construction, the delivery of innovative, future proofed homes, carries more risk but also significant value and benefits. Contractors and house builders, supported by their MMC supply chain manufacturing partners, need to embrace the same focus as their clients...de-risking solutions and maximising impact...” to support innovation and progress.”

Prof Mike Ormesher
Project Director of the Offsite Homes Alliance (OSHA)

SOCIAL ECONOMIC MODELLING

Rafe Bertram, author of the Good Homes Alliance’s report ‘The Green Shift’ which unpacks the financial incentives for building Net Zero Homes Now, describes how he sees economics evolving, and highlights some much-needed new tools for the transition.

Mark Carney (the former governor of the Bank of England) in his book [Value\(s\): Building a Better World for All](#), describes how economics has evolved through the centuries, as religion and colonialisation has shaped the economic system. In more recent history, direct costs and short-term profits have governed decision-making, while wider costs and benefits have been considered but not accounted for. These have been left as “externalities,” but rarely do they have the strength to compete against “the numbers.”

Kate Raworth in her book [Doughnut Economics](#) points to future-looking ways of thinking about the economy and encourages the decision-making boundary to be widened, incorporating social and environmental impacts, a wider geographic scale and a longer timeline.

Is there a useful, practical implementation of this for the housing sector?

I found part of the answer, somewhat unexpectedly, at the heart of UK Government Treasury guidance. [The Green Book](#) is the government’s central public expenditure decision making guide which prioritises the concept of Public Value* to be used in public sector decisions. The process includes clarifying objectives, assessing possible scenarios (as well

as Business as Usual), and accounting for social value (improved social, environmental and economic well-being of the relevant area) and the [valuation of Green House Gas emissions](#).

The Quantification of Social or Public Value

Through regulation, Social Value, Biodiversity and Carbon, all previously considered externalities, have developed their own market mechanisms, enabling them to be incorporated as internalities and so become part of mainstream economics.

With this quantification, the narrower and wider effects of a decision can be seen alongside each other. A good example is Integrated Capital Assessments from Savills Earth, which takes the Green Book thinking and makes it relevant to the scale of a development (see case study). Other methodologies include Social Return on Investment (SROI), Social and Environmental Cost Benefit Analysis (SCBA) and Public Value Return on Investment (PVROI).

It is useful for financial, social and environmental performances to be communicated together, though not combined. Keeping them separate is essential, because although they are quantified in a financial currency, they are not interchangeable. Rather, they are a collection of business cases - with a widening group of stakeholders and beneficiaries. We can use them to explore different scenarios, easily iterating to find alternative ways objectives can be reached.

Decision making

The best decision from this information would be an option where all stakeholders get the very best possible benefits. However, typically some trade-offs are necessary, and it’s important to assess the motivation to do another iteration or option? Can a balance be made where all stakeholders get good and reasonable benefits?

By quantifying impacts, the need to apply a moral judgement and balancing all quantitative and qualitative issues is no less essential. Integrated capital assessment techniques allow the wider benefits to rise up the agenda and challenge “business as usual” approach, so that better decision-making flourishes. **This must be done alongside the reasoning, storytelling and impactful narratives of “doing the right thing” - and never ever instead of it.**



HM Treasury The Green Book

*Outcomes for citizens as delivered by public spending (see the Treasury’s [Public Value Framework](#)).

Local authorities targeting Public Value

Working with a London Council, Rafe has adopted an Integrated Capital Assessment approach to evaluate a range of retrofit approaches for their housing stock. They wanted to identify the solution that delivered the largest Public Value benefit.

Working within the [GLA's Housing Retrofit Accelerator](#) programme, in collaboration with [EnergieSprong](#), inspired by a [Savills Earth](#) Integrated Capital Assessment, conducted by Tom Hill, helped Rafe resolve the common question in retrofit, 'Do we base decisions on Capital outlay, EPC uplift, impact on resident bills or reduction in carbon emissions?'

The holistic assessment considered direct costs, long-term economic value, social value (including the reduction of resident bills, jobs and health) and the environmental value (using the Green Book valuation of carbon emissions). By comparing the capital investment to the wider benefits and using Public Value Return on Investment (PVROI), we were able to assess the most efficient way of achieving the largest Public Value benefit. This is work in progress. Although they've used a 30-year timeframe, they haven't incorporated any discount or appreciation over time. For instance, the value of money in the future or the increasing valuation of greenhouse gases has not been tackled yet.

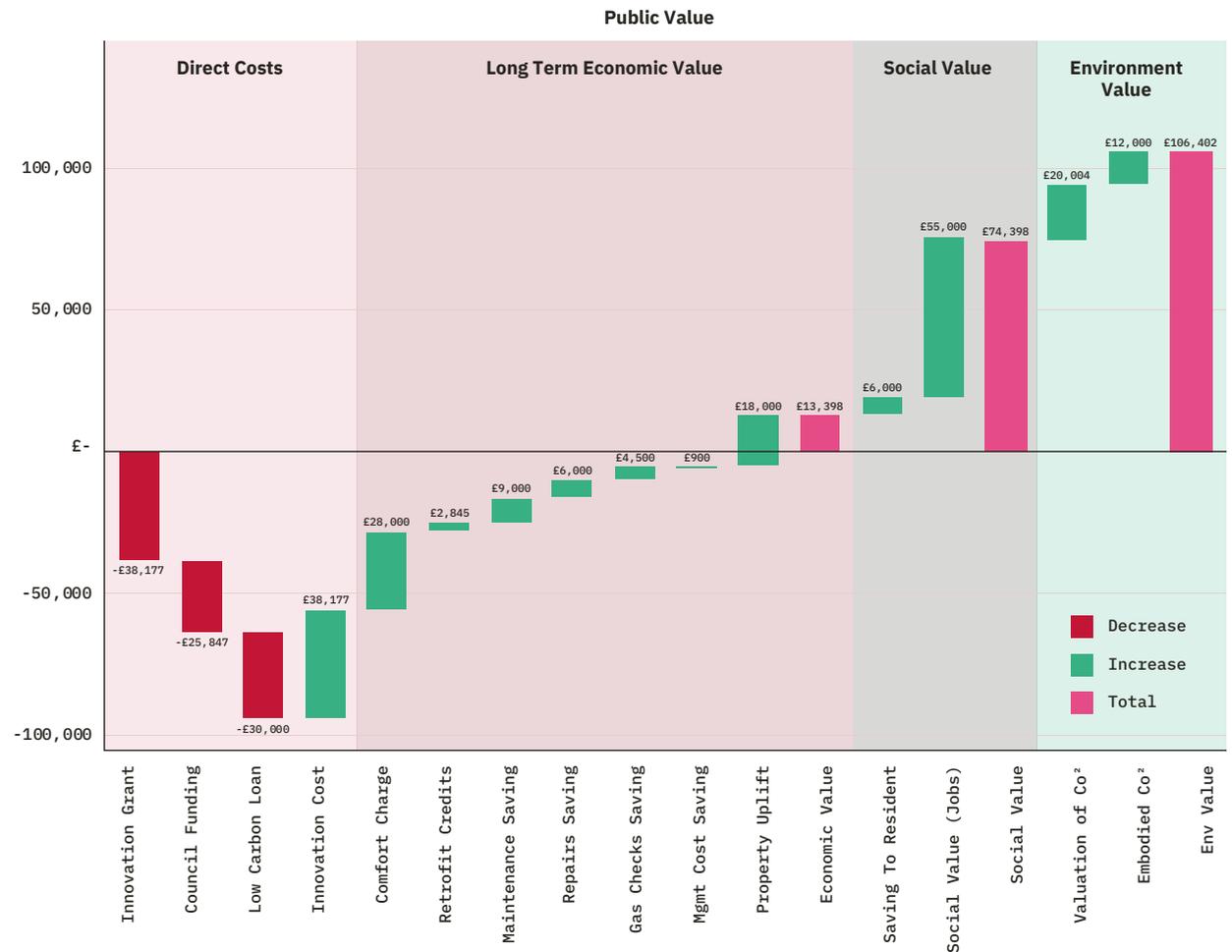


Figure 11 - Graphic courtesy of Rafe Bertram

THE IMPACT OF HIGH-QUALITY, LOW-CARBON (SOCIAL) HOMES ON RESIDENTS

The Playbook's starting point is a human-centric perspective that recognises that to address housing provision is to address the health and wellbeing of people.

These stories gathered from Olive Morris Court, Carroll Court (Haringey Council) and Hope Rise (Bristol City Council) highlight the impact of high quality, low carbon social homes on residents.

"I've been a resident at Carroll Court for three months now and I really like it. The place itself is the perfect location and that was very important to me when I moved here. Whilst I love having the high street on my doorstep, I can barely hear it which I love. Not to forget the back garden which is so peaceful."

Carroll Court resident

"It was really exciting; I moved house 5 times last year - to know I was coming into a place that I don't have to move out very soon was really exciting."

Hope Rise resident

"One new resident expressed her gratitude through tears of joy, because for everyone at OMC, it's the first time in 10 years they've had their own front door and a home to call their own."

Haringey Council Officer

"For the first time in a long time, I've regained my independence. As a woman, I can finally look after my mental health. I can dress how I want to dress, and I have my own wardrobe. Whilst I still need to build my confidence, I've found myself again and I'm really happy and I'm finally at peace."

Carroll Court resident

"The Hope Rise community has people of racial, religious, cognitive, class, educational and sexual orientation diversity who genuinely get on, respect and live alongside each other. A brilliant example for Bristol and beyond."

**Community Builder,
Hope Rise**

"Now they are out of chaotic housing, two residents have secured promotions at work, one found their first ever job and one started an online course in graphic novel writing this year."

**Community Builder,
Hope Rise**

"When I moved in, I had everything that I needed. I walked into my new flat and it was fully furnished with a bed, kitchen appliances - basically everything I needed. Not to forget the support - it was available as soon as I got there. I could re-start my life again."

Carroll Court resident

"Since being here, I've been a lot better. There are ups and downs and being me, it can be hard. Staff are helpful, I get along with all of them at some level which is new to me (I'm a closed person)."

Olive Morris Court resident

This Playbook is self-commissioned and funded by the Housing Festival, with the in-kind support of more than sixty contributing organisations. It is our response to the need for collective leadership to bring about a step-change in the quality and pace of housing delivery, starting with homes for the most vulnerable.

The information and opinions expressed by named contributors are theirs, and do not represent the thoughts, intentions, plans or strategies of an employer or any employee thereof, past or present.

Contribution to the Playbook does not constitute an endorsement of the opinions and recommendations of other contributors, or the Playbook as a whole. Nothing arising from the data should be taken to constitute the professional advice of any party, with the burden of fitness of the information lying completely with the user.

While every caution has been taken to provide readers with most accurate information and honest analysis, the information in this Playbook is provided “as is”. All data and information provided in this Playbook is for informational purposes only and the contributors makes no representations as to accuracy, completeness, currentness, suitability, or validity of any information.



A special thank you to AtkinsRéalis for sponsoring and undertaking the Playbook production.

Version 1.0 published May 2024



HOUSING FESTIVAL

Dr. Ellen Grist

Research & Evaluation Lead

ellen.grist@housingfestival.org.uk

Jessie Hayden

Projects and Policy Lead

jessie.hayden@housingfestival.org.uk

hello@housingfestival.org.uk

housingfestival.org.uk